

Unlocking Cool

Jeremy Gutsche, Founder, TrendHunter.com

By: Noreen Kelly

Jeremy Gutsche, founder and publisher of *Trend Hunter™ Magazine* (www.trendhunter.com), gave a hip and engaging keynote at APQC's 13th annual KM conference. His presentation was titled "How to Inspire Innovation Potential and Infect Your Products with Cool" and addressed themes similar to those in his in-progress book *Unlocking Cool*, which will explore how methodical innovation can unlock cool.

Gutsche, who is "on the forefront of cool," relentlessly tracks and finds the next big thing. For his day job, he heads the competitive strategy and innovation imperative for Capital One Canada. In 2005, Gutsche launched a community dedicated to trend spotting and cool hunting. That community maintains TrendHunter.com, which has developed into "the world's largest and most influential trend-spotting Web site," comprising a global network of approximately 20,000 "trend hunters" and attracting over a million views a month.

After posing the question "What is cool?" Gutsche offered the following answers:

- popular is not cool;
- cool is the next big thing;
- cool is unique;
- cool is cutting edge; and
- cool is viral (because it is viral, marketers and designers seek to attain it).

Four Dimensions of a Creative Culture

According to Gutsche, "A culture of innovation is the requisite catalyst to disruptive innovation." As an example, he cited the sign on Ford's strategy war room: "Culture Eats Strategy for Breakfast." He then went on to describe the following four dimensions of a creative culture as areas in which a company must be revolutionary:

- perspective,
- forced failure,
- incentive, and
- creativity.

The starting point is *perspective*: What are you trying to win? Gutsche illustrated this concept by talking about Smith-Corona, "the best typewriter company in the world," as an organization that turned creative ideas into breakthroughs for well over a century. For example, Smith-Corona invented the laptop word processor in 1989 and started building PDAs in 1994. "They wanted to win in the world of typewriters and viewed the PC as rival technology, but they could have dominated PC word processing," explained Gutsche. By 1995, Smith-Corona had declared bankruptcy. The point? "Situational framing dictates your outcome."

In terms of knowledge management, Gutsche asked, "Are you helping to categorize information, or are you guiding your organization and helping to connect with customers?"

Forced failure is the next dimension of a creative culture. According to Gutsche, responsible failure means you're innovating. "A decent proportion of your creations must fail," Gutsche maintained. "If you don't fail, you will become the best typewriter company in the world."



“The danger of success is that success leads to complacency,” Gutsche continued. “Complacency will be the architecture of your downfall.” He also stressed that creating opportunities to fail can result in breakthrough innovation. “It’s a large tradeoff for successful companies to make a big test, because failure is more likely,” Gutsche said. “However, without making large innovations, it is impossible to find even larger hills.”

As an example, Gutsche cited the BBC in the late 1990s. During that time, the organization created rigid budget control; as a result, innovation became narrow and market share went down. To turn things around, the new CEO and CFO created a “gambling fund” through which ideas expected to fail could obtain funding. One idea that won “gambling money” turned into “The Office,” the biggest hit in the BBC’s history.

The third dimension of a creative culture is *incentive*. Gutsche explained that organizations typically reward individuals and groups based on the outcomes of their actions. “If a person gets paid for making their numbers, there is no incentive to fail,” Gutsche said. Recalling the Smith-Corona story, “Why bother failing in software when I can make a profitable new typewriter?”

Accordingly, rewarding decisions is particularly important in innovation. Focusing on decisions—rather than outcomes—can help an organization create a more innovation-friendly environment. Gutsche’s advice is to win like you’re used to it and lose like you enjoy it.

The fourth dimension of a creative culture is *creativity*. Gutsche reminded the audience that there are core elements of a creative culture that we all know, but forget to practice: freedom, fun, broad involvement, and implementation.

“People mirror their leaders,” Gutsche said, “so a senior leader with ‘only’ feasible ideas ruins idea generation.” He added, “Commitment to an idea limits creative potential.” His advice is to “share ‘half-baked’ ideas and be willing to change. Nothing is precious.”

Three-Staged Process of Cultural Innovation

Next, Gutsche talked about his three-staged process of cultural innovation: trend hunting, power innovation, and infectious marketing. The first stage, *trend hunting*, is about seeking inspiration from someone else’s innovation.

Trend hunting involves five steps, the first of which is resetting your expectations. According to Gutsche, a major aspect of resetting your expectations is avoiding your biases—there’s no point in innovating if you think you already know the answer.

The second step in trend hunting is to observe your customers. Arguing that this is the prerequisite to successful innovation in all industries, Gutsche shared a personal example. When BP wanted to reinvent its gas-station stores, Gutsche began by hanging out in a gas station for six hours to observe.

He thought, “I already know what people are like in a gas station, right?” What he discovered was that teenage boys at gas stations “group shop,” get excited by energy drinks and snack food, and are price sensitive.

Trend hunting’s third step is “hunting for cool.” This step is key to the inspiration that trend hunting provides. According to Gutsche, you can look for cool almost anywhere—within your industry, on the Web, in fashion, design, marketing, or pop culture.

The fourth step in trend hunting is to cluster insights into trends. Gutsche warned that you must be careful during this stage: The human mind has an amazing ability to recognize patterns by creating shortcuts. This is bad. Force yourself to re-cluster your trends. That’s how you unlock insight. Re-cluster! Re-cluster! Re-cluster! It can be difficult, but new trends will emerge.

Gutsche gave the example of designing a hip hotel. The first words that come to mind might be “ultra luxury” and “sensation.” However, by looking more closely and re-clustering, the following insights might emerge: in-room luxury; nostalgic co-branding; humanization of pets; viral youth target; and renting cultural experience.

The final step in trend hunting is to develop a point of view. This is the process of identifying how you want to act upon your new trend. (According to Gutsche, it's not as easy as it sounds.)

In the three-staged process of cultural innovation, the stage after trend hunting is *power innovation*. According to Gutsche, adding “some” structure to your innovation process will enhance results. He suggested starting with the new point of view cultivated during the trend-hunting stage and then developing a methodical, staged innovation process. Stage-gate innovation can be powerful because it levels the playing field, forces innovation (which is also a cultural benefit), and is organizationally specific (i.e., it helps leaders find processes that particularly suit their organizations).

The last stage in the cultural innovation process is *infectious marketing*. Gutsche argued that how you pitch an already cool idea will dictate its success or failure. What you really want to be is viral, which is very different from typical branding.

So, how do you succeed at viral marketing? According to Gutsche, the first rule is to relentlessly obsess about your story. His checklist for story obsession is to ensure that your story is simple, direct, and innovative.

As an example of how viral marketing works in the blogosphere, Gutsche talked about the Half Suit, a pullover top designed to be worn for videoconferencing that makes it look as if you are wearing a suit from the waist up. After one of the trend hunters posted The Half Suit on Trendhunter.com, 175 sites linked to the Trendhunter.com post, and 1800 sites linked to those 175 sites. Six months later, the Half Suit had received massive exposure—for free.

Conclusion

Gutsche's presentation demonstrated, in a very cool, entertaining way, that innovation and strategic advantage hinge on the ability to anticipate trends and identify the next big thing. Gutsche's toolkit for developing insight and breakthrough innovation also provided a number of ideas that can be applied to knowledge management initiatives. By methodically approaching innovation, you can generate ideas, stimulate creativity, and ultimately unlock cool.

Adapted from Jeremy Gutsche's presentation, “Unlocking Cool,” delivered at APQC's 13th annual KM conference, “The New Edge in KM,” April 28-May 2, 2008.

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