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## Exploiting Chaos

### 150 Ways to Spark Innovation During Times of Change



#### THE SUMMARY IN BRIEF

*Chaos* is the uncertainty sparked by uncharted territory, economic recession and bubbles of opportunity. Chaos causes organizations to retreat, but not always.

Did you know that Hewlett-Packard, Disney, Hyatt, MTV, CNN, Microsoft, Burger King and GE all started during periods of economic recession? Periods of uncertainty fuel tremendous opportunity, but they also reshuffle the deck and change the rules of the game.

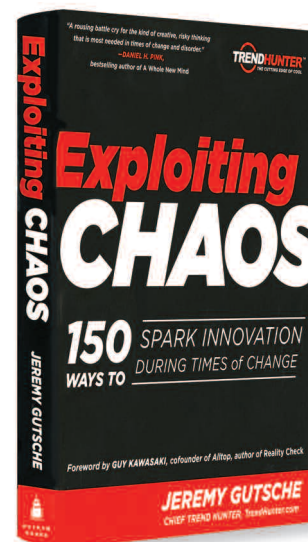
Dramatic change and simple evolution give birth to a new set of market needs. In *Exploiting Chaos*, innovation expert Jeremy Gutsche shares powerful ideas and vivid stories that will help you stimulate creativity, identify opportunity and, ultimately, exploit chaos.

This summary offers a business survival guide for all those looking to change the world. Topics include sparking a revolution, trend hunting, adaptive innovation and infectious messaging.

Gutsche, one of the world's top trend spotters, reveals powerful strategies for thriving in any economic climate. He offers the quintessential road map for all those who seek opportunity in times of change. Gutsche explores how remarkable companies have risen from chaos, and he provides a toolkit that managers can use to foster a culture of innovation, create great products and services, and change the world.

#### IN THIS SUMMARY, YOU WILL LEARN:

- How to contemplate what's next for brands, commerce and consumerism.
- How to break boundaries, ignite customer passion and start a revolution.
- How to find simplicity in the clutter.
- Where to find opportunity in the middle of difficulty.
- How to identify new market needs and enjoy remarkable success.



by Jeremy Gutsche

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# THE COMPLETE SUMMARY: EXPLOITING CHAOS

by Jeremy Gutsche

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## Part 1: A Bit of History

Prior to the Great Depression, the only cereal brand that mattered was Post. After your great-grandfather silenced the piercing bells of his wind-up alarm clock, he savored the delicious taste of Post Grape-Nuts. Launched in 1897, the cereal dominated the marketplace leading up to the 1930s.

As the Great Depression tightened its angry claws on America, Post found itself hungry for cash. The prominent cereal maker assumed they “owned” the market. Accordingly, advertising budgets were cut to weather the storm.

As the managers of Post reclined in their rawhide chairs, bracing for a slow economy, a hungry tiger lurked in the shadows. That tiger was the Kellogg Company. Their mascot, Tony the Tiger, had not yet appeared, but his insatiable spirit was already born.

While Post retreated, Kellogg doubled their ad spend. In 1933, their campaigns introduced slogans like “Snap! Crackle! Pop!” and “You’ll feel better”—motivational mantras during a gloomy era. The investment paid off. Americans loved the message and sales began to grow. Kellogg’s brand became the go-to pick for breakfast cereal and your great-grandfather abandoned his beloved Post Grape-Nuts.

**The upbeat impact of crisis is that competitors become mediocre and the ambitious find ways to grow.**

### You Can Thrive in Times of Loss

During the Great Depression, unemployment soared to 25 percent, 15,000 banks failed and Wall Street was no longer a place of glamour. Four dreadful months into

this depression, Henry R. Luce launched a pricey magazine titled *Fortune*. At \$1 an issue, the cover price surpassed the cost of a functional wool sweater. Seemingly bad timing.

Eight years later, *Fortune* had grown its subscriber base to 460,000 people. By 1937 the magazine reported an annual profit of \$500,000. Scaled for inflation, that amounts to more than \$7 million today.

Kellogg Professor Andrew J. Razeghi suggests, “*Fortune* worked for the very same reason that all great new products work: It made a uniquely relevant contribution to its customers’ lives (period).” *Fortune* was more than just a publication. It was a glimpse into the boardrooms of those that survived; *Fortune* was an answer.

**Innovation is not about market timing. It is about creating something that fulfills an unmet need.**

### Don’t Become a Boiled Frog

Viral videos, e-commerce, the blogosphere, e-mail, social media, crowd sourcing and a lack of self-censorship — these are the shifts toppling major corporations today. The sneaky thing is that these shifts are not happening overnight; rather, they are slowly creeping up on us.

It’s kind of like boiling a frog.

If you place a frog into a pot of boiling water, he’ll immediately hop out. If you place a frog into a pot of lukewarm water and slowly dial up the heat, he will keep swimming until he’s boiled alive. Like us, the frog is more sensitive to shocking change. If change is moderate, urgency becomes less apparent. Before we know it



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— hey, what’s that smell? — we’re cooked.

Peter Drucker, regarded as the father of modern management, noted the following at age 94, “We now accept the fact that learning is a lifelong process of keeping abreast of change. And the most pressing task is to teach people how to learn.”

**The key to adaptation is recognizing the ongoing need for moderate change.**

### Stay Focused on Opportunity

At the turn of the century, the Internet bubble was collapsing. The tech market was a land of popped aspirations and broken dreams.

Three years later, Apple CEO Steve Jobs was under fire for *still* maintaining his Research and Development budget. *Didn’t he get it?* Shareholders wanted Apple to reduce costs. The clairvoyant CEO defended his vision: “What has happened in technology over the last few years has been about the downturn, not the future of technology. A lot of companies have chosen to downsize, and maybe that was right for them. We chose a different path. Our belief was that if we kept putting great products in front of [customers], they would continue to open their wallets. And that’s what we’ve done. We’ve been turning out more new products than ever before.”

What Jobs didn’t mention was that post-bubble economics enabled him to hire an army of affordable talent.

That same year, Apple launched iTunes. By 2008, 4 billion songs had been downloaded, and iTunes now rocks the market, selling more music than Wal-Mart.

It’s good to be bigger than Wal-Mart.

**An undying focus on the future can lead to invention.**

### Accept That the World Never Returns to Normal

There is a commonality between Kellogg, *Fortune* and Apple. Successful innovators do not get caught up in the *turmoil* of change. They don’t wait for the world to return to normal. Impervious to the clutter that surrounds them, these vanguards adapt to opportunity. Sometimes they take a buckshot approach, firing off new ideas in multiple directions, hoping that one idea will “hit.” Sometimes, like snipers, they zero in on a specific opportunity.

What they do *not* do is stand still.

**The time to act is always now.**

You don’t need to have everything figured out.

Colloquially, chaos is synonymous with stress and disorder, but this doesn’t have to be true. By knowing that

you *can* adapt, and by seizing the opportunity presented by chaos, you can avoid being trampled and step away from the herd.

There is comfort in chaos. Even in a chaotic world, some sense of stability can exist. While chaos does require you to act, it does not require precision.

Once you accept the inevitability of perpetual change, you can abandon your quest to gain control and, instead, go with the flow. ●

## Part 2: Culture of Revolution

The key to navigating chaos lies not in your strategy, but rather in your organizational culture. If you want to change the course of your organization’s future, you need to spark a revolution.

There are four tools that can be used to enhance the culture of your organization: *Perspective*, *Experimental Failure*, *Customer Obsession* and *Intentional Destruction*.

To navigate through chaos, your organization needs to be revolutionary in these areas.

### Perspective

Your perspective is the way you look at the future and the problems that you are trying to solve. Your perspective determines your destiny.

In a *Harvard Business Review* article titled “Disruption Is a Moving Target,” Scott Anthony reports that disruption is a three-step process:

1. “*Disruptors enter a market incumbents don’t care about.*” By servicing unwanted customers, they build maverick brands.
2. “*Entrants grow as incumbents flee.*” Growing in popularity and success, entrants begin to creep up the value chain. The “old school” incumbents respond by shifting focus away from their full customer base and instead toward “high-value customers.”
3. “*The incumbent hits a ceiling.*” Once new entrants reach a critical mass, they create partnerships that enable them to “go for the kill.” The incumbents get pushed past their ability to compete and crisis ensues.

**To a big company, this pattern of disruption can be used to create strategies for survival. To a small company, it can influence the plan of attack.**

### Experimental Failure

Navigating through chaos requires your organization to adapt and change. This requires a culture that encourages testing and experimental failure.

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A decent proportion of your creations must fail.

Navigating through chaos requires a deep understanding of what you can and cannot do. Failure is a part of this learning process. To accept failure you need to find positive ways to interpret unexpected results. Here's how Edison looked at it: "I have not failed 1,000 times. I have successfully discovered 1,000 ways to *not* make a light bulb."

**Successful ideas first require excessive testing and experimental failure.**

### Customer Obsession

Breakthrough ideas and disruptive innovation stem from a deep understanding of the customer.

If you want to engage, invoke a cultural connection. Regardless of what you are trying to communicate there is a range of impact based on *how* you convey your message, from functional, to incentive, to emotional, to cultural.

Create an emotional connection, and you could be remembered. To *really* create an impact, you'd need to make a cultural connection.

**When a cultural connection is made, your product or service becomes a reflection of your customer's lifestyle.**

A cultural connection is empowering. It aligns with the soul of one's identity and beliefs. It's the reason people tattoo Harley-Davidson's corporate logo onto their arms.

When you make a cultural connection, people don't think of your creation as a product; they think of your creation as a part of their identity. To create this type of connection, you need to understand your customer.

**When your world changes unexpectedly, or when your customer is very different from you, customer obsession can be the fastest way to gain perspective.**

### Intentional Destruction

In order to adapt, we must intentionally destroy. We need to break down the structure and hierarchy that prevents us from seeing the realities of market change.

Most animals behave instinctively. But for primates, including humans, behavior is learned within a social structure. We follow organizational patterns and rules unless those rules are dramatically changed.

Stanford neuroscientist Robert Sapolsky studies the social structure of baboons. More than 20 years ago, Sapolsky observed a baboon troop with multiple layers of structural rank. Socially senior baboons would beat on

middle-ranking baboons who would in turn beat on lower-ranking baboons.

But then something happened. The senior ranked males started fighting a neighboring troop over tourist garbage. Eating trash exposed the aggressive males to tuberculosis-tainted meat.

Over the next three years, the elders died off, leaving the troop absent of structure. Instead of recreating multiple levels of aggressive hierarchy, the young baboons created a culture of pacifism. Acts of friendship replaced aggression.

Instead of struggling, the community flourished. Hormone samples indicated lower stress and the same culture remains 20 years later.

**Organizational structure guides the way we grow and the way we think. To spark a revolution, structure needs to be broken down.**

### Become Leaderless

In *The Starfish and the Spider*, Rod Beckstrom and his co-author Ori Brafman explore what they call the "*unstoppable power of leaderless organizations*" using the metaphor of the starfish.

When you pull off the arms of a spider, it dies. In contrast, if you rip off the five arms of a starfish, you'll get five new starfish. This happens because starfish have decentralized nervous systems.

Like a starfish, a terrorist network is decentralized, united only by ideology. If you attack one arm, it grows back even stronger.

In 1934, Bill Wilson was a talented individual who drowned his Wall Street career by being perpetually intoxicated. In the years that followed, he created a support group that would later be known as Alcoholics Anonymous (AA). In their most recent Fact File, AA reported more than 100,000 support groups totaling nearly 2 million members.

Despite its success, AA describes its structure as follows, "*Alcoholics Anonymous is not organized in the formal or political sense. There are no governing officers, no rules or regulations, no fees or dues.*" Instead, the organization thrives based on a universal ideology.

Inspired by this, Beckstrom and Brafman created Global Peace Networks, an underground ring of CEOs united by a common ideology for peace (and business). In 2003, these CEOs initiated Track II diplomacy between India and Pakistan. Specifically, the actions opened the borders, enabled trade and contributed to the end of the latest Indo-Pak war.

The authors summarized their view toward innovation

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using a rule they call *The Power of Chaos*: “Starfish systems are wonderful incubators for creative, destructive, innovative or crazy ideas. Anything goes. Good ideas will attract more people, and in a circle, they’ll execute the plan. Institute order and rigid structure, and while you may achieve standardization, you’ll also squelch creativity. Where creativity is valuable, learning to accept chaos is a must.”

**Chaos should not be tempered with structure, it should be harnessed with ideology. ●**

### Part 3: Trend Hunting

Innovation and strategic advantage hinge on the ability to anticipate trends and identify the next big thing. By casting a wide net and clustering ideas, you can filter through chaos to identify patterns of opportunity.

Trend Hunting can be broken down into four steps:

- 1. Reset:** Erase your expectations and start with a blank slate.
- 2. Hunt:** Study customer needs, market dynamics and random sources of inspiration.
- 3. Cluster:** Identify meaningful patterns, not macro trends.
- 4. Re-Cluster:** Force yourself to look beyond your initial bias.

#### Reset

There’s no point innovating if you think you already know the answer.

Brainstorming meetings are supposed to generate killer strategies and smoking-hot ideas. The problem is that we enter those meetings with a few ideas that we already want to incorporate. We then work those ideas into the mix and let everything else convince us that our original ideas were really good. *Tragic.*

When Marco Morrossini, a designer for Ferrari, was asked how he spots trends, he said he spends half his time designing handbags, scarecrow fashion and temples for dogs (yes, dog architecture). He explained, “You need to be more open to the complete possibility of what could be.”

In his mind, there is no way that he could keep his work at Ferrari on the cutting edge of macho automotive design if he wasn’t also on the cutting edge of experimental female fashion.

It doesn’t matter if you are a bureaucrat or a bartender, the concept of Trend Hunting applies to your role. But it requires an open mind and a willingness to explore seemingly random innovation.

**Before trend spotting, reset your expectations.**

#### Awaken Your Inner Trend Hunter

Hunting for new ideas can be exciting, but the constant need to focus can also become tedious. It’s not challenging to find a random idea, but it’s tremendously difficult to narrow in on something spectacular. To get inspired, actively hunt in three places:

**Customers:** Above all, innovation starts with the customer. In times of chaos, your customer will be looking for dramatic change. So obsess about your customers! Who are they? What do they need?

**Competitors:** Closely observing your competitors can be a helpful way to understand the market. The trick is to have the right definition of who your competitors are. Looking more broadly for competitors can trigger more stellar ideas.

**Adjacent Markets and Pop Culture:** Breakthrough innovation blends an intimate knowledge of the customer with culture and emerging technology.

If you want to spark inspiration, you need to hunt ideas that seem “cool.” But what exactly is cool?

Popular is not cool. Cool is unique and cutting edge. Most importantly cool is viral ... which is why marketers and product designers seek to attain it.

Ugg boots, Von Dutch hats, Hush Puppies, iPods, 7 For All Mankind jeans, Crocs and MINI Coopers — breakthrough products become viral because they are unique.

**Truly unique ideas can drive viral behavior.**

#### Cluster

Group ideas into meaningful clusters.

Why use a word like “cluster” instead of “trend”? Quite simply, the word “trend” is too broad. It can refer to next fall’s fashionable color, or to macro-trends like the green movement, female buyers, consolidation, outsourcing, Web 2.0 and aging boomers. These trends are somewhat useful, but too generic to enable breakthrough thinking.

Clustering is the art of identifying insights that are meaningful to your customer. To create clusters, you’ll need to collect your observations from Trend Hunting and filter through the noise.

**The clusters you identify will become the focus of your innovation.**

#### Re-Cluster

The human mind is great at identifying patterns by creating shortcuts!

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We create stereotypes, heuristics and schemas to make our thought processes more efficient. In the innovation process, this means our natural tendency is to identify trends we were already aware of, and reinforce those trends with examples. This is bad.

**Forcing yourself to re-cluster will enable you to escape your bias and unlock truly unique patterns.** ●

### Part 4: Adaptive Innovation

Informed by your Trend Hunting, you'll be inspired to develop new ideas. But chaotic markets and untamed creativity have the potential to take you dangerously off-course.

To increase the consistency of winning, you need to manage your innovation like a stock portfolio and approach innovation in a methodical, adaptive way.

#### Be Methodical, But Circular

Adaptive innovation follows a series of methodical steps. Definitive steps create scientific rigor and consistency:

**Step 1. Define a clear customer need.** A well-defined problem will dictate the outcome of your entire project, so you want to ensure that your insight is specific. When screening for opportunity, look deeper than the broadest idea. Look for underserved niches of opportunity.

**Step 2: Ideate like it matters.** "Ideate" is a better word for brainstorming. When someone is able to build upon the idea of someone else, it proves that your exercise is actually inspiring new ways of thinking. At the Stanford Institute of Design, the goal for an hour of brainstorming was around 100 ideas. Make ideation the best part of your job and passion will translate into breakthrough ideas.

**Step 3: Synthesize in a smaller team.** Collect (100 ideas): Start with your results from Step 2. Filter (20 ideas): Find the best nuggets! In a smaller team, create clusters or simply pick the best ideas. Refine (10 ideas): Prepare "headlines" for your best 10 ideas as if you were selling them to a customer. Rank Order (10 ideas, ranked): Quantitatively rank your 10 refined ideas. Ideally, perform an online survey with a sample of your actual customers. Focus (3 ideas): Select your three best ideas to move on to Step 4.

**Step 4: Create rapid prototypes.** "Rapid prototyping" involves creating pretend versions of your product or service. It's different than planning in that you are building something to simulate the experience. This

could mean creating a skit to preview a new experience, or spending a couple hours building a model of a sample store. *The act of creating a physical prototype allows you to visualize the concept and obtain useful feedback. When you move at a speed that makes you uncomfortable, you eliminate wasteful steps.*

**Step 5: Test and optimize.** Find ways to quantify the uncertainty and each successive design will inch closer to breakthrough innovation. When companies are good at something they make slight tweaks to improve — they climb to the peak of the hill they are already on. When finding a new hill, you cannot get caught up in testing small details. You need to explore broadly. *By exploring and measuring ambiguity, chaos becomes order.*

**Repeat.** What is the problem that you are really trying to solve? Don't be complacent; push yourself to redefine what you are trying to do.

Innovation is circular. Like a dog chasing its own tail, you always need to be adapting, redefining the customer need you are trying to solve. Unlike a dog, you will become more intelligent with each spin.

**Adaptive innovation is methodical and circular.**

#### Manage Innovation Like a Stock Portfolio

To navigate chaos, these six portfolio tactics increase certainty and help to manage risk:

- **Diversify.** For innovators, diversification means working on multiple projects at once, setting aside exploration time and trying both high- and low-risk projects. *Diversification increases your consistency while reducing risk.*

- **Control the size of your bet.** Part of portfolio management means budgeting the size of each experiment and forcing yourself to be creative within that box. *Even artificial constraints can lead you to success.*

- **Don't overreact.** When gamblers suffer a big loss, the natural reaction is to become more conservative on the next bet. This is referred to as the *snakebite effect*. It stems from the concept that a real snakebite makes you want to curl up in fear afterward. In organizations, we receive "snakebites" when we fail, which basically happens everywhere that we explore dramatic change. Snakebites lead teams to become too conservative with their innovation. The danger in today's chaotic environment is that giant losses in the market will cause companies to be excessively cautious. Innovation budgets become the first places to scale back after a snakebite, but calculated risks still need to be taken.

- **Bigger risk = bigger reward.** You don't have to be fully invested in risky projects, but even the most

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conservative portfolio needs exposure to emerging opportunities. As the 13th-century German theologian Meister Eckhart noted, “The price of inaction is far greater than the cost of making a mistake.” Take advantage of uncertainty. *Uncertainty makes innovation less expensive.*

- **Pursue alpha.** In portfolio management, *alpha* is the term for the excess profit, the amount beyond what you should have made, given the level of risk you took. The concept suggests that you should only pursue projects that create disproportionate value. Michael Dell relates this concept to Research and Development (R&D), where he believes companies become too fixated on the glamour associated with large innovation budgets. He believes this causes managers to lose focus on the purpose of innovation itself. *Innovation needs to deliver real value.* Instead of adding projects to your list, consider how you could divide opportunity by creating R&D partnerships with suppliers, customers and even competitors. *Think differently about how you achieve your innovation goals.*

- **Ignore sunk costs.** We have a natural tendency to hang on. Psychologically, we experience “post-decision justification,” which means we cling to our decision regardless of the outcome. We think about how much we’ve invested *so far* and we become emotionally committed. When investing, you have the luxury of anonymity. Nobody can see your mistake and you can pull out at any time. But it’s still difficult. In organizations, there is no anonymity. People know which projects are failing, pride becomes involved and jobs may be on the line. This makes the power of sunk costs paralyzing. *Know when to give up. Nothing is precious.* ●

### Part 5: Infectious Messaging

The Internet has created a world cluttered with chaos, but it has also created the world’s first viral platform for ideas. Well-packaged stories travel faster than ever.

Unfortunately, most marketers are stuck in a world dominated by traditional marketing and cliché.

By cultivating infection, your ideas will resonate, helping you leapfrog ahead of the competition. To do this, we’ll break the chemistry of infection into four categories: *The Product*, *The Medium*, *Context* and *The Actual Infection*.

#### The Product

Do you ever work from home? If so, you know the joys of working in your boxer shorts (or pajamas), but sometimes you need to videoconference with your

team. If so, you need a suit, but you don’t need any suit, you need a *half-suit*.

An actual product, known as the Business Bib, this little half-suit is all business up top, and all party down below.

When Trend Hunter wrote about the half-suit in 2006, there were 180 sites that linked to the article. Thousands linked to those sites and, by their calculation, that little half-suit was exposed to millions of free views.

Today, the article no longer sits in Trend Hunter’s Top 100 list, but they love the half-suit because it was their first experience at the epicenter of the viral blogosphere.

Your product won’t be a half-suit, but the lesson is that, for the first time in history, we have a viral platform.

**Create something that is interesting to your customers and your product will have the potential to become viral.**

#### The Medium

Joshua Bell plays a \$3.5 million Stradivarius violin. He played the music in the 1999 film *The Red Violin*. When he is on stage, he makes \$1,000 per minute.

Bell is quite simply one of the best violinists in the world. Accordingly, the *Washington Post* wanted to throw an unannounced concert. They wanted to do this in the busiest public walkway they could find, the D.C. Metro corridor, which more than 1,000 people pass through every hour. The planners wanted to know how many people would stop, even for a moment, to watch him. Half? That would be roughly 500 people. Perhaps that’s too many. 200? 100? Probably at least 50, right?

As it turns out, only seven people stopped.

In his category, Josh Bell is the best product in the world, but when he is packaged in the wrong way, he does not make \$1,000 a minute. He makes just \$35 in a whole hour (most of which was from one lady who actually recognized him).

**The medium can ruin your message.**

#### Context

Pampers, Cheer and Oil of Olay. These are just a few of the products that make Procter & Gamble (P&G) a legendary marketer. Historically, however, P&G struggled to apply their formula for success to the Japanese market. By 1985, P&G Japan accumulated losses of \$200 million. The venture was a spectacular failure.

In 1991, P&G Japan cranked up their game with the purchase of Max Factor, a growing company with \$300

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million in cosmetics revenue. Over the next three years, P&G Japan's magical touch caused Max Factor to shrink, losing another \$50 million.

Then, in 1997, P&G became radically more attuned to Japanese culture, both in business strategy and in their marketing approach. The most significant example was the marketing for SK-II, a premium skin cream. Instead of advertising features, they began advertising mythology: *"The fascinating story behind SK-II began at a sake brewery in Japan, where scientists noticed the elderly workers had wrinkled faces, but extraordinarily soft and youthful hands. These hands were in constant contact with the sake fermentation process. It took years of research for scientists to isolate the miracle ingredient Pitera®, a naturally occurring liquid from the yeast fermentation process."* The best part is that the miracle "ingredient" is a registered trademark. Is it an ingredient or a brand? Either way, SK-II became the star product, rocketing up to \$150 million in revenue by 1999.

**Mythology creates a vivid emotion that surrounds your brand.**

### Know Why I Should Choose You

Southwest Airlines is the most successful and most studied airline ever. One key factor was Herb Kelleher's relentless focus on the mantra, "low-fare airline."

In *Made to Stick*, authors Chip and Dan Heath suggest that this sort of mantra works because it creates a forced prioritization; it teaches people what to think and how to react.

**In times of chaos and dramatic change, a mantra enables adaptation. A powerful mantra leads to alignment and success.**

Humans have a powerful short-term working memory. The peculiarity is that the short-term memory appears to have a finite capacity. In 1956, cognitive psychologist George A. Miller suggested that this capacity was 7 +/- 2 items. Decades later it was determined to be roughly 2.5 seconds of information. In English, that equates to 7 +/- 2 words. In Chinese, it can accommodate 10 words.

The implication is that people are remarkably better at remembering messages with seven words or less. The concept of "seven words or less" is so powerful that some marketing boutiques, like BluePrint, do nothing but help companies arrive at seven words or less to answer the question, "Why should I choose you?"

Companies like Southwest become successful because of their consistent answer, but most organizations lack a concise articulation of their value proposition, their purpose.

**Know your seven words.**

### Chaos Permits You to Think Differently

Raphael, da Vinci, Michelangelo, Machiavelli, Copernicus and Galileo. From the 14th to the 17th century, the human race would be forever changed by the breakthroughs of the Renaissance.

In philosophy, the humanist movement encouraged scholars to build upon knowledge, rather than to break it down. In art, traditional styles were eclipsed by the realism and perspective introduced by "the greats." Artists like da Vinci blurred the lines between art, science and invention. The Scientific Revolution began, marking the beginning of the modern age.

In short, a new way of thinking emerged from the 14th-century eruption of the Black Death, the deadliest pandemic in human history. Nearly half of the European population died, causing a state of chaos. But this chaos caused archaic social structures to collapse. It forced a period of remarkable adaptation.

In our lives, we are unlikely to experience an atmosphere of chaos that compares to the intensity of the Black Death. However, parallels of opportunity will be created as our history evolves.

Fast forward to 2009 and the world has entered a period of economic crisis. The global markets lost a decade of value, collapsing to levels that hadn't been seen since the 1990s. General Motors, Lehman Brothers, Washington Mutual, *Chicago Sun-Times*, Linens 'n Things, Circuit City, Trump Entertainment, Tropicana Casinos and Nortel Networks all declared bankruptcy. Major retailers and corporate icons have fallen apart.

Collapse of any kind sends ripples through the economy, but it also gives birth to new opportunity. When outdated structures break down, the world becomes open to new ways of thinking.

### Chaos creates opportunity

By leveraging viral trends and methodical innovation, you can identify opportunity, stimulate creativity and, ultimately, exploit chaos. ●

#### RECOMMENDED READING LIST

If you liked *Exploiting Chaos*, you'll also like:

1. ***Chaotics* by John Caslione and Philip Kotler.** The authors demonstrate how to succeed in the new normality of a constant cycle of turbulence in the economy.
2. ***Predictable Results in Unpredictable Times* by Stephen R. Covey and Bob Whitman.** Management legend Covey teams with author Whitman to deliver advice on how to navigate a turbulent economy.
3. ***Proactive Risk Management* by Preston G. Smith and Guy M. Merritt.** Dramatically improve the way you handle project risks using a practical, easy-to-use, fact-based approach.