Govindarajan: Three Box Solution Cheat Sheet
by David Pollack (Davidpol) via cheatography.com/2754/cs/8449/

**Introduction**

VG learned from Hindu philosophy about the continuous cycle of creation-preservation-destruction in life that is without beginning or end. In his over 30 years of working with leaders of companies, and researching, he noticed that successful innovation leaders are conscious of this cycle and disciplined about managing it. He calls it Three-Box leadership and translates this ageless cycle into business practices.

The three-box framework makes leading innovation easier because it gives leaders a simple vocabulary and set of tools for managing and measuring these different sets of behaviors and activities across all levels of the organization.

Credit: http://www.3boxsolution.com/

**Box 1 The Present**

Manage the present core business at peak efficiency and profitability.

Many organizations focus mainly or exclusively on Box 1. The Box 1 present is their comfort zone, based on activities and ideas that are proven, well understood, and firmly embedded in the business. Most firms' organizational structures were built on the successes of the past, refined over time to support the priorities of the present core business, and focused on maximizing cash flow and profit generated by the core.

**Box 2: The Past**

Let go of practices that fuel the current business but fail the new one.

Box 2 is the indispensable element of the Three-Box Solution. Most organizations ignore Box 2 as they try to innovate their way to a new model. Even as old ideas and practices choke off the new future they’re trying to create, organizations find it very difficult to overcome the power of the past. The more attention a company pays to Box 2, the more room there is for the Box 3 to achieve its goals. If Box 3 were an NFL quarterback, Box 2 would be the offensive line, providing time and flexibility in which to read the defense, execute, and, if necessary, improvise. Without a well-functioning Box 2 discipline, your Box 3 offense will be stagnant and predictable.

**Box 3: The Future**

Convert breakthrough ideas into new products and businesses.

Good Box 3 hedging strategies are important. In a regime of experimentation and learning, not every step along the way will be successful. You need to develop a process for hedging risk. That typically means testing assumptions through iterative learning stages that, over time, resolve uncertainty and either produce growing confidence or reveal the need for a reboot or exit.

**Three Box Solution**

The Three-Box Solution

Be balancing the three boxes, managers can resolve the inherent tension of creating a new business while running a high-performing business at the same time.

Endless Cycle

Think of the Three-Box Solution as endlessly cyclical. You are always preserving the present, destroying the past, and building the future. In other words, the business models, products, and services you create in Box 3 will at some point become your new Box 1. The Three-Box Solution requires an ability to think and act simultaneously in multiple time frames. You’re always managing the present, destroying the past, and building the future. At times, you will have to focus on one box more than the others, but if you attend to all three boxes with your teams and others in your organization, you will find that you’re creating the future over time, every single day.

**Specific leadership challenges**

- How to identify the market discontinuities (e.g., fundamental shifts in technology, customers, competitors, lifestyle/demographics, globalization, regulations, etc.) that could transform our industry?
- How to analyze the opportunities and risks, as a result of our understanding of market discontinuities?
- How to create new growth platforms (Box 3) with a view to exploit the market discontinuities?
- How to selectively forget the past (Box 2)?
- What new core competencies must we build to support growth platforms?
- How to allocate resources to support growth?
- What kind of organizational DNA must we have in order to anticipate and respond to changes on a continual basis?
- How to execute breakthrough innovation strategies?