

New-Paradigm Incubation Roadmap  
A Conceptual Framework for Changing Mindsets on Complex Issues and Important Projects

**Alain Paul Martin**

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ISBN-978-0-86502-654-4

Note: The author's background is summarized at the end of this monograph.

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Updated Excerpts from:

Harnessing the power of intelligence, counterintelligence and surprise events

Library of Congress Control Number: 2002093491

National Library of Canada Cataloguing in Publication Data

Martin, A. P. (Alain Paul)

Includes bibliographical references and index.

ISBN 0-86502-924-5 (bound).—ISBN 0-86502-296-8 (pbk.)

1. Business intelligence—Management. 2. Intelligence service. 3. Psychographics. 4. Risk management. 5. Strategy. I. Title.  
HD38.7.M368 2002                      658.4'7              C2002-900108-0

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Published simultaneously in the United States and Canada.

# **New-Paradigm Incubation Roadmap**

## **A Conceptual Framework for Changing Mindsets on Complex Issues and Important Projects**

**Alain Paul Martin**

A 2011 draft of this paper was discussed at the Executive Forum on Japan's Nuclear-Power Issues in Montreal on June 14, 2011.<sup>1</sup>

### PAPER

I work with scientists, policy-makers, engineers and project leaders who are frequently frustrated that the recommendations to their corporate boards or elected officials go nowhere, especially in initiatives subject to the veto of stakeholders separated by culture, geopolitical divides and other communication-related barriers. The assignments vary widely from getting the executive buy-in and resources to launch globally-distributed software or a superconductor experiment to structuring capital projects spanning over several years (from a few millions to billions in size) and crafting strategic policies to address the fragmentation in scientific research and experimental development.

We start by validating the vision and goals from multiple perspectives, with the knowledge that, for their target audience, like for most leaders, there is far more than logic and rational thinking that drive perceptions and decisions. We consider a host of factors that affect people's decisions including vested interests, information asymmetries between players, fear, context, experience, education, surprise events and deeply-held beliefs (attitudes, ideals, faith and prejudice). We also assess the direct and indirect, charismatic and coercive influences of other stakeholders including peers, opinion leaders, academics, change advocates, competitors, lobbies and other stakeholders. We then proceed to craft a strategy to address specific people's issues that stand in the way of bringing the goals to fruition.

This research builds and expands on that experience to include the larger issue of resistance to new paradigms and large-scale change. It was initiated in response to corporate and government clients who suggested I expand on Chapter 7 (Value Incubation: A Proven Framework for Early Detection of Threats and Opportunities) and Chapter 8 (Hitch-Hiking on Surprise Events and Tidal Waves to Create Unique Opportunities) from my book, published in 2002 and titled "Harnessing the Power of Intelligence, Counterintelligence & Surprise Events".

The book was authored with the collaboration of Dr. Brian Morrissey who wrote the Appendix to Chapter 7 titled "Mad-Cow Issue-Incubation Lessons", based on his research which applied this framework to the BSE epidemic in Great Britain.

I have subsequently built on the work of several economists, most notably Bruce Scott, who was my professor at Harvard University. I have collaborated with Prof. Scott, on occasion, and particularly in preparing the 2008 National-Capital Symposium on the Economy, an event commemorating the Centennial of Harvard Business School (HBS). I have also assisted Bruce Scott in a follow-up assignment titled Democracy at Risk. A draft of Professor Scott's book Capitalism: Its Origins and Evolution as a System of Governance provided the inspiration for the real-life scenario below.

### **1. Real-Life Scenario**

Let us assume that your multidisciplinary team has produced solid research on one of the most pressing, polarizing issues of our time, diagnosing what ailed the economy with depth, objectivity and rigor, taking into account the conditions and the huge mistakes that led, in 2008, to the worst financial crisis since the Great Depression. Notwithstanding the fact that consumers and producers have the lion's share in carving markets, your experts probed the proper role of government in the economy and particularly in preventing and addressing serious economic dislocations in the United States, the European Union or any democracy; a tall order! They studied the considerable advances in knowledge from Adam Smith, Keynes and Friedman to the twenty-first-century economists, notably Paul Krugman, Jeffrey Sacks and Joseph Stiglitz, and other social scientists. They explored a

vast array of options to visualize a better future with: (1) an enlightened, transparent and accountable governance; (2) a fairer and more open competition; (3) less devastating systemic risk by calling for reliable structural containment<sup>2</sup> and more rigorous and conservative measurement of potential future exposure of high-leverage positions; (4) a more favorable entrepreneurship climate; and (5) a greater participatory democracy.

Your new framework for thinking about capitalism, markets and firms, in a broader context and perspective, is on the leading edge of innovation, pushing out the boundaries of economics, sociology and political science. Your draft recommendations make a compelling “business case” calling for a sweeping and massive overhaul of corporate governance and regulations which will not only address current issues but prevent large-scale crises. They represent a rare breakthrough in understanding capitalism and its mission in a democratic society, far beyond your own team’s expectations. If implemented, they would end the current paradigm trap and be a gateway to greater good, permitting more entrepreneurs to make profit and employ more people earning a decent living. With some light at the end of the tunnel, the change could reverse the severe disparity of income (Gini coefficient) and ultimately the grave decline of the ratio of sovereign debt to GDP of your country; thus, providing an opportunity to shape the course of history toward more income security and stability. For the transition, your team erred on the side of caution to minimize disruption calling for pilot experiments followed by a step-by-step realistic implementation.

You are wondering what would be looming on the horizon. By challenging the conventional wisdom, you expect fierce resistance and attacks. Focusing on its self-interest, the establishment would more likely reject, without an open exchange of ideas, your bold recommendations as they currently stand. You remember countless cases when lobby groups purposely stalled progress, even in instances when science proved them wrong, such as in the direct links between lung cancer and toxic products like tobacco, asbestos and other chemical substances. From these cases and others in many disciplines, you realize that the higher the stakes and the resistance from powerful stakeholders, the more likely policy and action will trail science by years, if not decades. Although you crave for U.S. leadership, you are mindful of the polarization and inertia in Congress on other crucial issues. You do not wish your work to be mired in the harsh polarized ideological controversy between right and left. To gain acceptance, at the very least, by moderate policy makers, some of your teammates recommend that you renounce what is extraneous or tangential to your contribution and focus on the bare essentials; others suggest a compromise on substance, but your conscience won’t let you.

Where do you go from here?

Now is not the time to roll the dice and leap into the unknown, after years of research efforts and accomplishment on the knowledge front. You realize that a strategic thinking is of paramount importance. Identifying and securing the commitment of the critical mass necessary to overcome resistance to change is among your most important tasks. This requires attention to the elements of decision value as a product of *decision quality* (Q) *acceptance* (A) and *execution* (E) less *risks* (R):

<p><b>Decision Value = f(Quality x Acceptance x Execution) – Risks</b></p> <p style="font-size: small;">Alain Paul Martin's Equation</p>
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The complete monograph is available from [alainmartin.us@gmail.com](mailto:alainmartin.us@gmail.com).

<sup>1</sup> Alain Paul Martin : [Japan’s Nuclear-Power Issues, www.executive.org/books/Japan\\_Nuclear-Power\\_issues.pdf](http://www.executive.org/books/Japan_Nuclear-Power_issues.pdf)

<sup>2</sup> The engineering and architecture worlds, and in particular the nuclear industry, offer ample examples of safety valves and measures to contain systemic risk. Take the near collapse of AIG, the application of reliable structural containment would have either prevented, or, at the very least, provided corporate boards and regulators with sufficient early warning signals about the huge bets the insurer was placing on mortgage backed securities (credit default swaps and other exotic derivatives) between short sellers and hedge funds. AIG bets were recklessly bullish (shorting short-seller cash up to \$100 billion) yet could not be hedged due to the insufficient margin of 0.2% yield. AIG kept building its position despite internal warnings. For more on AIG only, read [How AIG Lost Billions By Helping Short-Sellers](http://www.businessinsider.com/2009/2/how-aig-lost-billions-by-helping-short-sellers) by John Carney at <http://www.businessinsider.com/2009/2/how-aig-lost-billions-by-helping-short-sellers>