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# Vision transformation through radical circles: Enhancing innovation capability development<sup>☆</sup>



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How was it possible that a giant like Microsoft, totally focused on software, with a strong hold on business clients and productivity applications, decided to dive into a journey made of hardware, young consumers, and entertainment? How did it happen that Microsoft developed a totally new platform, the Xbox, with an operative system that was incompatible with Windows, its incumbent core technology?

Despite a widespread advocacy about the need for business transformation, very few organizations are successful in implementing a transformation change strategy like the one that transformed Microsoft. There are arguments that innovation is at the heart of triggering business transformation. A common thread in recent innovation studies is that innovation comes from a diffused process of *ideation*. This perspective assumes that the major challenge for innovating is to have a good idea; once the idea is created, its value can be easily recognized by executives and developed by the organization. This perspective has prompted corporations, and scholars, to improve their ways to generate ideas. This orientation also has spurred a significant interest on how to foster the creativity of individuals, through design thinking, and the development of tools and methods to enhance thinking “outside of the box”.

In parallel, this perspective triggered an interest in the exploration of ways to enlarge the divergence of ideas by increasing the number of people contributing to idea generation. Mechanisms that leverage large communities of individuals to generate massive amounts of ideas, both internally to an organization, through mechanisms such as IBM’s Innovation Jams, and externally, through approaches such as open innovation and crowdsourcing were put into practice. This perspective promotes a “democratized”, view of innovation (“democratized innovation”), where innovation is more likely to come from the “bottom-up”, instead than from the top executive team or a specialized R&D function. This “bottom up” ideation perspective has proven to be effective when

fostering innovation within the existing strategic frame of an organization. It seems to work when a firm has a vision, and searches for solutions that enable the implementation of that vision. In this case the value of ideas, wherever they came from, can be easily recognized. In addition to IBM, other examples are Danfoss, General Mills, or NASA.

But what happens when innovation concerns the vision itself? When a firm is in need for innovation that moves outside of the existing vision, or even in contrast with it? When it consists of a radical transformation in the way a firm do business? When what is questioned are the norms, values and criteria that an organization uses to select ideas? Are “bottom-up” ideation processes still valid for vision innovation?

Events that may call for radically redefining a vision do happen in the life of an organization, especially when a firm is confronted with a significant shift in the strategic scenario or when there are major opportunities that challenge its business fundamentals. These events are not frequent, but when they come across an organization, they deeply mark its future (see for example what happened to DuPont, Xerox, or Kodak). Take Microsoft’s adventurous decision to enter the business of game consoles in 1999. This was not a creative idea for a new software solution. Rather, it was a breakthrough vision, a radical new direction.

Innovation of vision is significantly underdeveloped compared to our insights about bottom-up ideation processes. But they share a common line: when it comes to vision development, innovation is much more directed from the top. They typically focus on the role of top executives, on how top leaders may effectively develop new visions and how they can manage a process of change that facilitates the deployment of the new vision in the organization. These framework works effectively when dealing with a developmental vision transformation: a transformation that may entails even a big leap forward, but in the same direction.

When it comes to radical vision transformation, i.e., a change of direction that challenges what is considered to be

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right or wrong in an organization, top down processes, that assume an awareness of the need for change, struggles. Our studies instead reveal that the building of a radical vision may have a significant bottom-up drive. Not through diffused ideation, however. In fact, massive production of ideas is useless when what is at stake is the framework within which ideas are generated and judged. Rather, we have noticed that in organizations that have gone through bottom up vision transformation one can find a different mechanism: a “radical circle”.

A radical circle is a primary group of individuals who connect voluntarily and opt to tightly collaborate outside the formal organizational schemes (i.e., a “circle”), with the purpose of developing a radical vision (i.e., a “radical” circle). A radical circle is not role related grouping or a job base grouping nor is it a formal work team. Individuals in a radical circle may or may not have formal working relations. At the most basic level it is a set of individuals who realize they have a common sense of malaise concerning the existing vision of a business and share similar insights about future directions that challenge the existing dominant myths of their organization. Therefore, over a period of time, they work voluntarily to explore a new vision, make it grow, almost secretly, without a formal commitment, until the transformation takes off.

The innovation process of a radical circle comes from the bottom up, but it does not match the diffused ideation processes mentioned before. Radical circles are small intimate innovation wells. Their main concern is not to generate ideas but to reframe a vision. More than promoting open creative communities they value intimate criticism, more than playfulness they act on the thin and serious borderline between rebellion and developmental change. We have found similarity with the dynamics of radical vision changes in the worlds of arts, policy and society. Specifically, we resonate with the notion of collaborative circles developed by Michael P. Farrell to investigate breakthrough movements such as the impressionists in painting, the inklings in literature, or the early psychoanalytic circle led by Sigmund Freud.

In this article we investigate how radical circles can trigger a bottom-up process of vision innovation in businesses. We start by discussing why innovation perspectives based on ideation struggle in a context of vision transformation. We polarize two perspectives of vision transitions, a developmental and a radical vision transformation. Then we introduce the concept of radical circles: their nature and why they have a better potential to support a bottom-up process of innovation of vision. Next, we illustrate the dynamics of an innovation process centered on a radical circle: its formation, its stages, the context that nurtures it, its organizational arrangements. To this purpose we leverage the case of Microsoft and its ordeal to enter the game console industry, as an exemplar of innovation of vision. We show that Microsoft had at least three radical circles who, from the bottom, where trying to push the Redmond giant into this new industry, one of which succeeded. Finally, we conclude with implications for organizations and management.

## DEVELOPMENTAL VISION TRANSFORMATION: BOTTOM-UP IDEATION

Most innovations in organizations occur within an existing frame of vision. In other words: a firm has a strategic direction,

and searches for solutions that enable this vision to come true. These solutions can be included into new products, new processes, even new business models, all however sustaining, rather than challenging, the existing strategic direction (an example is Amazon’s acquisition of Zappos).

In this incremental process of vision development we can recognize three major phases:

- ideation: an innovative idea that supports the vision is created and presented for approval;
- commitment: the idea is assessed, against other possible investment alternatives, and, possibly, accepted; and
- development: the idea is implemented.

This scheme, extremely simplified, mirrors the evolution of studies on innovation in the last decades. In the ‘80s a major focus was on how to support a better commitment, with companies (e.g. AT&T), exploring methods for idea selection and R&D portfolio management; in the 90s companies (e.g. Toyota) moved their interest to investigate rapid development processes; in the last decade the focus turned upstream toward ideation (e.g. IDEO), to address what is currently considered the critical phase in this process: how to increase the capability of generating great ideas? Explorations and studies that have dive into this question point in two main directions. A first direction is to enlarge the sources of idea generation by involving more people internally and externally an organization in the ideation process. This stream of studies therefore includes theories on creative organizations and models of open innovation and crowdsourcing. A second, complementary, direction implies to increase the creative capabilities of individuals; hence the growth of studies on creative processes and methods such as design thinking, brainstorming. The consequence of these investigations is that nowadays innovation is seen as a more diffused, bottom up, approach, compared to traditional models that saw innovation either as coming from specialized functions (such as R&D) or from the top of the organizations. [Table 1](#) provides a snapshot of the developmental and radical vision transformation orientations.

There is evidence that a diffused bottom-up process, driven by massive ideation activities, may be effective to create innovations that sustain the existing vision of an organization (e.g. in NASA, IBM, Danfoss). But what happens when innovation concerns the vision itself? When a firm is in need for innovation that moves outside of the existing vision, or even in contrast with it? When it consists of a radical transformation in the way a firm do business? When what is questioned are the norms, values and criteria that an organization uses to select ideas? Does a massive distributed and ideation process still work?

## RADICAL VISION TRANSFORMATION

Microsoft’s entrance into the business of game consoles is a quintessential example of creation of a breakthrough vision. In 1999, Sony announced the release of the PlayStation 2 (PS2). The PS2, which was presented as a leapfrog in terms of processing power, was a serious threat to Microsoft: massive amounts of home consumers could be appealed to enter the world of computing through game consoles instead of PCs.

**Table 1** Vision Transformation – Two Contrasting Models in a Nut Shell.

	Developmental Vision Transformation	Radical Vision Transformation
Exemplars	ABB T-50 Project GE Workout Project	Microsoft Xbox 360 project
Essence	A vision that does not change an organization's direction; i.e., it does not change the parameters for discerning what is good from what is not. It may imply a significant jump forward, and significant changes, but these changes are recognizable given they are a natural progression in a business context Moving forward	A vision that changes an organization's direction; i.e., it redefines the parameters for discerning what is good from what is not. It's a change of direction that captures opportunities outside of the current range of vision. A direction that was previously not entertained (or even forbidden) Changing direction
Driving mechanism	Top management	Radical circle
Trigger	Opportunities and challenges within our range of vision. A will to excel in our direction, of doing better	A sense of malaise toward the current direction, toward what is considered to be good in our organization
Start	Formal activation of a change process	Secretly unauthorized quest toward a new vision
Orientation (Diffusion)	Top down	From within anywhere in the organization to the top, then down
Planning	Programmatic	Emergent and infectious
Design orientation	Problem solving You choose the ideas	Problem reframing You choose the people

Consoles had friendly and entertaining ways to attract consumers. They could use nice TV screens not only to play but also to do other activities, if consoles would also be provided with personal computing applications. "Getting into the living room" of people was an old dream of Bill Gates, and the release of the PS2 could have killed that dream forever. In 2001, Microsoft's came into the market with a reaction that was surprisingly radical for a software giant: to enter the game console business with a new product, the Xbox, that could compete directly with the PS2.

Microsoft interactions with the business of digital games were not new. Previous attempts however were ideas within "business as usual" at Microsoft: they all aimed at further developing the existing Microsoft vision of creating software tools and to promote the diffusion of its core operative system, Windows. The Xbox, instead, was a radical change in vision. Not only in terms of technologies and core competences (most of its software was built from the ground up, although it used some standard PC hardware), but especially in terms of strategic direction. Microsoft did not enter into the game business as a provider of software to other platform makers and application developers; it designed the platform itself, entering the business of hardware products, targeted to young consumers, with the purpose of entertaining. If this was not enough to mark the Xbox as a radical new vision for Microsoft, the Xbox was equipped with an operative system that was incompatible with Windows, an "untouchable" myth of Microsoft.

The journey that brought Microsoft into this vision transformation has poor resemblance with the ideation-commitment-development process previously used by many companies (e.g. 3M, Marriott). Indeed, the Xbox was not the result of brainstorming sessions or massive crowdsourcing of ideas. With such a process a proposal as the Xbox, who laid outside of the existing vision – even in contrast – would have been hardly recognized as valuable and promoted as such. Indeed, bottom up and diffused ideation processes suffer of a

major issue when it comes to support processes of business transformation: radical ideas are born much weaker and unclear than incremental ones. They are not even ideas, but blurred intuitions, without a strong sense of direction, because they are "outside" of the known direction. Their nature and implications are often not even clear to those who propose them, let alone to the rest of the organization who have to assess them and implement them. If an intuition for a radical vision that comes from the bottom would be made public and shared within the organization right away, it would be most likely not even considered, or it would be reframed and watered down within the existing way of doing business. In other words, it would not pass effectively through the phases of commitment and development.

For transformation to come from the bottom, an additional key phase is needed between the emergence of an intuition and the proposal for commitment: an "invisible", unauthorized, phase of *quest*, where the intuition is explored, reflected upon, made more robust (i.e., turned it into a *vision*), *before* making it visible and submitting it for approval. The phase of quest is not to be confused with the activities aimed at making new visions happen, where a team that had a new vision builds alliances in order to gain support. Although building political support is relevant, here we refer instead to something that happens earlier, before the vision is manifested and made public. It is, instead, a phase of research, aimed at transforming a weak intuition into a prototypical vision that is robust enough to be meaningful for those who propose it and for those who have to assess it and implement it. This phase is in many ways similar to classic research activities: it is characterized by exploration, experimentation, reflections, and most of all reinterpretation of what is meaningful for the business. The main difference with classic research is that this quest has to happen *outside* of the normal institutional arrangements, because it occurs before the vision is introduced to the organization.

This phase of quest, of uncommitted bottom-up research, where a vision is almost secretly developed, is crucial for the creation of business transformation. Yet, it has been significantly overlooked by recent innovation studies that have focused on ideation. The dynamics of the process of quest, where radical visions are built, are still quite unclear. Our research shows that the quest is a bottom-up process centered on a radical circle, i.e., a primary group of individuals who join voluntarily and tightly collaborate outside the formal organizational schemes.

## THE RADICAL CIRCLE

“The Xbox was conceived of and championed by a small group of passionate, creative individuals who were so driven and convinced by the power of their idea that even the setbacks that rose in their path served only to strengthen their conviction” says Seamus Blackley, a major protagonist of the conception of the Xbox vision. Indeed, the Xbox is not the result of top down directions, nor of bottom up diffused ideation processes. It was mainly driven by a small group of renegades, who previously had not formal mutual relations among each other within the organization, and who came to know each other through informal social connections. Driven by their passion for the game business, and by a sense of the opportunity that Microsoft was not seizing, they voluntarily started to think about how Microsoft could more effectively have a role in gaming business, and react to Sony’s threat, even before Microsoft top management started to address it. This small group was centered on four people.

*Jonathan “Seamus” Blackley* was a newly hire, who joined Microsoft on 9 February 1999. He had however significant previous experience in the digital game technologies, including a major failure: he had led for DreamWorks the development of *Trespasser*, a videogame connected to the movie *Jurassic Park*, meant to be played on personal computers. *Trespasser* was an ambitious project in terms of performance and simulation of reality that failed because its elaboration requirements were too demanding for the PCs. When Blackley joined Microsoft, after his career debacle, for a new restart in software development, he brought in not only his innate passion for games and his strong technical experience on game development, but also his personal vision that computers (and their operative systems) were not good for gamers. This was an extreme vision that definitely was not in line with the existing strategy of Microsoft. An outgoing character, Blackley was a major engine behind the creation of the team of renegades who started to work on the Xbox. He was the only one who stayed until the market launch of the product.

*Kevin Bachus* was a former Product Marketing Manager for DirectX, the Microsoft’s software tool that enabled game designers to develop games for the PC. He had significant experience within Microsoft’s organization and astute knowledge of the game industry. He gave a major contribution in developing the first preliminary business plan for the Xbox and its price/royalty structure. An introvert, he shared Blackley’s extreme vision of moving away from the PC. In his perspective games could not be played on normal operative systems: they required a dedicated platform. Although he did not know Blackley before, the two became close friends during the project, until Bachus left Microsoft in 2001.

*Ted Hase* was formerly a manager in the Developers Relations Group of Microsoft, i.e., he took care of relationship with developers of games for the PC. He had good knowledge of Microsoft’s organizational dynamics and helped the renegades to secure early political support from top executives. Concerning the Xbox he had a milder perspective. Although he shared the need to create a new platform, he was still considering the PC as an interesting fundament, since it enabled developers to develop games without paying royalties. Already in 1998 he had personally reflected on a vision for Microsoft, based on a low-cost computer, with everything stripped out of its operating system except from what was needed to run games, i.e., a kind of simplified Windows focused on games. An outgoing character, he left the team of renegades in the fall 1999, after the team assumed a formal structure, to go back and focus completely on his previous job.

*Otto Berkes* was formerly a DirectX programming whiz, with a strong technical expertise (especially in graphics). He also started in 1998 to think about creating a version of Windows for entertainment. An introvert, during the journey he became very close to Ted Hase, with whom he shared a milder perspective of a stripped down Windows focused on gaming (a “Windows Entertainment Platform”), to be used on normal PCs. Similarly to Hase, he went back to his former job in the fall 1999.

Other people had significant roles in the early creation of the vision for the XBoX (e.g. Ed Fries, the VP of Games created by Microsoft). They however had a more supportive role. Blackley, Bachus, Hase and Berkes constituted the core people who were directly engaged into the creation of the Xbox Vision. None of them had top executive role. None of them had been appointed with this task. They voluntarily started to explore a vision that was in contrast with the normal Microsoft strategy for games. They had no former mutual formal organizational relationship: their group formed voluntarily, as they discovered that they shared the same interest and a vague intuition: that there was an opportunity for Microsoft to become a main player in the videogame industry, and that this opportunity could be sized only by challenging and rethinking some myths of the Redmont’s giant. This group of renegades managed to transform this vague intuition into a breakthrough vision, a clear direction, and to convince Microsoft’s top executives and organization that this direction was promising, although in contrast with the normal vision. They navigated Microsoft through the quest phase into commitment, when they gained the engaged support of Bill Gates (which was crucial for the next phases). When the project moved into development the renegade team dissolved as its challenging role was completed and more formal and appropriate organizational arrangements were institutionalized.

They formed what we call a “radical circle”: “radical”, because it moves outside of the existing vision, and promotes radical innovation of a vision; “circle”, because, on the one hand it differs significantly from formal teams: although it is a stable organizational arrangement (stability is important to support explorations through the phase of quest), it has a non-formal arrangement, without institutional commitment; and because, on the other hand, it differs significantly from communities: it is small in size and participation in the circle is not open to anyone, but “by invitation only”. In fact, as we

will see, a circle has to provide an *intimate protected* environment where to dare to do outlandish experimentation.

A radical circle is a relevant and effective way to promote business transformation that is driven from within the organization and not necessarily from the top. Michael P. Farrell, in his investigation of major radical transformations in the worlds of arts, has highlighted how often major breakthrough occur thanks through the collaboration of small circles. Says Farrell: “Many artists, writers, and other creative people do their best work when collaborating within a circle of like-minded friends. Experimenting together and challenging one another, they develop the courage to rebel against the established traditions in their field. Out of their discussions they develop a new, shared vision”. Farrell brings evidence from in depth case studies such as the Impressionists in painting (centered on a circle consisting of Claude Monet, August Renoir, Frederic Bazille, Alfred Sisley), or the Inklings in writing (e.g. the creators of Mythopoeic novels based on imaginative Nordic myths, such as “The Lord of the Rings” by J.J. Tolkien, or “The Lion, the Witch, and the Wardrobe” by C.S. Lewis).

Farrell brings numerous examples where the radical circle was essential for the success of the creation of the new vision: “In 1925 [J.R.R. Tolkien] showed [an epic poem] to an old mentor, who advised him to drop it. The rebuff reinforced his decision to keep the work secret. But after discovering that Lewis shared his interest in “Northerness” and epic poetry, . . . Tolkien gave Lewis one of the unfinished poems to read. Lewis wrote back: “My dear Tolkien, . . . I quite honestly say that it is ages since I have had an evening of such delight. . . so much for the first flush. Detailed criticism to follow”. The artists themselves testify the importance of their reference circle for developing a breakthrough vision. For example, in addition to the sentence of Lewis at the beginning of this article, Monet wrote: “Nothing could be more interesting than the talks we had with their perpetual clashes of opinion. You laid in a stock of enthusiasm that kept you going for weeks on end until you could give final form to the idea you had in mind”.

Our explorations of radical business transformation show several similarities with the recounts of Farrell, with two, important differences. First, artistry production is, eventually, an individual (and mostly mono disciplinary) endeavor. A circle is, for an artist, a locus of confrontation and inspiration, but the output creation depends on individual acts. A creation of a new product or process requires the integrated actions of several individuals and disciplines. Second, the examples of Farrell took place outside an organization. This article shows that similar dynamics may occur also in multi-disciplinary work, inside an organization.

## WHY RADICAL CIRCLES ENABLE BOTTOM-UP TRANSFORMATION

Why a radical circle is an effective path toward the creation of a breakthrough vision? First, we have seen that a radical circle is an informal group. Moving outside of formal organizational arrangements, it enjoys a kind of partial separation from the establishment. This separation favors the nourishment of a vision that is not in line with the existing one and

prevents its watering down in the delicate phase in which the vision is still weak and not public. Research has shown that breakthrough change benefits from separation from existing organizational and social arrangements. What is interesting about a radical circle, however, is that it is only partially separated. Differently than skunk works or internal ventures, people who create a radical circle are still physically and organizationally immersed into their daily organization routines. However, they act separately (almost as a “secret society”) when they work together. Being still immersed in the organization enables them to have a close sense of what is happening “inside the box” instead of jumping into adventurous journeys outside of the organizational box, as typical of organizations that are totally separated from the existing one, only to be killed by the establishment when coming back to promote and implement the change.

Second, a circle is a stable form of collaboration: the same members meet and closely collaborate over an extended period of time, which is more difficult to happen in open communities. This is essential for the experimentations during the phase of quest that can extend over a long period, from months (as in the case of the Xbox) to years.

Third, and even more important, a radical circle may provide the necessary resources to conduct the phase of quest; those resources that cannot be accessed through the formal organizational paths, as the new vision is still not been made public. In particular, informally a radical circle provides three types of resources:

- *Economic and social capital*, i.e., the budget resources and contacts that are necessary to conduct experiments during the quest phase. Evidently, a circle consisting of more people can have a larger access to free budget than a single individual. This can be in the form of time that the members of the circle can dedicate to the quest for the new vision; or in the form of free budget to pay for prototypes, or spaces to favor meetings; or in the form of contacts to experts and players that can support experimentation. The role of these resources has been highlighted by studies of cases where employees are provided with free allowance of time (see the well known of 5% free exploration time at 3 or 20% at Google). However, the case of the Xbox shows that when it comes to developing a new vision, committed employees can often find the time and resources to work on it, even if there are no formal organizational arrangements that provide free allowances, as in Microsoft. Hence, if a circle for sure provide more budget resources than individuals, there are two other types of resources that seems even more relevantly provided by a radical circle;
- *Sheer encouragement*. The other members of the circle are a major source of support to face the disappointment of early failures, which necessarily occur when a breakthrough vision is explored. As clearly stated by the sentence of C.S. Lewis at the beginning of this article, sheer encouragement from the other members of the circle is essential to stand the derision of others who look at the new direction as outlandish; to resist pressure to conform (“What! You too? I thought that no one but myself. . .” again Lewis in the book of Farrell), to dare radical (forbidden) experimentations.

- *Constructive criticism.* The other members of the circle play a crucial role in providing the complementary knowledge and competences that are necessary to create a breakthrough vision. We have seen as in the case of the Xbox, the 4 members had expertise that spanned from knowledge of the market of players, to the closeness to the market of game developers, from technical competences, to business acumen, to awareness of the dynamics of Microsoft's organization. Even more relevant than knowledge, the other members of the circle provide an audience with different perspectives that are essential to discuss the new vision. A radical circle is an important source of constructive *criticism*. Which is crucial to transform an initial intuition into a robust vision that will need to stand much harsher and doubtful criticism when it will be presented to the larger organization. Visions that move outside of the established path don't come true through easy paths: they may only grow through criticism, which is a major contribution of likeminded people in a circle.

The latter two factors (sheer encouragement and constructive criticism) are, in our opinion, the two most relevant and peculiar resources provided by a radical circle, and make it an essential bottom-up mechanism for business transformation. A radical circle is a friendly knowledgeable audience that provides a *protected* environment where to dare doing experiments. It creates a context of "instrumental intimacy": it replicates the typical research dynamics that are necessary to transform an intuition into a robust vision, but in an informal and protected environment. We will later explore this crucial mechanism in much deeper detail. First, however, let's examine a little closer the overall dynamics and life cycle of a radical circle.

## THE FORMATION OF A RADICAL CIRCLE

A radical circle is by definition an informal group. Radical circles do not form because ordered by management. By definition, they operate *before* there is formal commitment on the deeper exploration of a new vision. So how does a radical circle form? A radical circle is *voluntary*. Participants come together because they share a common malaise for the current status, and an intuition for an opportunity that an organization could take. The four renegades of Microsoft did not have previous formal organizational connections. They independently had a malaise toward how Microsoft was addressing the business of videogames and saw opportunities to act differently. They all had a passion for videogames and had autonomously started to imagine possible new strategies to enter the business in a different way. Hase and Berkes had independently imagined a stripped down version of Windows focused on the business. Blackley had a previous experience in the industry, and as he joined Microsoft (in an area that was not targeted on games), he spontaneously started to think about ways the corporation could better play in this arena. When Sony announced the PS2, they felt the urge to act, and through informal, unplanned relationships they came to know each other and enjoyed the fact that someone else had similar feelings.

What glued them together was the awareness that all of them shared a common challenge: a common hot cause. In a way, they had a common enemy: first, Sony; but also the

existing vision of Microsoft for the videogame industry. That vision was based on the PC platform and a general-purpose operative system as Windows, that were unsuited to play games. Similarly to what described by Farrell in artistic radical circles, at the beginning they found it easier to talk about what they disliked than what they liked (in this extent, Farrell talks about a "rebellion" phase that precede the quest. We will come back to the concept of rebellion later). Although they all wanted to move away from a general-purpose PC platform based on windows, they had different intuitions toward which direction to take (Blackley and Bachus toward a more radical departure from PCs, whereas Hase and Berkes toward a specialization of Windows). But as they came to know each other they realized that albeit different, these directions shared a common prototypical intuition for a vision: gaming as high art. "The hardware didn't have to be the limiting factor anymore", says Blackley, "It could be like the canvas that allowed the artist to express his true intentions without so many compromises". The artist, in his view, was the game developer. Microsoft would enter the business by creating a product "designed explicitly for game artists". And indeed the Xbox became "the first console to emphatically celebrate the importance of the people who make the games", as described in the book of Tagahashi who thoroughly reports on the story of the project.

This sharing of the common enemy and of a common general direction was reflected in the code name they picked for the project during the quest: Project Midway. The name reflected both that this was a project of a U.S. company against the Japanese empire of Sony, Nintendo and Sega, and also the fact that it was midway between PCs and game consoles. Project naming was an implicit way to informally institutionalize the circle, and create internal norms.

Radical circles form via voluntary participation. They cannot be planned, by definition. But their emergence can be favored by an environment that tolerates rebels (within certain limits, as will discuss later). Microsoft for example tolerates that people explore side project, as long as one does her job. Radical circle is often formed by highly ambitious talents who are not necessarily in the mainstream (i.e., whose main job task is focused on the existing business), as their mission is to reinforce the existing vision. Nor of employees who are in the core of the organization and in their way to promotion. Indeed, as Farrell suggests, people in the fast track are focused on winning the approval of established authorities in their discipline. The renegades of Project Midway were highly skilled and ambitious, but none of them had as a formal employment the task of defining a strategy for the videogame business, and none of them was on the track to take such a position or had privileged access to executives in that field. "Microsoft, the great giant, allowed itself to be drawn into this project by a group of relatively junior employees". Blackley was a newly hired and in a way marginalized. He had to exercise his talent outside the normal organizational paths. This favored the formation of the circle, and the development of a radical vision.

Voluntary participation means that radicals typically keep doing their normal work. They may focus on the new challenge in their spare time or overtime. The sharing of a malaise, of a common hot cause, and a will to change is often enough to mobilize additional energies, create trust,



**Table 2** Radical Vision Transformation – The Radical Circle at a Glance.

Purpose	A radical circle is a small group of individuals who connect voluntarily and tightly collaborate outside the formal organizational schemes (i.e., a “circle”), to develop an unauthorized (forbidden) radical vision (i.e., a “radical” circle).
Origins	Collaborative Circles (Sociology – Michael Farrell); Democratic Dialogue (Gustavsen)
Why it works	<ul style="list-style-type: none"> <li>* Provides the resources to embark into a voluntary and unauthorized quest: <ul style="list-style-type: none"> <li>- critical feedback</li> <li>- encouragement</li> <li>- economic resources (voluntary time)</li> <li>- social resources (helpful connections)</li> </ul> </li> </ul>
Characteristics of the members of the circle	<ul style="list-style-type: none"> <li>* They are not necessarily previously related</li> <li>* Casual association among acquaintance that voluntarily collaborate outside of the formal work arrangements.</li> <li>* They join because they share a “sense of malaise for the current vision”</li> <li>* They are not just complaining nor just disruptive rebels. They have a “will to change” for the good of the organization</li> <li>* They are not necessarily creative or playful. They enjoy deep honest conversations, critical reflection, working through differences.</li> <li>* They are highly ambitious, with their own interactions with the external context, and their own perspectives.</li> <li>* “by invitation only”: those who do not share the above characteristics are not invited, or they must leave</li> </ul>
Guiding change principles – prior to adopting a new vision	<ul style="list-style-type: none"> <li>*Legitimize, support and protect the autonomous formation of ‘circles’ of mutual interest.</li> <li>*Delegitimize those who just complain or want to destroy the organization</li> <li>*Create spaces and opportunities for conversations/dialog for people to come to know unknown people beyond formal organizational schemes</li> <li>* Do not pay attention to any idea. Pay attention only to vision proposals that have been elaborated into a deep critical reflection through a voluntary quest conducted by different people.</li> <li>*Engage in honest dialog/conversation and deep level reflective criticism. (Be critical to the radicals. If their proposal survives your criticism, then it means there is something there).</li> <li>*Become part of the radicals, if they accept you.</li> </ul>
Guiding principle for the radicals	<ul style="list-style-type: none"> <li>*A radical circle may exist and succeed, even in the most difficult and unsupportive organizations.</li> <li>* Search for people who share your malaise and sense of direction. (If you can find no one, go beyond your existing network)</li> <li>*Find a common enemy.</li> <li>*Engage in critical reflections. Your mates are there to make the vision more robust, not just to provide political support, resources and encouragement.</li> <li>* Define a target, a project</li> <li>* Build routines (important especially because the team is voluntary and outside formal organization)</li> </ul>
Guiding change principles – following top management decision to adopt the new radical vision	<ul style="list-style-type: none"> <li>*Trigger organizational level understanding of the need for change</li> <li>*Frame the new radical vision and insure alignment and commitment to the change among leaders throughout the organization</li> <li>*Create spaces for organization wide conversations/dialoguing about the radical new vision</li> <li>*Encourage honest dialog about ways to implement the radical new vision</li> <li>*Allocate appropriate resourced for the implementation. This may imply that the radical circle disappears and you form a formal team</li> <li>*Undertake the change and build in mechanisms to address predictable and unpredictable emerging issues</li> <li>*Sustain change via the support for radical circles formation culture</li> </ul>

and trigger new behaviors. [Table 2](#) captures the key features of the radical circle at a glance.

### THE CORE MECHANISM: INSTRUMENTAL INTIMACY

The radical circle has to do a ‘quest’ (a research not formally approved). Given that the circle have to develop the vision

and make it robust, they need carry out experiments and find informal audience who can and willing to provide feedback. Since the vision is outside of the existing direction and possible is viewed as *outlandish*, the circle needs to dare and conduct forbidden experiments and share unfinished work without being ignored and eliminated or fail prematurely. Recounts Tagahashi in his narration of the story of the Xbox:

“Inside [Microsoft] the Xbox team ran up against walls of intellectual arrogance. They had to deal with others who thought they knew better about business models and teams and new technologies. These four believe in their ideas so much that they were willing to go up against an ocean of skepticism”

Here is where the two main resources come in place: constructive criticism and steer encouragement — a concept that Farrell calls instrumental intimacy. Instrumental intimacy is a mechanism that fuels the interactions within the circle. It means that the members of the circle there interact through an intimate sense of trust that comes not by a long-standing connection or by formal frameworks, but from the simple fact that they share the same malaise with the existing vision and the same will to change. ‘Instrumental’ because this trust enables the dynamics of critical feedback that are necessary to make the emerging unauthorized vision more robust. Members are open to mutual criticism, as they are aware that frank feedback is coming from someone who share their same mission and is voluntarily investing her own resources. ‘Intimacy’ because these interaction occurs in the protected environment of small groups (often they even start among pairs within the groups), where only those who share the same mission are admitted. To sustain this mechanism, the circle typically build routines, elect a space for regular (e.g. weekly meetings) and, give themselves a name. All of this enables them to create a sort of stability and framework for their work, given that they move outside of structure and formal processes. It simulates the safety of regular behaviors. Eventually, this instrumental intimacy becomes so powerful that for some, the radical circle becomes a surrogate family with strong interpersonal relationship. “I met a group of people who challenged me, supported me, and changed my life”, said Blackley, one of the creators of Xbox.

## RADICALS, NOT DESTRUCTIVE

A radical circle plays on the thin borderline between developmental change and rebellion. They indeed share some dynamics of rebels (the sharing of a common enemy, the will to challenge myth of the establishment). In many ways their dynamics resemble those of delinquent gangs (deviant in breaking away from work norms and routines, creative thinking in terms of content and form, do not conform to the work place dynamics). This enables them to dare moving away from current practice and values. However, they are not just rebels. Pure rebellion hardly leads to vision transformation. For example, Microsoft already had an earlier circle that tried to revolutionize its approach to gaming. It happened in 1994, after Sony released the PlayStation 1. The circle was nicknamed “The Beastly Boys” and was led by Alex St. John, who had a key role in the development of DirectX. St. John was outspokenly rebellious and belligerent. He did not just felt a sense of malaise; he was viewed as destructive and sarcastic. Eventually, after having broken many bridges within the organization, he was fired and Microsoft stayed where it was. Later, the four renegades who developed the Xbox shared a sense of malaise, but they were also driven by a genuine will to help Microsoft to do better in business and to provide meaningful experiences to customers. Their purpose was not to destroy, but to build. The sharing of the enemy was

not the target; it was just the starting point to build trust and intimacy. But the focus was on creation. A purpose of a radical therefore is not just to complain about the current state, or mock it or even destroy it. They work for the sake of survival of the organization. Members of the radical circle do not work for their glory or for increasing their organizational status and power. They are driven by an intrinsic appreciation for the new direction itself.

## FROM ENVISIONING A RADICAL VISION, TO IMPLEMENTATION

Individuals forming a radical circle are not good at building power base or influence, and often are not politically savvy (otherwise they would move within the established frameworks). They are not even necessarily good in planning, implementing, involving large organizational systems. These qualities are not central during the initial quest toward a radical new vision. They need to be good in seeing new opportunities, framing the vision, sustaining each other, being critically reflective. But when the new vision finally surfaces, starts to be accepted, and moves to implementation, these peculiar qualities lose importance. A more planned, formal, inclusive, and decisional behavior and skill set is necessary to move the process forward and take it to the larger organization. As the new vision moves from being unauthorized to being authorized, from voluntary to formal, most of their members lose their sense of purpose and prefer to go back to their previous work, or engage in new ventures. This happened for example to most of the four renegades of the Xbox. Only Seamus Blackley stayed until the launch of the project. Leadership however was taken over by a manager with deepest experience on the organization’s norms and the business dynamics.

The transition from the development of the new radical vision into an organization wide acceptance and implementation is a complex one to design and manage. Following top management acceptance of the new radical vision, the challenge shifts to getting the rest of the organization on board and change. The planned change strategy is likely to include the following elements: a process that will trigger organizational level understanding of the need for change; framing the rational and logic for the new radical vision and insure alignment and commitment to the change among leaders throughout the organization; creating the spaces for organization wide conversations/dialoguing about the radical new vision; encouraging honest dialog about ways to implement the radical new vision; allocating appropriate resourced for the implementation; undertaking the change and building of mechanisms to address predictable and unpredictable emerging issues; sustaining change via the support for radical circles formation culture (see [Table 2](#)).

## HOW AN ORGANIZATION CAN FOSTER THE EMERGENCE OF RADICAL CIRCLES CULTURE

By definition, a radical circle cannot be designed, nor planned from the top of an organization. Even simply encouraging people to form a radical circle might be viewed as unauthentic. The best encouragement is simply through the behavior of top management. And the best behavior is to



“pay attention”. Traditional literature on innovation suggests that managers should pay attention to ideas that come from the bottom of their organization. Especially to the most outlandish ideas. This is a great suggestion, that however clashes with two problems: First, the more people become creative and suggest ideas, the more it is hard to pay attention to everything; second, in front of a massive amount of ideas, we tend to recognize better those who are closer to our way of thinking, whereas outlandish ideas are simply obscure and hard to grasp. The dynamics of radical circles instead suggest that top management should pay attention not to any idea, but only to robust visions. When a team of people, previously unrelated in the organization, engages voluntarily in a secret quest, and dedicate their own emotional (and practical) resources to develop an outlandish vision, this at least deserves a lot of attention. A radical circle is, for top executives, a powerful way to screen out ideas and be exposed to relevant, robust new directions. So, ex-post legitimation is the best way to ensure the emergence of radical circle: “show me you are a circle of radicals, and I will listen to you”.

Developing a culture that embraces radical circles is complex. Some additional elements that can help include: supporting and protecting the autonomous formed ‘circles’ of mutual interest to build and advance the organization (and delegitimize those who just complain or want to destroy the organization); creating spaces and opportunities for conversations/dialog for people to come to know unknown people beyond formal organizational schemes; engaging in honest dialog/conversation and deep level reflective criticism – be critical to the radicals and if their proposal survives your criticism, then it means there is something there; pay attention only to vision proposals that have been elaborated into a deep critical reflection through a voluntary quest conducted by different people, and; informally encourage individuals to find others that may share their malaise.

### **RADICAL CIRCLES MAY OCCUR EVEN IN CHALLENGING ORGANIZATIONAL CONTEXTS**

Microsoft is not usually pointed as an example of the most modern and democratic organization. Yet, the case of the Xbox shows that even in traditional organizational settings, and in large corporations, radical circles may drive a radical vision transformation. So, albeit firms may create organizational contexts in which radical circles are more likely to form and succeed, e.g. a climate of relative tolerance for renegades or environments that supports the voluntary encounter of radicals, our analysis suggests that the outcome of a radical circle significantly depends on the circle itself. Even within the same organizational environment, different circles may succeed or fail, depending on the leadership

capabilities of their members. Which, vice versa, also means that even if an organizational context provides weak support, a radical circle with effective members and dynamics may play a major role in vision transformation. The main recipients of this article therefore are not only the top executives, those who want to support bottom up change, but also the potential members of a radical circle, those who want to make the change. The main indication for them is: if you feel a malaise about the current direction of your organization, maybe you are not alone. There may be others who share the same feelings, even if these people are outside your current formal network of connections. Search for them, share your malaise, and see if they share the same. And then follow the process outlined before: find a common enemy first, and then engage in critical reflections by exposing possible new directions in the intimacy of the circle. Build routines to create stability and a framework to this informal organization. Set a target and a project, such as a meeting with a top executive, to keep momentum, energy and drive the process forward.

### **CONCLUSIONS**

A radical vision transformation is an innovation that changes the values of an organization. As a natural consequence of the reframing of its value parameters, a vision transformation usually implies the creation of a new strategy, new products and or services, and new organizational configurations (such as structures and key processes). We have investigated how radical circles can trigger a bottom-up process of vision innovation in businesses. The argument that innovation perspectives based on ideation struggles in the context of vision transformation was advanced. Two perspectives of vision transitions, a developmental and a radical vision transformation were briefly discussed. The manuscript claimed that at the heart of radical vision transformation one can find a radical circle.

This manuscript, based on our study of Microsoft, articulate the essence of radical circle as an engine of radical vision transformation. By exploring how Microsoft, a company totally focused on software, business clients and productivity applications, succeeded to dive into a journey made of hardware, young consumers, and entertainment, the paper captured the nature, dynamics and outcomes of a radical circle.

Enhancing innovation capability development requires new perspectives on the utilization of human systems potential. The discussion on the need to increase agility in organizations as key to success and survival seems to be advanced both in the academic and practitioner communication channels. Yet, most fall short on the “how”. As our study demonstrated, the radical circle mechanism can help organizations invent and re-invent themselves, while utilizing human potential that is embedded within the organizational boundaries.



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