

Virtually everything about the way people live and do business is changing faster than ever before. Digital technology, global development, urbanization, and business disruption represent both a major opportunity and a threat in the global economy. Although individuals and organizations are aware that the world is changing exponentially, most are ill-equipped to face this level of disruption and volatility. *The Disruptors' Feast* is a unique look into the trends that are shaping the world of the future, and a guide on how to avoid being eaten alive.

Frits van Paasschen is a seasoned global executive whose work has brought him to more than 100 countries. In *The Disruptors' Feast*, van Paasschen takes readers on a literary journey to far-flung places around the globe to uncover the forces that are disrupting the status quo and driving change. His travel experiences illustrate how the stage is being set for even greater disruption, and what individuals and organizations can do to prepare for change and stay relevant in a tumultuous environment.

This book isn't about the end of an era, but the end of eras. People have everything to gain or lose in how they deal with what is coming, regardless of their location, industry, profession, or aspirations. van Paasschen's unique insight offers a fresh perspective that is dearly needed in business today.



author **FRITS VAN PAASSCHEN**

"Every once in a while I find a book that completely captures the moment we're in, a moment where things are happening so fast that we can't understand what's happening, and without help we'll be swept away by change. In *The Disruptors' Feast*, ex-HOT CEO Frits van Paasschen has written that book, and I am on a mission to have you buy it and buy it NOW! Frits not only gets the era, he explains what you can do to survive and thrive—or be left behind by it. *The Disruptors' Feast* is more than an inside look at what it takes to run a global company. It also shares real insights into profiting from global growth while avoiding being hammered by technological change. Smart investors will use *The Disruptors' Feast* to get the macro insights they need to build their game plan and get rich slowly, the lasting way! And smart managers? If you don't read it, then maybe your stock just won't be worth owning."

—**JIM CRAMER**, host, *Mad Money with Jim Cramer*, and co-host, *Squawk on the Street*, CNBC

"We are all drowning in data and starved for wisdom. *The Disruptors' Feast* is more than a business book. It is full of wisdom about how our lives are being transformed by technology and disruption. In a lively and intimate style, Frits van Paasschen draws on his experience as a global business leader to offer advice on how we can prepare ourselves and our institutions to thrive and make sense of a tumultuous world."

—**ARIANNA HUFFINGTON**, co-founder, *The Huffington Post*, and author of *Thrive* and *The Sleep Revolution*



THE DISRUPTORS' FEAST

VAN PAASSCHEN

"A treasure trove of insights into disruptive innovation and what it means for all of us!"

CLAYTON CHRISTENSEN

Professor at Harvard Business School and author of *The Innovator's Dilemma* and *How Will You Measure Your Life?*

THE DISRUPTORS' FEAST

HOW TO AVOID BEING DEVoured IN TODAY'S RAPIDLY CHANGING GLOBAL ECONOMY

FRITS VAN PAASSCHEN



“Disruptive innovation is upending industries and transforming labor markets around the world. The fact of the matter is that most disrruptees will struggle to adapt. Calling on first-hand experience, *The Disruptors’ Feast* explains the new kind of leadership and approach to strategy that is needed to succeed in the face of unprecedented and discontinuous change.”

—Clayton Christensen, Harvard Business School professor, author of *The Innovator’s Dilemma* and *How Will You Measure Your Life?*

“Frits is an inventive CEO who has a deep understanding of what is at stake in today’s interconnected global economy. In *The Disruptors’ Feast*, he demonstrates how digital networks can dislocate businesses across a wide range of industries to positively change lives and impact cities around the world. This fascinating read offers fresh insights and proactive steps that established companies can take to not fall behind.”

—Emil Michael, Chief Business Officer, Uber

“In his role as CEO of Starwood Hotels & Resorts, Frits van Paasschen had a prime perch from which to observe the global economy, where he responded to and profoundly influenced how, why, and where people travel for business and pleasure. *The Disruptors’ Feast* is a fascinating and astute collection of stories and data that explain the unprecedented change and speed necessitated by today’s shifting plates in the geopolitical and technological landscape.”

—Danny Meyer, co-founder, Shake Shack, and CEO, Union Square Hospitality Group

“*The Disruptors’ Feast* is a fresh take on how rapid advances in technology are impacting every sector of society. Van Paasschen’s

first-hand accounts offer practical lessons that extend beyond just the business world. Environmentalists, policy makers, business and nonprofit leaders can all benefit from his insights on adapting to a rapidly changing world.”

—Mark R. Tercek, president and CEO, The Nature Conservancy, and author of *Nature’s Fortune: How Business and Society Thrive By Investing in Nature*

“Every once in a while I find a book that completely captures the moment we’re in, a moment where things are happening so fast that we can’t understand what’s happening, and without help we’ll be swept away by change. In *The Disruptors’ Feast*, ex-HOT CEO Frits van Paasschen has written that book, and I am on a mission to have you buy it and buy it NOW! Frits not only gets the era, he explains what you can do to survive and thrive—or be left behind by it. *The Disruptors’ Feast* is more than an inside look at what it takes to run a global company. It also shares real insights into profiting from global growth while avoiding being hammered by technological change. Smart investors will use *The Disruptors’ Feast* to get the macro insights they need to build their game plan and get rich slowly, the lasting way! And smart managers? If you don’t read it, then maybe your stock just won’t be worth owning.”

—Jim Cramer, host, *Mad Money with Jim Cramer*, and co-host, *Squawk on the Street*, CNBC

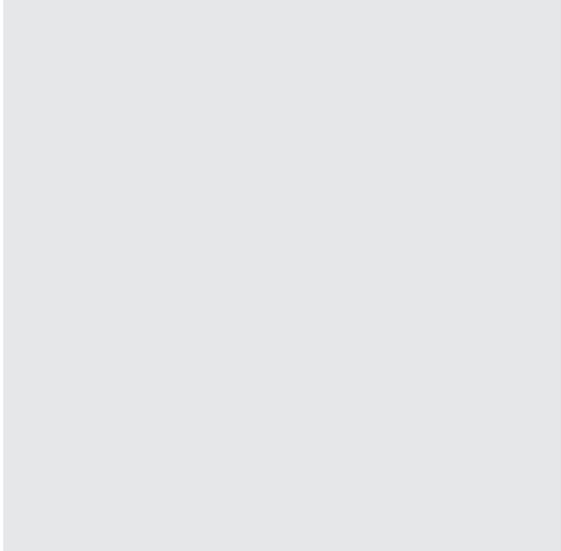
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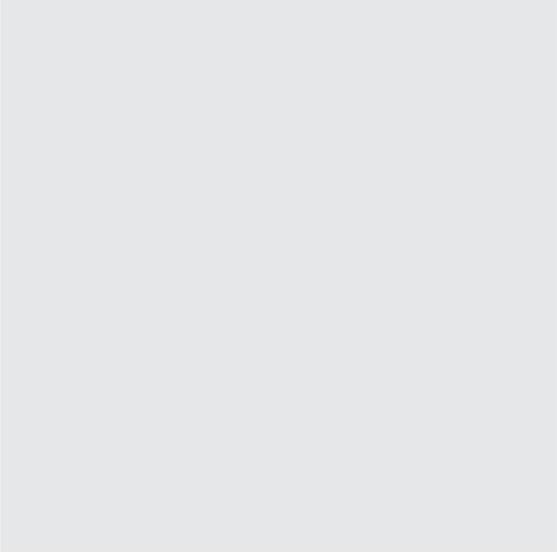
—Arianna Huffington, co-founder, The Huffington Post, and author of *Thrive* and *The Sleep Revolution*

“*The Disruptors’ Feast* is a must-read for anyone who is interested in not just surviving, but succeeding in the face of digital disruption. Van Paasschen offers first-hand insights into what is happening around the world and what it means for everyone. You will benefit from the wisdom contained in this book, whether you are a student making career choices, a business leader shaping strategies, or someone seeing your livelihood disrupted.”

—Kevin Sheridan, author of *New York Times* best seller *Building a Magnetic Culture*



The Disruptors' Feast



The Disruptors' Feast

How to avoid being devoured in today's
rapidly changing global economy

Frits van Paasschen

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The Disruptors' Feast

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The anecdotes and personal observations throughout this book are intended to bring life and dimension to its key messages. My narrations are for the most part the product of my own recollection. None of the inaccuracies or errors in their telling is deliberate. They are entirely the product of my faulty memory.

I could not have enjoyed the privilege of my many work experiences without the guidance and inspiration of so many mentors along the way. Among many others, this includes the Starwood board of directors (who hired me in 2007), Leo Kiely at Molson Coors, Tom Clarke at Nike, Bo Boyd at Disney, Bob Dvorak at McKinsey, and Pam Reeve at BCG. I came into the working world well prepared by exceptional educators, such as Frank Westhoff and Stanley Rabinowitz at Amherst College, as well as Gordon Osborn, Fran Call, and Donald Hibbard of the Mercer Island public school system. Of course, the real credit goes to my mother and father for forming my character and instilling in me the self-confidence and will to take the journey.

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Table of Contents

	Acknowledgements ·····	xi
One	The Great Acceleration ·····	1
Two	Defining Reality ·····	15
Three	Digital Technology: The Mother of all Trend Lines ·····	29
Four	The Disruptors' Feast ·····	40
Five	Technology, Brands, and the Era of Personalization ·····	63
Six	Witnessing the Global Growth Trend Line ····	84
Seven	Seizing the Global Growth Opportunity ····	105
Eight	The Great Migration: Urbanization as a Trend Line ·····	121
Nine	Winners and Losers in the Great Acceleration ·	137
Ten	Volatility in a Connected World ·····	154
Eleven	Climate and Human Well-Being ·····	174
Twelve	Barriers to Change ·····	192
Thirteen	Becoming Agile ·····	217
Fourteen	Giving Hope ·····	233
	Notes ·····	239

One

The Great Acceleration

“The further backward you look, the further forward you can see.”

—WINSTON CHURCHILL¹

One morning in March of 2008, I woke early in my room at the Sheraton Hotel Ho Chi Minh City in Viet Nam. It was the start of what was to be a long day, but I had just enough time to pull on my shoes for a last run through the city’s streets and alleyways. For me, urban running is more about sights and sounds (and smells) than about fitness. It was just past dawn, and the light was still soft. But the streets were already buzzing with commuters on bikes and motorcycles weaving around each other. Marketers in conical Chinese hats were setting out their wares in round woven baskets placed atop blue tarps.

By the time I made it back to the hotel, the lobby was already filling with business-types from America, Europe and Asia. I had met with a few of them the day before to discuss new conference centers, high-rise business hotels, as well as beach resorts located on the country’s long coastline. Among the guests was the

The Disruptors' Feast

property's owner, a Singapore-Chinese tycoon whose passion for golf had taken him around the world. He and I stayed up late into the night sharing stories and sampling rambutans, mangosteens, and milky star apples.

I hurried up to my room to pack, say my goodbyes, and set out through the now-heavy traffic to catch my flight. About an hour later, I arrived at the brand-new Tan Son Nhat International Airport. As I made my way through the immaculate, over-lit hallways, my thoughts drifted to memories of the old airport, which had been little more than a few unkempt buildings from another era. It had been only five years since I sat on over-sized, lumpy couches in a communist-style VIP waiting room dominated by a huge photograph of the revolutionary, Ho Chi Minh.

The flight from "Saigon" to Almaty took about six hours, crossing over the Himalayas and the Takla Makan desert. The former capital of Kazakhstan, Almaty was still the central Asian republic's largest city, home to a booming energy business. On the landing approach, I could see neighborhoods stretched out across the high steppe, wending into the foothills of the Tien Shan Mountains. The dry land and topography made me think of Denver, Colorado, which also lies at mid-continent, at the intersection of the prairie and the Rocky Mountains.

Waiting at the airport was the 30-something son of a Kazakh oil oligarch. After a brief greeting, he hustled me out of the terminal and into a cherry-red helicopter. Once we were airborne, he pointed out secluded locations where he was considering building a luxury resort. On a world map, the crowds of East Asia and the sub-continent may seem close by, but here the land is wide open. We returned to the airport to see limousines waiting on the

The Great Acceleration

tarmac. A few minutes later, we were speeding down wide boulevards—the kind that you see all over the former Soviet Union—toward the central business district. With only a few hours on the ground, I squeezed in a short meeting with a real-estate developer and a brief visit to check out a site for a possible W Hotel. As my stop in Almaty drew to a close, I returned once again to the airport to continue the trip westward to Berlin.

It was nearly midnight when I arrived at the Westin Grand Berlin. The hotel is a short walk from the Brandenburg Gate in what used to be East Berlin. In the early 1990s, Starwood began managing the Beaux-Arts-style property with its decorative arches and glass ceiling. Someone who had worked there at the time told me that the first order of business had been to dismantle the Stasi-era listening devices.

I love being able to witness first hand what is happening in the world. Being well informed is one thing, but as the saying goes, seeing really is believing. The forces of economic and political change come alive through meetings and visits. Of course, I did not need to cross Asia to realize that the Cold War era was over, but during that one long day, I had a visceral sense of the ambition, capital, and ingenuity that were reshaping the former communist world.

After the fall of the Warsaw Pact in Eastern Europe and the collapse of the Soviet Union in the early 1990s, the global landscape continued to shift. Shortly after the fall, there was talk of a “new world order.” In a book titled *The End of History and the Last Man*, a political scientist suggested that liberal democracy had triumphed over other ideologies.² In the years that followed, however, history proved to be far from over. Emerging markets

The Disruptors' Feast

gained economic heft, each with their own version of state-sponsored capitalism. Their rising stature ushered in a new “multi-polar” era during which many countries vied for a voice in world affairs. The multi-polar era was interrupted by the events of 9/11, which spawned fears of a “clash of cultures,” of Christianity versus Islam. Not long after my trip across Asia, the Financial Crisis rocked the global economy, leaving in its wake (another) “new normal.” Looking back on these transitions, one right after the other, led me to think that we are living in a time of non-stop tumultuous change, not the end of an era, but rather the *end of eras*.

This new worldview is what I came to call the Great Acceleration, not so much an era as a period of continual change. Its most dramatic feature, as I learned in my travels, is global growth and development. Some referred to this widespread wealth creation as the “rise of the rest.” In the years since the turn of the millennium, entire cities—shopping centers, neighborhoods, airports—were taking shape on every inhabited continent. By 2016, more than 10,000 people were joining the middle class and migrating to cities—every day. That kind of sea change had to be propelled by something.

What catalyst had the power to mobilize billions of people? From what I could see, the prime mover of the Great Acceleration was the advance of digital technology. The ability to store, share, and manipulate information was hurtling forward, making it possible to connect billions of people to the global economic system, spreading information, disrupting industries, and creating new “necessities.” Within two or three decades, the global reach of supply chains, businesses, and networks has brought economic growth far faster than anything

The Great Acceleration

that came before it, including historic epochs such as colonialism, the Industrial Revolution, or the Green Revolution. New technology is not just about sharing ideas and creating wealth: technology reshapes the very way companies operate, jobs are defined, and people live. Whole industries and labor markets are being reinvented. In short, the Great Acceleration is about ever-faster change.

I witnessed the scale and reach of the Great Acceleration from my vantage point as the CEO of Starwood Hotels, a company with 1,200 properties in over 100 countries. If the name Starwood is unfamiliar, you will likely recognize the brands Sheraton, Westin, Le Meridien, W, and St. Regis. I used to say that my job was like having courtside seats to watch the global economy. In nearly eight years, I visited almost 700 hotels around the world and met tens of thousands of our employees. I also listened to Starwood's corporate customers, who represented every industry and region. Their leaders told me the state of their businesses, whether they were hiring, and where they were sending their executives in search of growth.

At Starwood, we also saw the world through the eyes of the quarter-million guests who came through our hotels every day. Many of them were frequent travelers, global road warriors who account for less than one percent of all humanity, yet drive a large share of the world's economy. They offered us glimpses into all facets of their lives—how they ate, slept, worked, relaxed, stayed in touch, held meetings, celebrated life events, spent money, responded to design, and embraced technology.

My role also put me face-to-face with investors and pools of capital worldwide. Many people do not realize that hotel

The Disruptors' Feast

companies like Starwood actually own very few of their hotels. The properties belong to sovereign wealth funds, real-estate companies, and ultra-rich individuals. This diverse group included a prominent Indonesian family looking to redevelop the city center in Jakarta, the owner of a Turkish construction company seeking to build a third bridge over the Bosphorus, the head of the Qatari Investment Authority, Russian oil oligarchs with ambitious plans for the country's second-tier cities, Mexican billionaires working to reshape an entire district of Mexico City, two brothers creating "greenfield" business districts in India, the owner of more than 100 companies in Ethiopia, and the chief investment officer of the Chinese government's investment company. They each had a unique insiders' view into what was happening. I always asked these investors about their local expansion plans. Their eagerness (or reluctance) to put their own money into the markets they knew so well served as an informed barometer of confidence.

MY BACKGROUND

This book is about what I have seen and why the changes underway will matter to you, regardless of your profession and aspirations. It is not intended to be a memoir, but I have drawn a great deal from my experiences as "primary research." My hope is that these first-hand descriptions will make the Great Acceleration more vivid and tangible. If you are going to view the world through my eyes, you will want to know a bit about who I am. I grew up and attended public schools in the United States, but I was born in the Netherlands to parents who had grown up in Indonesia. This mix of family and geography may explain the wanderlust that has taken me, at last count, to 112 different countries, including four nations that no longer exist. I visited many places first as a student backpack traveler and returned over the decades since.

The Great Acceleration

My experiences around the globe have also given me a passion for languages. I can say that I speak five languages reasonably and have hacked my way through a few others. I attended Amherst College and a few years later earned an MBA at Harvard, where my two highlights were teaching undergraduate economics and, most importantly, meeting my wife. Laura and I have been married more than 25 years. We have three children and share a passion for fitness, nature, and trying to live in a more sustainable way.

In my work, I have been drawn to branded businesses because they call for a combination of analytics and creativity. Before Starwood, I was CEO of Coors Brewing Company, then the third-largest brewer in the United States. One of my other favorite jobs was leading Nike's business in Europe, the Middle East, and Africa. Earlier in my career, I was a management consultant at McKinsey and the Boston Consulting Group. I have served as a director on the corporate boards of NYSE and FTSE companies, and participated as a member of bilateral business councils between the United States and Europe, China, and India.

My favorite work memories from my time at Starwood revolve around meeting the company's employees at hotels around the world. When I started my job, I thought my role would be to inspire people about their jobs and the company. I soon realized that they were driven by their own passion for hospitality and their desire to see their hotel excel. Time and again, it was they who inspired me. I also loved traveling with "high-potential" younger colleagues and watching their wide-eyed reactions to what we encountered. They came back from our trips animated by so many new ideas and impressions. Writing about these experiences is the closest I can come to "showing" more people what we saw.

THE MESSAGE OF THIS BOOK

My purpose in writing this book is to share an important message: we all have everything to gain or lose in how we deal with the Great Acceleration. I mean *everything*, as in our lives and livelihoods, along with the well-being of our planet. We are alive during a time when ever-faster change is disrupting so many aspects of how people everywhere live and work. The effects of the Great Acceleration will reach your country, your company, your job, your family, and you.

Underlying that change are massive strides in the capacities of information technology. These new capacities have far-reaching effects. As we will see in later chapters of this book, they set the stage for digital disruption and enable personalization of goods and services. Technology is also helping lift great swaths of humanity to higher living standards—which is setting in motion a host of other effects, such as rapid urbanization, income inequality, and environmental degradation. Moreover, technology is creating an interconnected world in which financial, commercial, and social problems can spread quickly, introducing new sources of volatility. This pace of technological change, of global development, and of environmental distress shows no sign of slowing down.

Many people and organizations will find it difficult to cope with the pace of disruption. Albert Einstein is said to have defined insanity as “trying the same thing over and over and expecting a different result.” The new definition of insanity might well be doing the same thing—and expecting the *same* result. Humans have a natural tendency to be “change-blind” and to put too much faith in their plans and projections. When it comes to change, we are a species of natural procrastinators. We may be willing to try

The Great Acceleration

new products or experiences—on our own terms—but most of us hate giving up our comfortable ways of doing things. Uncertainty and insecurity are stressful, so we retreat and convince ourselves (and each other) that threats are not real. To top it off, our corporations and governments, with their processes and hierarchies, also tend to move slowly in the face of change. Large organizations have to work hard to become competent at even a few activities, and they struggle when those activities must be recast or scrapped entirely.

There is good news, though. This book explores ways for both individuals and organizations to get better at coping with change. Adaptability is the key to survival. Those who thrive will have skills that are relevant even as conditions change. Their skills will include creative problem solving and the ability to integrate inputs from across functions and cultures. Organizations that keep pace will be able to enjoy the prospects of an expanding global market. Their leaders will recognize that preparing for a range of possible outcomes is far more practical than trying to predict the future.

Additionally, successful companies will find ways to keep would-be competitors from getting between them and their customers. They will find new ways, for example, to use digital technology to stay connected to the marketplace and to tailor their products to individual customers.

I do not pretend to have the complete set of answers for how to thrive in the Great Acceleration, but I have identified six themes that might help you make better sense of what is happening. The lessons from these themes have been useful to me as a business leader and in pursuing my career. I think they are relevant for anyone and any type of organization. As you will see, these themes

The Disruptors' Feast

reappear throughout this book. Three of the themes serve as a sort of framework for drawing conclusions about world events. These three themes are:

- *Trend Lines.* A few major trend lines are driving much of what is changing. They have been sustained for a long time and are picking up speed. They may not go on forever, but it is a safe bet they will continue for some time to come. If you look back on the changes wrought by these trend lines over longer periods of time in the past, you can gain a perspective on what is coming in the future. (At a few places in this book, I take a long look into the past for exactly this reason.) The advance of digital technology is the Ur-trendline. Fifty years ago, computers served limited purposes and had to be run by specialized technicians. Today, we can ask our watches for directions as we walk down the street. As this trend line continues, computers will become cheaper, smaller, and more ubiquitous. These advances are setting other trend lines in motion, such as global development, business disruption, urban migration, income disparity, and environmental destruction.
- *Digital Networks.* Old-style networks—railways, roadways, telephone lines—have been around for a while. New digital networks are different from their predecessors, and they are a major force for transformation. Old-style networks are costly and time-consuming to build, and once in place, are costly to reconfigure or maintain. By contrast, digital networks can arise quickly and continue to evolve. Their influence touches so many aspects of commerce and daily life, keeping us in constant contact with others while providing unlimited access to information. Digital

The Great Acceleration

networks put tech companies as well as traditional businesses in direct dialog with their customers, enabling providers to anticipate and respond to customer needs.

- *Systems Behavior.* A “system” means any set of things that exert influence on each other. The global economy, ecosystems, cities, your body, or any organization are all systems. Each system is unique, but they share common properties and behaviors. Understanding these commonalities can help you interpret what is happening and prepare for change. For example, systems can be stable for extended periods, only to be thrown into disarray by subtle triggers. World events like the collapse of communism, 9/11, the Financial Crisis, and the Arab Spring are all examples of this type of behavior. Like earthquakes, these events are hard to predict, even for expert observers. Systems are complex webs of cause and effect, with all kinds of feedback loops, thresholds, and lags. It is near impossible to trace or anticipate the complex sequences of cause-and-effect that can ripple through a system. In practical terms, this means that unintended consequences are a fact of life. On the flip side, systems tend to settle into patterns, or cycles. This quality of being both unpredictable and cyclical may strike you as something of a paradox. It may help to think of it this way: predicting weather is quite difficult, but climates follow a seasonal cadence.

For me, these three themes underscore the idea that, in the Great Acceleration, energy is better spent preparing for a range of outcomes than in precise forecasting. It helps to look for patterns and trend lines as a way of understanding what the future might look like. Put another way, having a general idea of what

The Disruptors' Feast

is coming, while preparing for the unexpected, is more useful than having a detailed blueprint for the future. When it comes to planning, I agree with the words attributed to the economist John Maynard Keynes: “It is better to be roughly right than precisely wrong.”

Along similar lines, the next three themes describe ways to deal with a world of unexpected outcomes and disruption. Think of them as helpful ways to be prepared for the Great Acceleration.

- *Overcome Cognitive Bias.* Cognitive bias refers to distortions in how people perceive the world. When it comes to seeing change, we humans share a litany of mental foibles. We tend to tune out change if it involves outcomes that are scary. When we do see change, we assume that it proceeds in a linear fashion, misjudging the effects of acceleration. We underestimate change that appears far off, like a car in the distance that does not appear to be moving very fast—until it goes whizzing by. Another flaw in how we interpret the world is that we ignore facts, seeking instead confirmation from our cohorts. In other words, your beliefs are influenced more by your friends than by reality. Yet another form of bias lies in how our fear of loss is greater than the perceived benefits from an equal amount of gain. In the Great Acceleration, overcoming these biases is more important than ever. Just being aware of them is not enough: we are too adept at fooling ourselves. Decision-makers need to test assumptions by seeking information from new sources, including people whose background and situation differs from their own.

The Great Acceleration

- *Become Agile.* Tumultuous times favor those who can adapt quickly to new realities. New companies can move faster and out-maneuver older ones. They have no stake in the past, and their digital platforms can adapt continuously. Old-style companies have to work harder to become more flexible. The physical scale that may have afforded a safe competitive position can be expensive to change. Entrenched ways of planning and working need to be undone. National governments, like old-style companies, may find themselves too rigid as well. By contrast, progressive cities are more agile. Their reform and adaptation can turn them into magnets for more talent and startup businesses. It pays for individuals to become agile as well. The reality is that we cannot know exactly how automation and technology will alter the nature of work in the future. Therefore the ability to incorporate new skills has never been more critical.
- *Live at the Crossroads.* By “crossroads” I mean both real and metaphorical intersections across geography, functions, and perspectives. In life, truly original ideas are rare. By contrast, the potential for repurposing insights and ways of working is abundant. This explains why so much invention, creativity, and vitality come at nexus points. Living at the crossroads helps in overcoming cognitive bias. Companies with a global mindset and blurred lines across functions are more likely to learn and adapt. Likewise, great cities throughout history—Cairo, Istanbul, Venice, London, New York, Dubai—were “crossroads” of ideas, trade, and industry. Today, with a little effort, anyone can live at the

The Disruptors' Feast

crossroads by reaching across cultures, learning outside their “comfort zone,” and seeking ideas from new sources.

My hope is that these six themes, taken together, can help you prepare for disruption and dislocation. The forces at work in the Great Acceleration are neither all good nor all bad. There will be both winners and losers. Lamenting the woes or extolling the virtues of what is happening is less important than making the most of a new reality.

It is anyone’s guess how the Great Acceleration will play out. I contend that it is impossible to know what will put a stop to the trend lines that are driving the Great Acceleration. I try to resist my own human inclination to make predictions and to believe them. Whatever the outcome, our accumulated actions will determine what the future looks like.

If we prepare ourselves and make the right choices, anything is possible. Technology holds the potential to make us better people—not in the sense of some genetically engineered super-race, but as in more aware of what is happening around us and what we can do. Technology gives us the power of information and choice. In turn, that power confers a responsibility for making good decisions. Our responsibility includes our own actions as well as how we influence others. It encompasses the products we buy, the social movements we support and the kind of governments we choose. Humans—when we are forced to change—are wonderfully adaptive, and resourceful. We need to see the Great Acceleration for what it is and to devote our ingenuity to preparing ourselves, our companies, our communities, and our governments for what is coming.

Two

Defining Reality

“Ignore the headlines, focus on the trend lines.”

—PRESIDENT BILL CLINTON¹

By 2011, it had been three years since the onset of the Financial Crisis. At Starwood, we had been hunkered down, shedding debt from our balance sheet, laying off almost a third of our staff, and cutting costs at our hotels. It seemed that the crisis might finally be behind us, not just hiding in remission. I turned my thoughts to global growth and navigating the “new normal.”

This was an important moment: we would bring together our top leaders from around the world and reawaken the sense of possibility put on hold during those tense days when the world economy seemed on the cusp of collapse. I set a high standard for gatherings like this. They should be watershed moments in the cultural lore of the company. In years to come, our executives might talk about “the New York meeting,” when we reset our view of technology, or “the time in Beijing” as our coming-out as a global company. In preparation for the meeting, a few of us

The Disruptors' Feast

spent months debating and fretting over the agenda. A surprise marquee speaker might be just the spark we needed. But it would have to be someone with the gravitas to jumpstart a new spirit of optimism.

As we reached the final evening of our three-day meeting, it was time for me to come on stage and reveal our speaker. "As a close to our meeting, I wanted someone who could inspire you," I told the gathered attendees. "Finding the right person was a real challenge. You all are world-wise and sophisticated. So we had to work hard to find a special guest for tonight, someone who meets that challenge. Let me tell you a bit about him. He spent more than 20 years on the global stage. He started his own foundation, whose annual meeting, by the way, takes place in this very room at the Sheraton New York. He truly is a "global citizen." Oh, and he just happens to have been the 42nd President of the United States!"

The room erupted as former President Bill Clinton took the stage. Cell phones flashed. As the applause died down, President Clinton began speaking. He did not disappoint, speaking for about half an hour without notes. I briefed him only once before the speech—and that was just moments prior.

Before he spoke, the two of us had taken a short walk to the backstage area, passing through a side door and across a banquet room. We came across several chefs who had flown in from around the world to set up for our closing reception. The former president eagerly greeted each of the chefs. Even after all his years of celebrity, I had the sense that he still reveled in their surprise in encountering him. He seemed more interested in hearing about details of the menu than in my description of his audience.

Defining Reality

All I managed to say was that I wanted this global crowd to leave with an expansive view of tomorrow. To be honest, I wasn't even sure he was listening.

President Clinton's talk took us with him on a journey through time and around the world, touching on everything from the ancient Sumerians and Brazilian rainforests to relief work in Haiti. He talked about climate change, his battles with Congress, and the rise of China. To bring himself closer to his audience, a room full of hoteliers, he shared a vignette from his student years at Georgetown. He'd been put up for some event at the Carlyle in New York. It was his first luxury hotel experience, and he ordered a milkshake and French fries from room service. With a boyish grin, he summoned his Arkansas drawl and said something like, "I felt like I had died and gone to Heaven." The ex-president formed a bond with his audience, and the thread of his talk was a pitch-perfect capstone to our three days. A few times during his delivery, he paused and looked up at his audience, offering advice with the intimacy of a one-on-one conversation. During several of those intimate moments, he repeated a line: "Ignore the headlines. Focus on the trend lines."

Those words became something of a mantra for me. The idea is simple enough, but it takes discipline to step back from the 24-hour updates and ever-breaking stories. The onset of the 2008 Financial Crisis had turned me, along with so many others, into news junkies fixated on the latest reports with fear, disbelief, and morbid curiosity. Even as years passed, I found myself obsessed with world events, scanning real-time reports from the moment I got out of bed. It was as if I were making sure the crisis had not returned during the night. At times it seemed the crisis might

The Disruptors' Feast

resurge. The Eurozone debt scare of 2011 was like an after-tremor, roiling global financial markets. Confidence in the world financial system was tentative. The global economy that had once seemed so robust still felt fragile.

The crisis made me question my ability to foresee what might happen next. It seemed many felt the same way. Investors, analysts, and journalists were forever asking me for predictions about our company and what that revealed about the global business environment. I deflected them by saying that ever since the crisis, I had thrown my crystal ball out the window.

The image of a shattered crystal ball reflected my own realization. As I thought about major world events that had taken place during my lifetime—the fall of communism, 9/11, the 2008 crisis—all had happened abruptly. Surprises were, in fact, “normal”: a sudden drop in oil prices, the revaluation of the Swiss Franc, the Brexit vote, the election of Donald Trump, or the rise of ISIS. There may have been warning signs, but they were vague or contradictory. Or maybe just unheeded. Besides, there were also warnings for all kinds of things that didn’t happen, or at least had not happened yet.

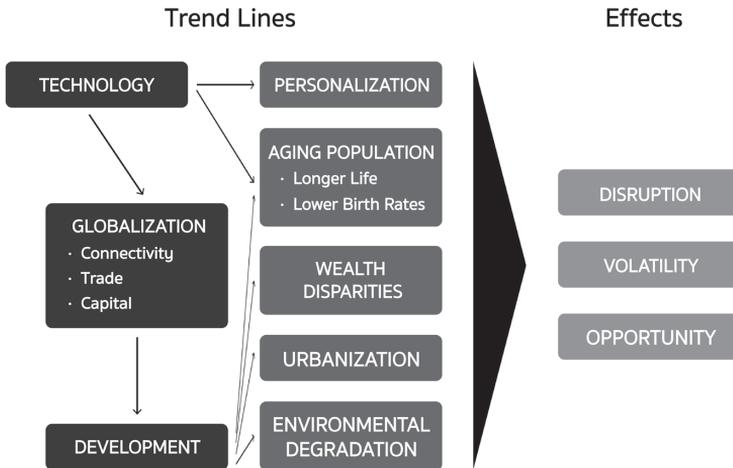
The wisdom I took from President Clinton can help anyone trying to make sense of a world punctuated by dramatic and unexpected events. It is hard for most of us not to be buffeted by the latest headline. Our nature (and cognitive bias) as humans is to react—to sell stocks on bad news, to get caught up in real estate bubbles, or to change plans based on the latest windfall. The trick is to somehow “be fast and move slowly,” to find a balance between adapting to the latest newsflash and keeping sight of the larger purpose. New events bring new information, but they

Defining Reality

don't often change how the world works. As CEO, my job was to interpret the world and make the best judgment calls for an organization that employed a quarter-million people. One of my role models, Ken Chenault, CEO of American Express, put it more elegantly. Paraphrasing Napoleon, he said, "The role of the leader is to define reality and give hope."²

As I reached for a way to define reality, I came back to President Clinton's "trend lines." But what exactly was a trend line? By definition, it seemed to me that a trend line had to be sustained over decades—unstopped by wars, depressions, or other catastrophes—and it had to be global. This still left a slew of trends. Some were rising gradually—life expectancy, average age, and population. Others seemed to be accelerating—urban migration, capital flows, global trade, income inequality, and environmental destruction. A few were falling—infant mortality and birth rates. These trend lines seemed causally linked to each other. I began to see how the influence of technology spurred the other trend lines. Technology led to industrialization and economic development, which brought people to cities. Some people were left behind by rising prosperity, leading to disparities in wealth. For many others, prosperity and better medical care enabled longer lifespans and lower infant mortality. Wealth and urbanization contributed to lower birth rates. Lower birth rates and longer lifespans netted out to an aging global population. Greater wealth meant more output and consumption, which put more pressure on global ecology.

Trend Lines and Effects



These trend lines helped me form a perspective on what is happening in the world. It may seem like a reach to try to cover so much within the covers of a single book. The fact of the matter, though, is that my job as a business leader was to take this broad look and to choose the best course for the company.

TREND LINES AND THE ARAB SPRING

Prompted by President Clinton's speech, I reflected on trend lines that played a role in the events surrounding the so-called Arab Spring. There had been a long period of stability in the region, but underneath was a growing discontent. Despite the warning signs, many people close to the region had no inkling that abrupt change was imminent. A localized tragedy launched a period of chaos that led Tunisia, Libya, Egypt, and Syria toward unforeseen outcomes.

At the end of 2010, I was in Egypt, combining a family vacation with a market visit. Many Egyptians I met were fed up with three

Defining Reality

decades of Hosni Mubarak's corrupt and despotic presidency. A young marketing executive from Cairo told me he planned to emigrate rather than face what he described as the "inevitable" hand-off to Mubarak's son Gamal.

Over dinner at a restaurant with a view of the Red Sea, a real-estate magnate laid out his plans to expand another resort complex. He was confident that tourism was set to keep growing. I was reminded of what I had heard a few months earlier in Doha, when I listened to Qatari investors brag about their luxury hotel projects along the Nile. Along similar lines, an Emirati in Dubai had shown me the maquette of his master plan to build 20,000 high-end residences near Heliopolis in the outskirts of Cairo. In short, Mubarak was not beloved, but in 2010, many Egyptians and Egypt watchers were bullish on the country.

A few weeks later, in the first weeks of January 2011, I was in Syria with a few Starwood executives. Our van arrived at the Sheraton Damascus around midnight after an hours-long delay crossing the border from Jordan. The hotel staff celebrated our visit by recreating a small souk at the entrance of the property, complete with hawkers in local garb. Despite the hour, our hosts smiled as they asked us to pose with them for photos. Their warmth went beyond professional courtesy among hoteliers. It was equal parts heartfelt and personal. Our Syrian colleagues were proud to welcome the first-ever delegation from global headquarters.

But our arrival at the hotel was not the end of our day. We left our bags in our rooms and walked through the quiet, winding streets in this oldest of cities, making our way to a late-night dinner with a local developer. As we entered the restaurant, I noticed that it occupied what had been an enormous family home.

The Disruptors' Feast

Like many buildings in Damascus, its modest entrance concealed a spacious interior courtyard. Despite the hour, the tables were still crowded with people in animated conversation, enjoying an after-dinner espresso or glass of wine. We shook hands with our dinner host and sat down to an abundant banquet of Levantine fare: tabouleh, kibbeh, stuffed grape leaves, kebab. Our local partner shared his enthusiasm about the prospects of drawing visitors to the ruins of Palmyra, the Umayyad Mosque in Damascus, and the ancient city of Aleppo. The copious food and talk made the time pass quickly. When we returned to our hotel rooms, I realized that it was only a few hours until our early breakfast meeting.

Later the next day, we'd been invited to a briefing with Syrian Prime Minister Mohammed Naji Otri. He and the minister of tourism wanted to discuss ways to promote Syria as a destination. I shared our experiences in countries like Thailand, Costa Rica, and the UAE, where governments worked side by side with the hospitality sector, creating jobs and encouraging investment. I ventured that maybe this was the right time for Syria to launch such a program. Global travelers had a growing appetite for new destinations. Perhaps Syria could show that it was a safe country to visit, with much to offer in the way of antiquities, culture, and cuisine—not to mention sunny weather. I pointed out that local investors were optimistic about the projects we'd seen as we toured the market. My team had asked me to remind the prime minister that the three government-owned Sheratons in Syria were overdue for renovations. In retrospect, the meeting looms like a scene out of the theatre of the absurd. I still have as a reminder an eerie photo of me sitting outside the Prime Minister's office in front of a larger-than-life portrait of Bashar-al-Assad.

Defining Reality

Bear in mind that both of my visits to Egypt and to Syria took place a few weeks *after* the event that was the catalyst for the Arab Spring. Mohamed Bouazizi, a street vendor in Tunis, had his wares confiscated by a policewoman who added to his humiliation by slapping him and insulting his deceased father. Bouazizi's appeals for restitution were ignored. On December 16, 2010, he set himself on fire. His death eighteen days later set in motion the events that in those euphoric early days would be called the "Arab Spring."³

Signs of discontent had been in plain sight. It was not just the complaints I'd heard in Egypt about Mubarak. In response to Islamist threats, there were armed checkpoints along Egyptian thoroughfares and at resort entrances. The hours we spent at the Syrian border crossing felt like we were entering a police state. Most creepy, though, were the plain-clothes agents who followed us through Damascus. They stared at us, expressionless, making no effort at subtlety. Our guide's discomfort was palpable, even as he tried to instead turn our attention to local landmarks.

About a year earlier, I'd heard the voice of anger in Libya. Outside a waterfront hotel construction site in Tripoli, a lone man in a dark suit stood yelling, his face almost pressed against the chain-link fence. If his words were indistinct, his outrage was unmistakable. I asked our driver about it, and he surprised me with his candid answer. The man's land and his access to the shoreline had been appropriated. The hotel was government sponsored, so our loud protestor was railing against an arm of Colonel Gaddafi's regime. This struck me as a bold (if not desperate) act in a place that had the air of a bizarre authoritarian cult of personality.

The Disruptors' Feast

We had only arrived a few hours earlier, but it was impossible to miss the dozens of placards featuring Gaddafi. In one, he stood at attention in full military regalia. Others showed his distinctive Bedouin face, eyes gazing pensively into the distance against backgrounds of a city skyline, palm tree, or map of Libya. Each image bore the number "42" for the number of years the self-proclaimed "Brotherly Leader" had held power. Authoritarian regimes in Egypt, Libya, Syria, and Tunisia had quashed dissent and held sway in the region for decades. It was hard to know what was coming.

By late January, just a few weeks after my visits to Egypt and Syria, the so-called Arab Spring was underway. The World Economic Forum in Davos pulled together a last-minute session with ministers of the brand-new Tunisian government. Tired and disheveled, they shared emotional accounts of the "Jasmine Revolution" that had brought them to power. They related how Twitter and Facebook had organized crowds, informing them how to stay safe from forces loyal to President Zine El Abidine Ben-Ali's dictatorship. The ministers' incredulous words were the sound of history being told for the first time. The Tunisian National Dialog went on to win the 2015 Nobel Peace Prize for their efforts at reconciliation and pluralism.⁴

In those early days, there were signs of hope in Egypt as well. Starwood's country manager was a bubbly Coptic Christian in his early sixties. From his perch atop the Sheraton Cairo, he had watched the crowds at Tahrir Square, sharing his excitement and fear in real-time email dispatches.

Elsewhere in the region, there was no time for euphoria. Libya descended into conflict. Syria was engulfed by civil war. The

Defining Reality

tragedy still has a human face as I think of those warm souls who had greeted us that late night in Damascus.

Some were quick to note parallels between the Arab Spring and the fall of Communism in Europe 20 years earlier. It is true that both revolutions erupted suddenly after decades of repression, and that the courage of a few ignited the rage of the masses, spreading quickly from one country to the next. But before long, the differences between the Arab Spring and Eastern Europe became more obvious. Eastern Europeans were united in wanting to reconnect with the West. They were aligned by cultural ties and the lure of prosperity. I'd been to then-Czechoslovakia a few months after the Velvet Revolution. The streets were full of jubilation, with people reveling in their newfound freedom and in the abundance of once-scarce goods from the West. During that same trip, young Poles in Krakow, speaking to me in German, described how they wanted to join Europe. Unity and a sense of purpose guided those countries through the hard work of building new government institutions and revamping their industrial base.

In the Arab world, there was no such solidarity. Vying for supremacy were cronies of the old regimes, liberal reformers, and Islamists (like the Muslim Brotherhood). Ethnic and religious hatreds were ignited. Syria was riven by no fewer than four separate fighting forces. Instability produced a venue for proxy conflicts between Sunni Saudi Arabia and Shia Iran. Vladimir Putin exploited the fighting to test US mettle in the region. The so-called Islamic state rose out of the chaos.

THE ROLE OF TREND LINES

The Arab Spring is a window into how trend lines lie behind the "headline" events that President Clinton talked about. As trend

The Disruptors' Feast

lines pick up speed, it stands to reason that they will bring about more frequent upheavals. Future headlines may be just as unpredictable as the Arab Spring, but understanding the direction of trend lines can point to the kinds of events that are likely to occur. This understanding can help people, companies, and governments prepare for the unexpected.

One trend line at play in the Middle East is sustained improvement in digital technology and communication. One commentator observed that social media and mobile Internet had effected more change in a few weeks than Islamists had in decades. Without the technology, Mohamed Bouazizi might have remained anonymous, crowds might have dispersed, and events might not have spread so quickly from one country to the next.

When the Mubarak government shut off the Internet, hackers found a way to bring the system back online. Wael Ghonim, a marketer for Google, personified the role social media played in the Egyptian uprisings. He had returned to his native Egypt and set up a Facebook page dedicated to Khaled Said, a young man who had been beaten to death by police. The page became a touchstone for the youth movement. Ghonim's emotional interview with an Egyptian TV talk show host was uploaded and replayed on YouTube. It inspired thousands to continue the struggle. He was later quoted on CNN as saying, "This revolution started on Facebook."⁵

Another trend line, rising global temperatures, also influenced events in the region. Unrest on the streets of Cairo could be traced back to a spike in bread prices. Egypt imported 80 percent of the wheat it needed to feed its population of nearly 90 million.⁶ After the summer of 2010, wheat prices nearly doubled following

Defining Reality

a drought (and the hottest summer on record) in Russia. Smoke from raging wildfires enveloped Moscow, and wheat yields were down 30 percent.⁷

Extreme weather was also a driving force in Syria. Out of six droughts during the course of the past century, only one had extended into a second year. By 2010, the current dry spell had entered its *fourth* year and was the driest on record. The country had been known for producing cotton since ancient times, but farmers' "white gold" harvests plummeted.⁸ Just one year into the drought, the barley crop failed. The price of animal feed doubled, and small herders lost 70 percent or more of their livestock.⁹ Agriculture fell from one quarter to one-sixth of the GDP. A report on the Syrian drought from the National Oceanic and Atmospheric Administration stated, "Climate change from greenhouse gases explained roughly half the increased dryness of 1902–2010." It goes on to explain, "The magnitude and frequency of the drying that has occurred is too great to be explained by natural variability alone. This is not encouraging news for a region that already experiences water stress, because it implies natural variability alone is unlikely to return the region's climate to normal."¹⁰

Urbanization, another trend line, was also a factor in Syria's descent into conflict. About 1.5 million farmers from the country's breadbasket in the north fled in desperation to cities in the south. These "climate refugees" had few social ties and fewer job opportunities as they crowded alongside more than a million refugees who had fled the war in Iraq. Displaced people amounted to more than 10 percent of the country's total population of 22 million. The Assad regime did little to relieve their burdens.¹¹ Small wonder that Syrian opposition forces found so many willing recruits among them.

The Disruptors' Feast

Trend lines can advance over decades, but their effects can be abrupt and unexpected. Pressures can build up for a long time until they reach a point at which subtle influences can trigger a sudden event. Even experts and those with a great deal at stake may not be able to guess what is coming next. The unpredictable behavior of “systems” like these may not be the only reason the Arab Spring was a surprise. Looking back at the chain of events that began in late 2010, it seems that some degree of cognitive bias was at work as well. After so many years of repression, it became hard to imagine the real possibility of discontinuous change.

Frits van Paasschen

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