Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

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Reinvention is not failure – the power of letting go of the past

I have just returned from Connected Britain in London, where I had the opportunity to speak with a company that has 175 years of history. This led to a conversation with a friend about something we often overlook when discussing business success. Not everyone has 175 years of history behind them.

And perhaps more importantly, legacy doesn't always create success. Sometimes, the ability to let go of the past is far more valuable.

We tend to look at the biggest technology companies today and assume they were always destined to become what they are. We see the end result, not the uncertainty, failed experiments, and changes in direction along the way.

Many of the companies we now consider technology giants started somewhere completely different. Their stories remind anyone afraid of change that it's possible.

Nintendo started with playing cards

Nintendo was founded in Kyoto in 1889 as a manufacturer and seller of Hanafuda playing cards. It was not a technology company. Its business centred on cards and entertainment products.

The company later began experimenting with games, electronics, and arcade machines before moving into home video games.

The change appears in Nintendo's own history. It began producing games alongside playing cards in 1963. It began creating electronic games by the late 1970s, and in 1983 it introduced the Family Computer in Japan.

Today, we associate Nintendo with Mario, Zelda, Pokémon, and gaming hardware.

From my point of view, the lesson is not to predict the next Nintendo. It is to recognise that the business you start is not necessarily the business you need to remain in.

Nokia was a paper mill before it was a mobile phone company

Nokia began in 1865 as a paper mill in Finland. Over its history, it has moved through paper products, rubber, cables, tyres, mobile devices, and telecommunications infrastructure. Most people remember Nokia for mobile phones.

> Nokia has spent much of its history reinventing itself

But Nokia itself has spent much of its history reinventing itself. Today, it focuses on telecommunications and network infrastructure. The mobile phone business that made the brand globally famous is no longer the centre of the company.

From my point of view, we often confuse a company's most famous chapter with its identity. They are not necessarily the same thing.

IBM changed before "technology company" meant what it does today

IBM's history is even more instructive. The company emerged from a merger of businesses involved in tabulating machines, time recording, and computing scales.

Thomas Watson Sr. subsequently chose to focus resources on the tabulating machine business while reducing emphasis on the other activities.

IBM then moved from mechanical data processing into electronic computing. The transition was not painless.

> IBM has reinvented itself repeatedly because the market around it kept changing

In 1992, IBM reported a $5 billion annual loss and entered another major transformation, moving towards an open, enterprise-level server strategy.

IBM has reinvented itself repeatedly because the market around it kept changing.

That is the point. Reinvention is not necessarily a sign that something went wrong. Sometimes it is how a company survives.

Amazon started by selling books

Amazon is now associated with cloud computing, artificial intelligence, logistics, advertising, and one of the world's largest digital marketplaces. But Jeff Bezos founded the company in 1995 as an online bookstore.

Amazon's original proposition was simple: use the internet to offer a range of books far beyond what a physical bookstore could realistically stock.

Books were the starting point, not the destination. Amazon expanded from books into other categories, then into marketplace infrastructure, logistics, advertising, and AWS.

From my point of view, the lesson here is particularly relevant to entrepreneurs. You do not need to know the final destination when you start. You need to recognise an opportunity to move.

Netflix had to let go of the business that built it

Who else remembers that Netflix started out by mailing DVDs in the late 1990s? After their debut in 2007, streaming services began creating original content.

A 25-year chapter came to an end when Netflix mailed its last DVD on 29 September 2023.

> Netflix recognised that protecting the existing business could become more dangerous than disrupting it

What makes the Netflix story interesting is that the company eventually had to move away from the very business that had made it successful. The DVD business was not simply a failed experiment. It worked, but the world was changing.

From my point of view, Netflix recognised that protecting the existing business could become more dangerous than disrupting it. That is a difficult decision for any leader.

Slack was born from a failed game

Slack did not start as Slack. The company behind it, Tiny Speck, had built a game called Glitch. When the founders decided to shut the game down in 2013, they already had an internal communication tool they had created for their own team. Instead of abandoning it, they turned it into a product.

Slack was founded in 2014. A failed game became a highly successful enterprise software company.

From my point of view, the next opportunity is often hiding inside what didn't work.

And then there is Microsoft

I recently mentioned Microsoft's Project Natick, an experiment to place a data centre underwater.

It was an extraordinary idea: take a data centre, put it inside a sealed vessel, and deploy it on the seabed. Microsoft showed that the concept was technically feasible.

The company stopped pursuing underwater

data centres as an active programme, but the experiment generated knowledge about cooling, reliability, deployment, and operating infrastructure underwater.

> Research does not always need to become a product to create value

From my point of view, this example challenges how we define failure.

Project Natick did not become a commercial underwater data-centre business. But that does not mean it failed.

Research does not always need to become a product to create value.

Sometimes an experiment exists to answer a question. And sometimes the answer is: this is not the direction we should take. That answer is valuable too.

Reinvention is not failure

This is the message I want to leave you with today. If you are considering changing direction in your career, your company, or your life, do not assume the change means the previous chapter was a mistake.

Nintendo did not fail because it stopped being primarily a playing-card company.

Nokia did not fail because it stopped making mobile phones.

Amazon did not fail because books were no longer its defining business.

Netflix did not fail because it stopped mailing DVDs.

Slack did not fail because the game it was building did not work.

And Microsoft did not fail because Project Natick did not become the future of data centres.

Legacy is valuable, experience is valuable, and reputation is valuable. But none of them should become a prison

The common thread is adaptability. We often place too much value on consistency; we admire people and companies that appear to know exactly where they are going from the beginning. But very few successful journeys look like that from the inside.

We need to ask the uncomfortable questions. What if this is no longer working? What else could we do? What have we learned? Where is the opportunity now? What are we holding on to simply because it is familiar?

Legacy is valuable, experience is valuable, and reputation is valuable. But none of them should become a prison.

Sometimes the most important decision you can make is to allow yourself to become something different.

It is OK to reinvent yourself. In fact, sometimes it is the smartest thing you can do.