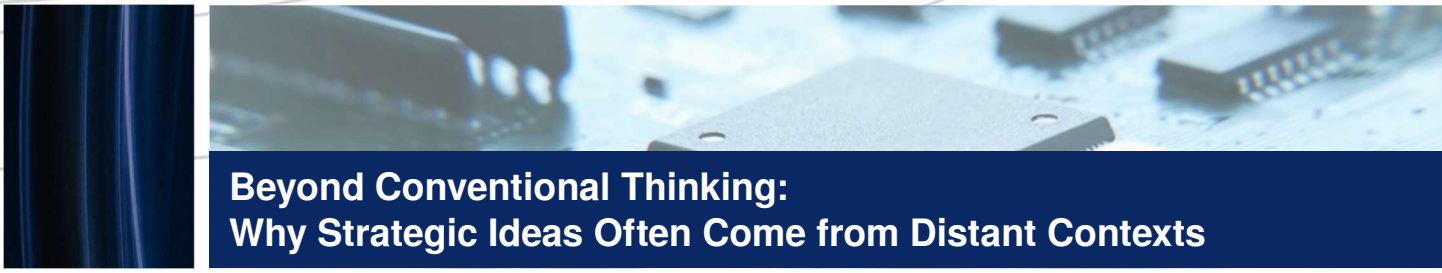
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Beyond Conventional Thinking: Why Strategic Ideas Often Come from Distant Contexts

Benchmarking Can Improve the Existing Model, but Rarely Challenge It

When companies develop new businesses or services, or seek solutions to existing challenges, they naturally look to competitors and industry peers for reference. Benchmarking is an effective way to identify performance gaps and areas for improvement, and to find approaches that are practical to implement.

Its limitations become more apparent, however, when the objective is to create new sources of value. Companies within the same industry tend to share many of the same assumptions about customers, regulation, business practices, and technology. As a result, even competitor benchmarking can leave companies searching for ways to improve within the same frame of reference. For example, annual business planning may remain anchored in incremental growth from the current business, while even highly capable innovation teams may find themselves improving existing offerings rather than moving beyond them. In such cases, the issue may not be a lack of knowledge or capability. The range of possibilities may instead be constrained by relying on information drawn from similar contexts as the starting point for new ideas.

When a fundamentally new direction or solution is needed, companies may therefore need to look beyond competitors and industry peers. Cross-industry learning and insights from unfamiliar markets can help surface and challenge assumptions that might otherwise go unquestioned.

Structural Similarity Makes Distant Ideas Relevant

Not every insight from a distant context will be relevant. The key is to look beyond surface differences and identify structural similarities with the challenge at hand.

In one case, an apparel manufacturer was struggling with excess inventory. Inventory management in the beverage industry offered a useful parallel. There, products are closely tracked to understand where stock is held and how it moves. Apparel and beverages differ substantially in both product characteristics and business practices. At a more abstract level, however, they face the same fundamental challenge: understanding the location and movement of stock well enough to make informed supply decisions. Drawing on this logic, the apparel manufacturer began tracking stock across its points of sale and using the resulting data to guide product allocation. This enabled the company to respond more effectively to actual demand, including replenishing better-performing locations and reallocating stock as sales patterns changed.

The same logic can also lead to entirely new forms of value creation. Conveyor-belt sushi, for example, was inspired by the conveyor systems used on a brewery production line. An approach already established in

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one domain can become a source of cross-industry innovation when reimagined in another.

Different Market Constraints Can Reveal Different Solutions

Distance can also take the form of geography. Examples from other countries can reveal innovative solutions developed under very different assumptions.

Japan's water infrastructure provides a useful example. Much of the country's water supply relies on large-scale, centralized systems developed during its period of rapid economic growth. However, as Japan's population declines and rural areas depopulate, maintaining these systems is becoming increasingly difficult in some areas, particularly in smaller municipalities where aging pipelines and shortages of maintenance personnel pose growing challenges. As of the end of fiscal 2020, more than 20% of Japan's water pipelines were over 40 years old, while the annual renewal rate stood at just 0.65%.

In regions without extensive centralized infrastructure, water supply has developed under a different set of constraints. Planet Water Foundation's AquaTower, deployed in the Philippines and other countries, uses a decentralized approach to water provision. Relying on gravity-based filtration rather than large-scale water infrastructure, it provides drinking water and handwashing facilities to rural and remote communities.

The lesson is not that Japan should replace its existing water systems with AquaTowers. Rather, the example challenges the assumption that water provision must always depend on maintaining large-scale centralized infrastructure. Japan's sophisticated infrastructure has long been a significant strength. But the very success and longevity of these systems can also make their underlying model the natural starting point when new challenges arise. This is precisely why looking at countries and regions that have developed under different constraints can bring fundamentally different approaches into view. The value of looking across borders lies not in finding a better answer elsewhere, but in considering approaches that may not emerge under the same constraints.

Distant Examples Can Reframe What We Take for Granted

Looking further afield does not mean assuming that other countries or industries have found better solutions. Japan’s relatively low level of employee engagement shows why the distinction matters.

According to Gallup’s latest data, 8% of employees in Japan are engaged at work, compared with 35% in Costa Rica. Costa Rica is known for Pura Vida, a cultural expression associated with enjoying and appreciating life. Research on a workplace in Costa Rica has also found relatively low power distance, with employees reporting that they could express their views without fear of retaliation. The cultural emphasis on family time offers another lens through which to consider the relationship between work and life.

These characteristics can broaden the questions Japanese companies ask about how to improve employee engagement. How can organizations create greater psychological safety? How can they reduce excessive working hours and unnecessary work to create greater breathing room? Benchmarking companies in a

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similar context might naturally direct attention to familiar levers such as compensation, performance evaluation, or benefits. Looking at a very different environment can widen the inquiry to include more fundamental questions about how people experience work.

Many of Japan's workplace practices and institutional arrangements have become deeply established over time. Searching for solutions while continuing to take those arrangements as given can keep the discussion within the boundaries of existing approaches. Looking further afield can instead make implicit assumptions more visible and expand the range of possibilities under consideration.

At the same time, Japan has its own strengths that have long supported its industrial success, including diligence, commitment to quality, a strong sense of responsibility, and collaboration. The point is not to frame the issue as "Japan is failing" while "other countries are better." Perspectives gained from elsewhere can be used to question existing assumptions and then combined with existing strengths to develop new solutions.

Analogy Thinking Moves Between the Concrete and the Abstract

The process of turning insights from distant contexts into new ideas is a form of analogy thinking in business strategy. It begins by stripping away the context-specific features of a concrete business challenge to identify its underlying structure. Companies can then look to other industries, countries, or business models for cases that share a similar structure, extract the principles that make those approaches work, and translate them back into their own context. In practice, the process involves the following four steps:

1. **Abstract the challenge** to identify its underlying structure
2. **Look further afield** for concrete cases with a similar structure
3. **Extract the underlying principle** that makes the distant case work
4. **Translate that principle back** into a solution suited to the company's own context

Moving between the concrete and the abstract is what turns distant information into a source of strategic innovation. Exposure to a wide range of industries, countries, and business models provides more potential sources of inspiration, but breadth of information alone is not enough. The deeper value lies in seeing connections between contexts that appear unrelated and using those connections to expand what is strategically possible. Looking further afield, in other words, is not about finding answers elsewhere. It is about seeing possibilities that remain invisible from within the assumptions that shape our own thinking.

How IGPI Can Help

Applying analogy thinking and cross-industry insights to real strategic challenges requires more than broad exposure across industries. It requires the ability to translate insights gained in one context into solutions that work in another.

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IGPI combines hands-on management experience across a wide range of industries with practical knowledge gained from operating businesses within the group. By drawing connections across different businesses, industries, and management challenges, we help companies develop strategic options that may not emerge from within a single industry or discipline, and support them through implementation.

About the Author

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After joining Cap Gemini and Coca Cola, Kohki joined Revamp Corporation where he managed projects on global expansion and turnaround in various sectors including F&B, healthcare, retail, IT, etc. After joining IGPI, he has managed projects mainly on global expansion and cross border M&A in various sectors such as logistics, IT, telecom, retail, etc. In addition to his broad experience in implementing solutions that has been developed in Western countries, he has developed multiple methods to turnaround Asian companies with focus on setting clear vision and employee empowerment. Kohki has proven the practicality of these methods by turning around Asian companies not only as an advisor but also as senior management.

He graduated from Waseda University Department of Political Science and Economics and IE Business School.

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