TEMPLATE 09 · INNOVATION

Three Horizons

Balance today's business with tomorrow's: manage, measure and fund the core, the emerging and the experimental differently.

InflexionIQ

Every organisation needs to run today's business well and build tomorrow's. The trouble starts when both are managed the same way.

> *Judge an experiment by profit and you'll kill it. Judge the core by learning and you'll lose money.*

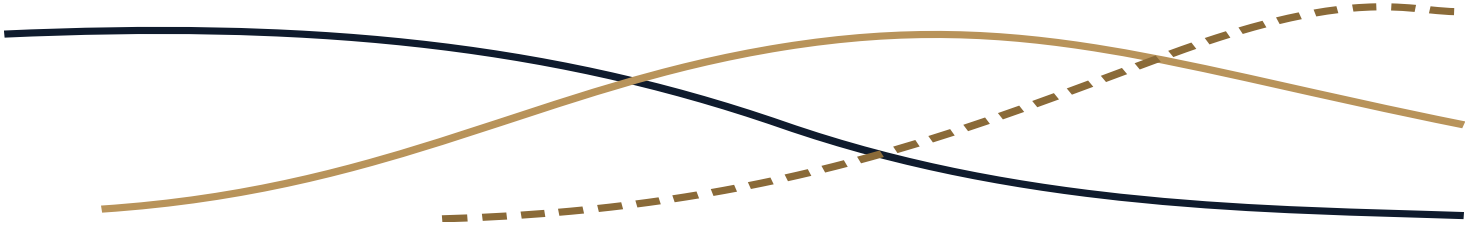
HOW TO USE IT

01 **Place every initiative** on a horizon (page 2) and list it in the register (page 3).

02 **Check the balance.** Compare actual spend and people by horizon with your target mix.

03 **Set different rules** for each horizon: metrics, governance, funding and risk appetite.

04 **Review quarterly.** Promote H3 ideas that prove out, and let the rest go.



H1 Defend and extend the core

Today's business, which funds everything else. Improve efficiency, extend products, protect margin.

Measure by: Profit, cash, share, cost
Typical horizon: 0–12 months · **Share of effort:** ≈70%

H2 Build emerging businesses

New offers or markets with early traction that could become the next core. Need investment to scale.

Measure by: Revenue growth, customer acquisition, unit economics
Typical horizon: 1–3 years · **Share of effort:** ≈20%

H3 Create options for the future

Research, experiments, ventures and partnerships that might matter in years to come. Most will fail.

Measure by: Learning milestones, options created, experiments run
Typical horizon: 3+ years · **Share of effort:** ≈10%

About the 70 / 20 / 10 mix. It's a common starting point, not a rule. A business facing disruption may need much more in H2 and H3. A stable one may need less. The Excel version compares your actual mix with your target.

The Three Horizons model is widely attributed to Baghai, Coley and White, The Alchemy of Growth (1999).

Three Horizons map

ORGANISATION

DATE

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	H1 · Core	H2 · Emerging	H3 · Future options
Initiatives *What sits in this horizon today?*			
Measures *How we'll judge progress*			
Governance & funding *Who decides, how money is released*			
Investment today *% of spend and people*			
Gaps & moves *What needs to change*			

Every initiative, by horizon

Target mix: H1 ___ % · H2 ___ % · H3 ___ %

INITIATIVE	HORIZON	INVESTMENT (£K)	PEOPLE (FTE)	STAGE	KEY MEASURE	OWNER	NEXT DECISION
	H1 · H2 · H3			IDEA · TEST · SCALE			
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