

***The Need for Strategic Agility:
How to introduce strategic renewal
and rebuild corporate strategies***

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Sources of Sustained Growth and High Performance

- **Clear Focus**

- We should have a clear vision for the future of our core business
- We should have a sustained effort at maximally leveraging our core business
- We should have a tight focus on continuous improvement
- We should have a leadership position in everything we do

- **High Efficiency**

- We should have strong business units with sufficient autonomy as they grow
- We should have highly efficient business systems and processes
- We should have deep collaborative relationships with our key customers and partners

- **Quick Commitment**

- We should have clear charters for all organizational units
- We should have strong and experienced leaders with proven track record

Single-minded attention to 'clear direction and focus leads to...

Driver	Consequence	Toxic side-effect
•Clear vision for the future of our core business	•Considering everything outside the core as non-relevant	• Tunnel vision
•Sustained effort at maximally leveraging our core business	•Framing everything in the light of the core business	• Tyranny of the core business
•Tight focus on continuous improvement	•Short term internal orientation	• Strategic myopia
•Leadership position in everything we do	•Reluctance to open collaboration and experimentation	• Dominance mindset
•High action orientation and self-confidence	•Action hero syndrome, no time and interest for alternatives	• Snap judgment and intellectual laziness



Single-minded attention to High Efficiency leads to...

Driver	Consequence	Toxic side-effect
•Strong business units with sufficient autonomy as they grow	•Core business managers 'sitting on their resources'	• Resource imprisonment
•Highly efficient business systems and processes	•Increasingly differentiated and specialized ('fit for purpose') activity systems	• Activity system rigidification
•Deep collaborative relationships with key customers and partners	•Customer & partner 'lock in' and decreasing strategic freedom	• Ties that Bind
•Learning by doing and building on experience	•Forgiven and hidden misbehavior and shortcomings	• Management mediocrity and competence gaps

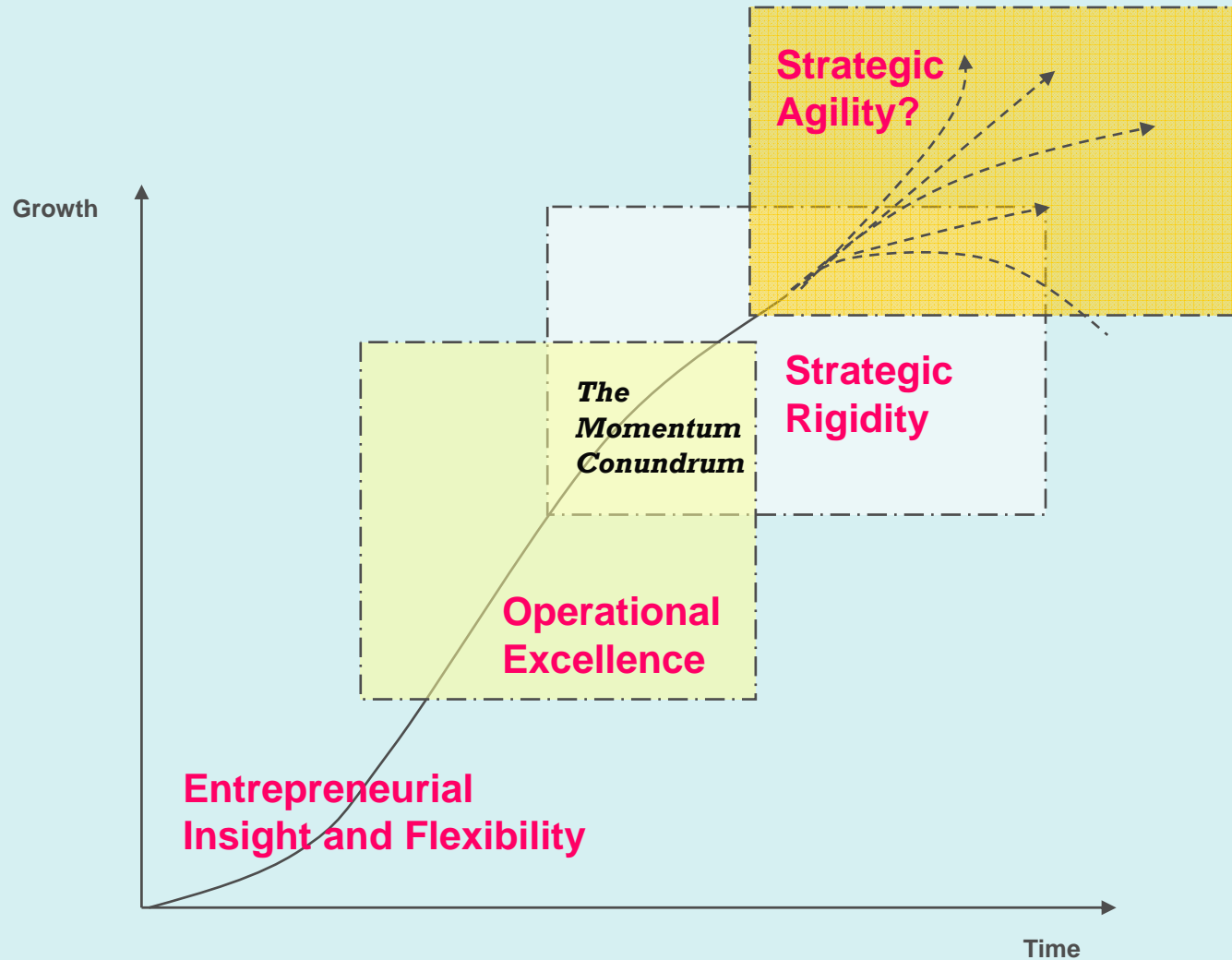
Single-minded attention to quick commitment leads to...

Driver	Consequence	Toxic side-effect
•Clear charters for all organizational units	→ •Declining intensity of dialogue and decreasing need for collective commitments	→ • Management divergence
•Strong leaders with proven track-record	→ •Inflated egos, overly bold commitments, implicit pecking order	→ • Heady charm of fame and power
•Preference for fast decision making	→ •Decisions elevating to the top team; decisions made by the 'same' leaders	→ • Expert management
•Successful leaders	→ •Tired hero syndrome; future opportunities looking less thrilling than past experiences	→ • Emotional apathy

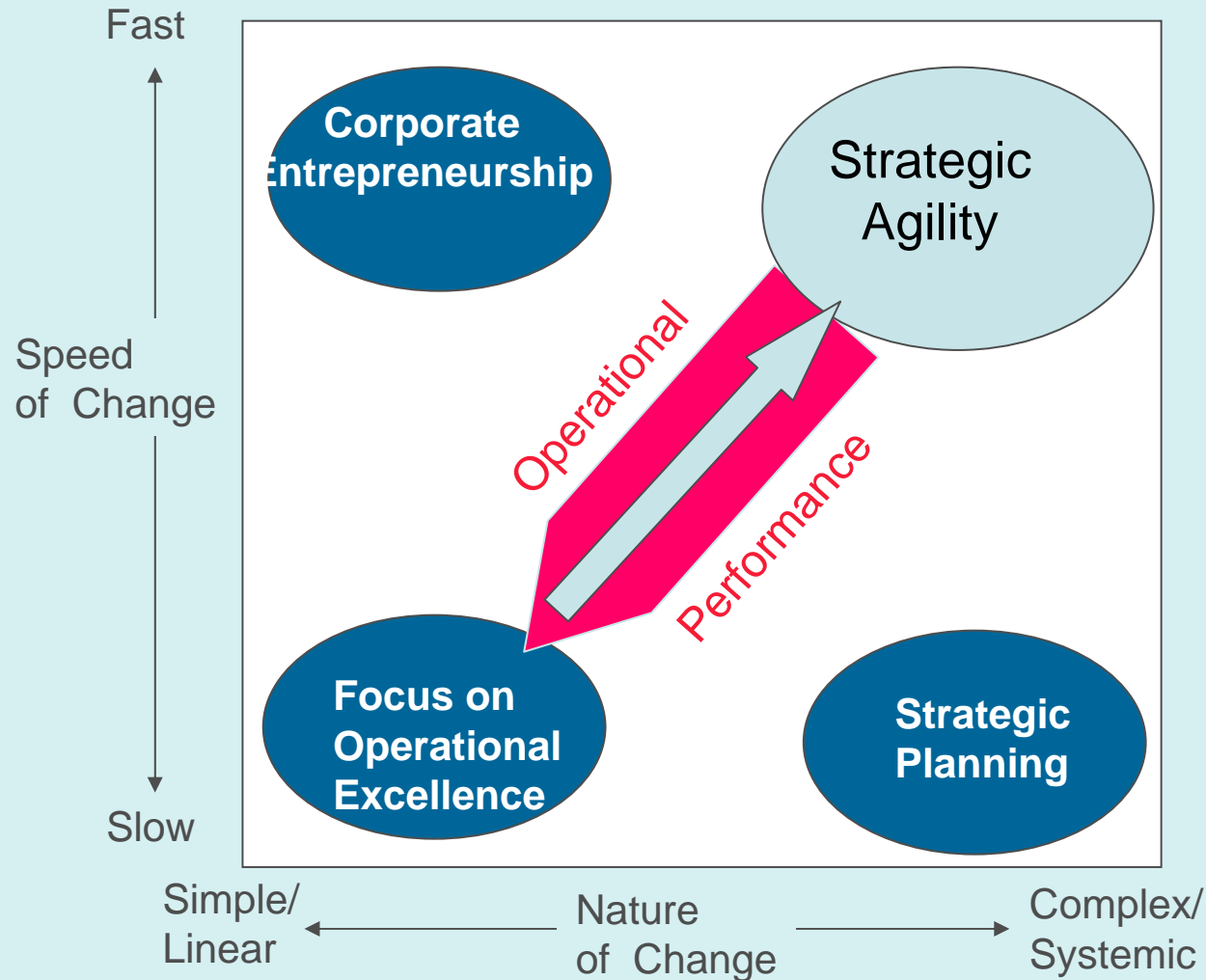
Multidimensional Disruptions: Nokia vs. Ericsson and Motorola in the early 1990s

	NOKIA	ERICSSON 	 Motorola
Strategic Sensitivity	• Mobile phones seen as a separate consumer-driven business opportunity	• Infrastructure focus, 'terminals as extensions'	• Military/professional mobile radio heritage
	• A huge new opportunity to change the rules of the game	• Success of "AXE" switch to be protected and nurtured	• "Technical excellence"
	• New operators	• Incumbent telco customers	• Focus on Japanese competition
Resource Fluidity	• Little legacy, focus on new operators	• Focus of sales and support on traditional telcos	• Public sector customers, contracts
	• 'Born global' (for the new global business opportunity)	• Locally rooted multi-domestic management structure	• US-centric autonomous business units
	• Cross-functional process organization with product programs	• Complex matrix with arbitration at the top	• Diversified electronics group
Collective commitment	• Integrated business	• Subunit advocacy	• Subunit advocacy
	• Young, tightly knit top team	• Senior, very experienced top team	• Senior, very experienced top team
	• Survival instinct (USSR		

Where is Strategic Agility most needed?



Why Strategic Agility Now? Why so hard ?



Three Approaches toward conceptualizing continuity and renewal

• Punctuated Equilibrium Model

- Alternations of periods of stability and episodes of soul searching
- and redirection

• Ambidextrous Model

- Different units tasked with delivering results (exploitation)
- and with developing new businesses (exploration)

• Flexible Resource Allocation Model

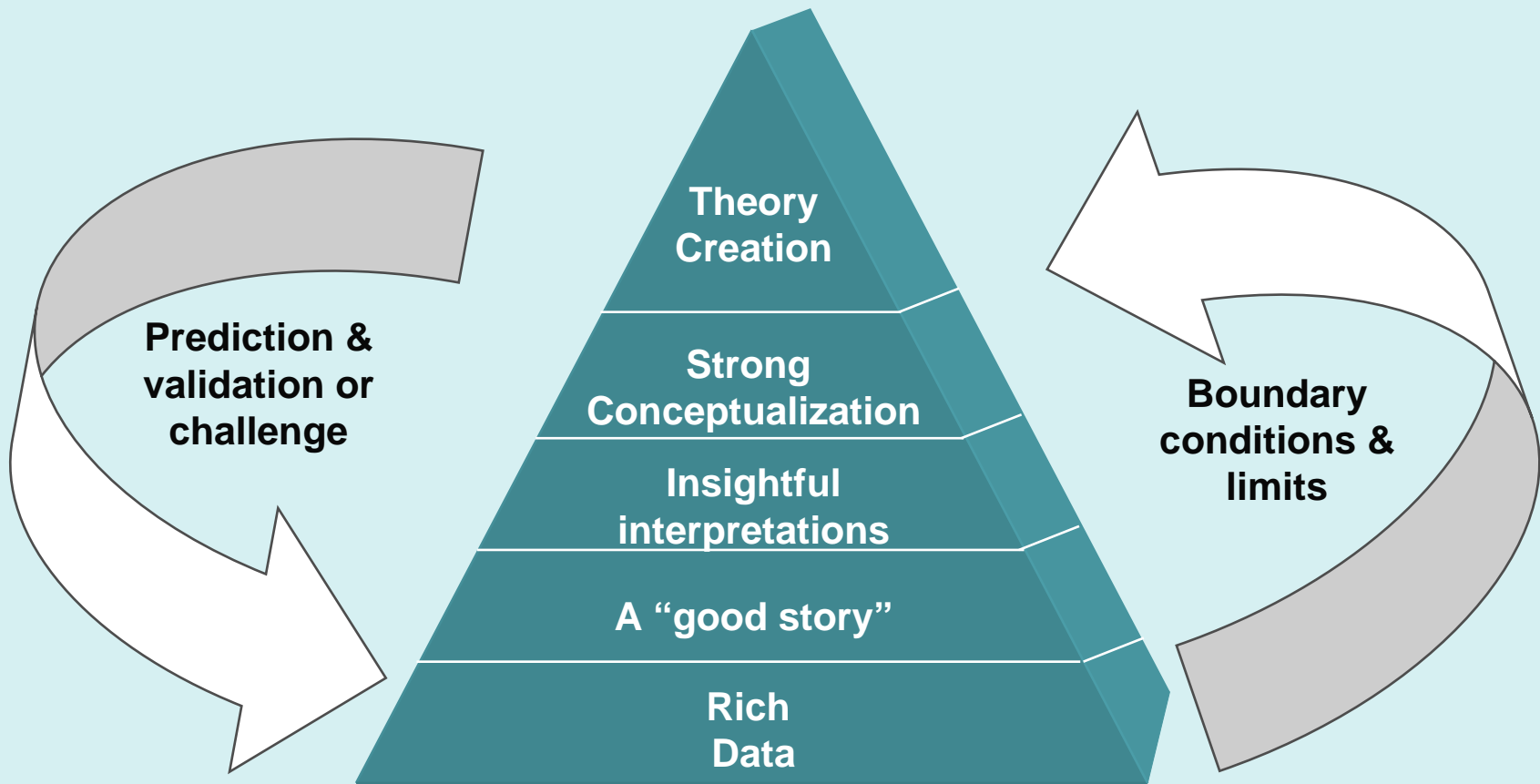
- Balancing “induced” and “emergent” commitments
- in the resource allocation process

We researched major incumbents

- Accenture
 - Canon
 - Cisco
 - IBM
 - Intel
 - HP
 - Nokia
 - Oracle
 - SAP
 - ST Micro
- Integrated strategy
 - Leading incumbent in their industry segments
 - Challenged by strategic innovators

But, of Course, we sampled on survivors

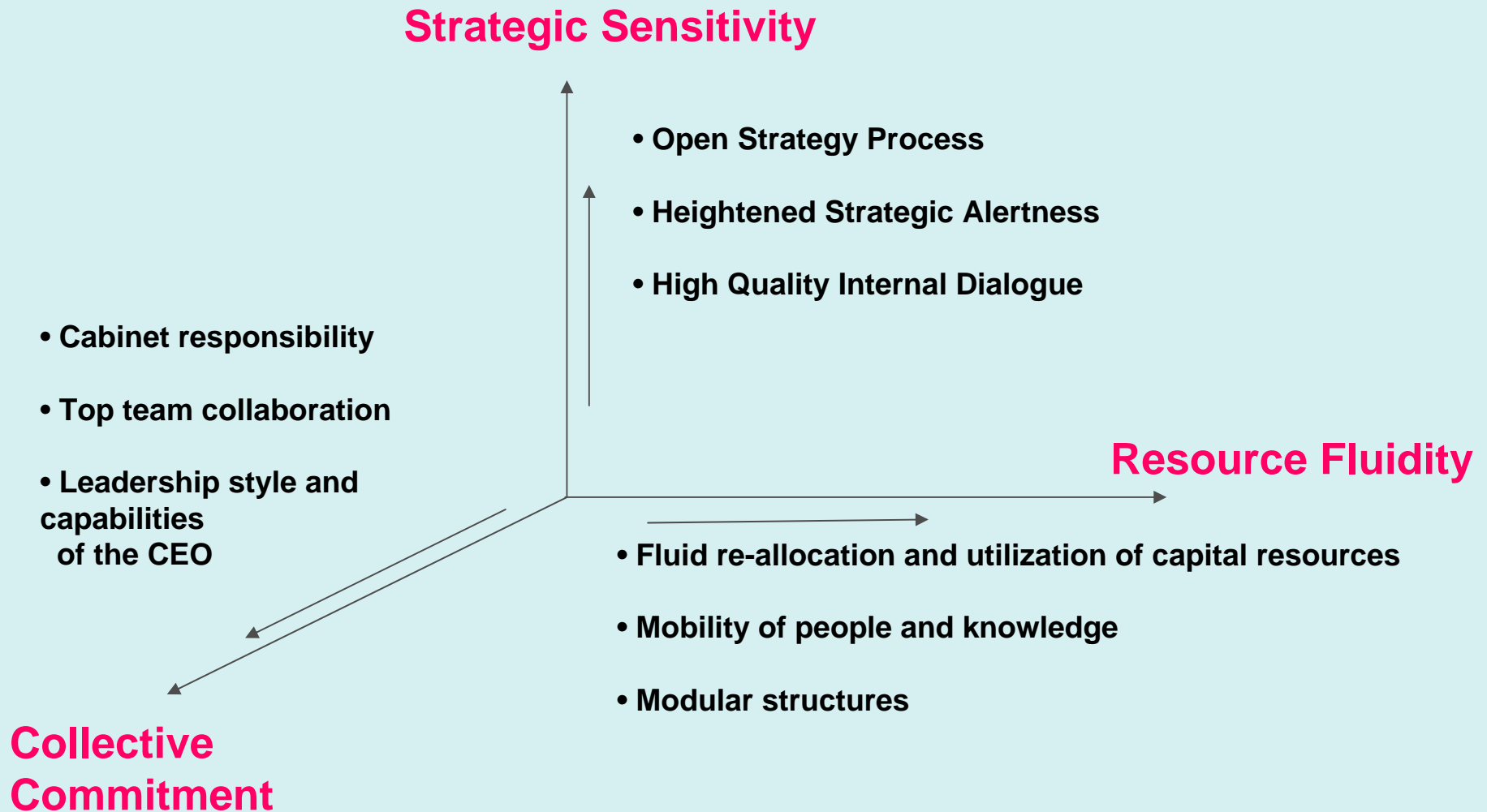
Theory Building: Up and Down the Knowledge Pyramid



Key Dimensions of Strategic Agility



Key Capabilities enabling Strategic Agility



From Strategic Paralysis to Strategic Agility

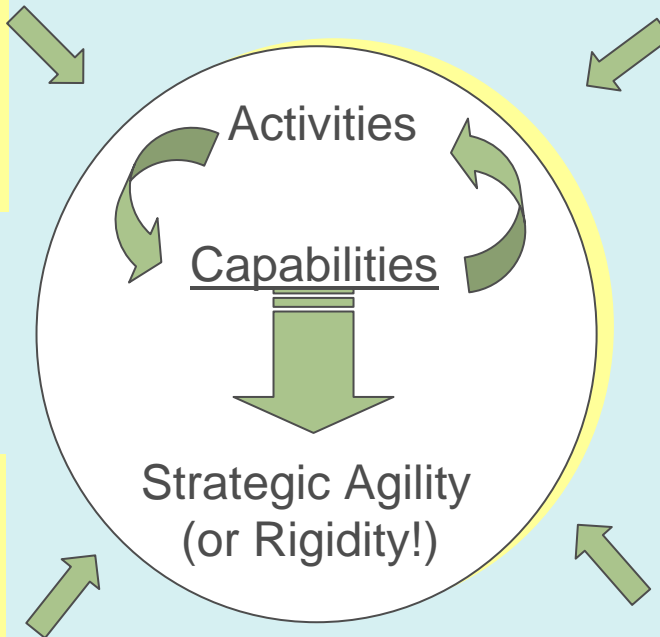
The "COPE" drivers

Emotional Drivers:

- Higher order meaning
- Articulation of values and vision
- Leading by example
- Affiliation and belonging

Organizational Drivers:

- Organizational architecture
- Interdependency
- Measurement
- Processes and Systems



Cognitive Drivers:

- Sense making
- Framing (lenses, prisms)
- Filters
- Cognitive maps
- Value creation logic
- (Corporate / subunits)

Political Drivers:

- Top management team:
 - Decision making
 - Strategizing process
- Corporate / Unit roles
- Venturing / NBD / risk
- Diversity

Changing the Cognitive Context

- Encouraging the expression of new ideas
- Planting and nurturing seeds of change
- Opening spaces and providing fora for sense-making dialogues
- Pacing the exploration journey to gain credibility
- Reframing away from the lime-lights
- Fencing-in resources for investment

Changing the 'Organizational Context'

- **Unpacking the core business system**
- **Putting the organization 'off balance'**
- **Allowing for rapid entry and exit**
- **Allowing flexible and dynamic differentiation and integration**

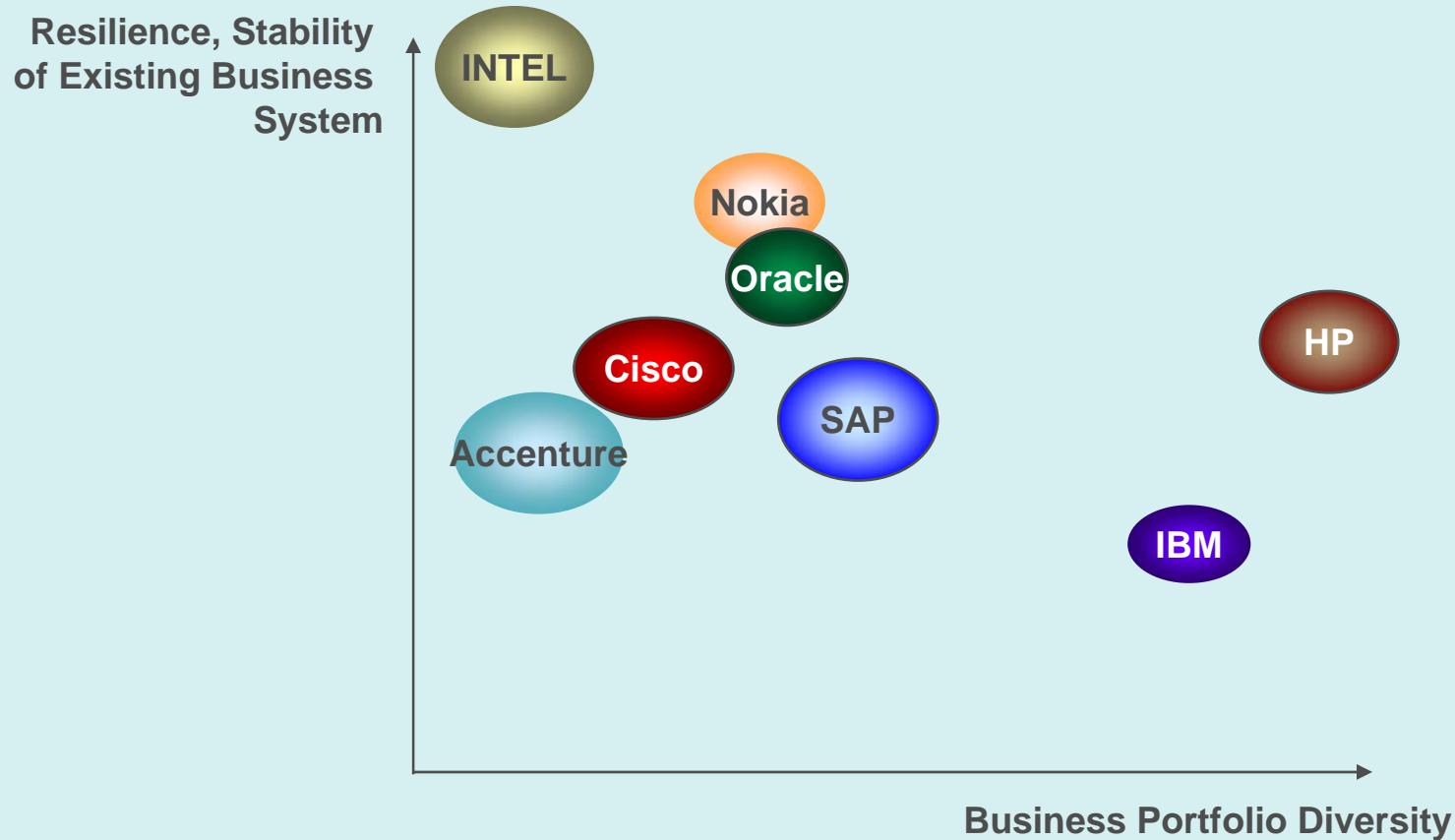
Changing the Political Context

- **Putting top team members under renewed tension**
- **Creating a sense of crisis**
- **Changing the top team composition**
- **Letting the new top team gradually develop a new common and more conceptual language**

Continuity of Emotional Context

- **Cognition does not translate into emotions!**
- **Momentum creates its own strong emotions**
- **A tentative new strategic direction does not elicit emotions**
- **Regaining strategic agility calls for a shift in emotional attachment**
- **The organizational consequences of building resource fluidity may impact emotions negatively**

Of course, there are many contingencies... two of the most obvious...



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or for more information on Strategic Agility

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