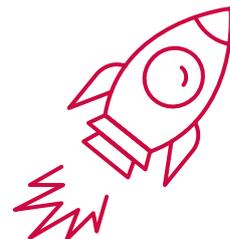

THE **SEVEN BOOSTERS** FOR CORPORATE STRATEGY

HOW AGILE THINKING TRANSFORMS STRATEGY EXECUTION

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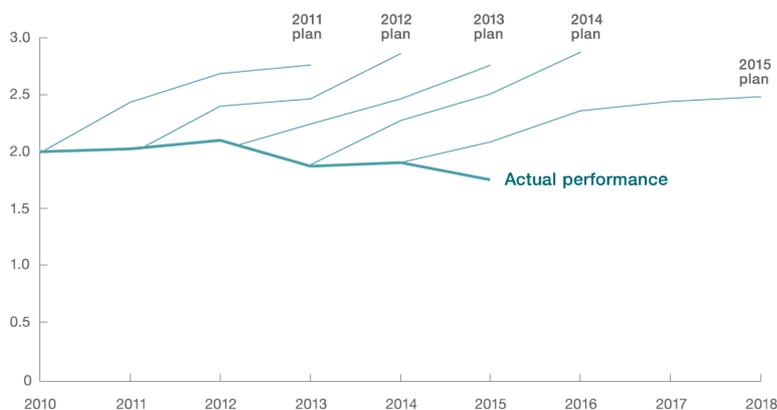
The way corporate strategies are developed and managed is fundamentally changing: Over the course of many years, the analysis, planning and ultimate management of annual objectives has dominated strategy handbooks and business school lectures. This thinking is now being augmented by the ability to constantly adapt.

While developing corporate strategies and working with senior leaders over the past decade, we have made a number of striking observations. The most outstanding – amongst others – is that corporate strategies are typically awesome examples of analytical work: logical, fact-driven, and often backed up by expensive studies to validate their particular line of argumentation. Moreover, there is nothing wrong with this approach. Nevertheless, in most cases we have seen that these mainly PowerPoint-based strategies – coupled as they are with complex business cases – do not coincide with reality. Strategies regularly lack inspiration and are solely based on the dry world of facts and figures; they are written in specialized well-selected strategic language, and by definition deal with questions about a company's future. This means they are very difficult to translate into the realms of middle management or the context of the wider workforce's day-to-day routines, simply because all of these stakeholders find it hard to comprehend the strategic calculations, coherently interpret the strategic buzzwords, and successfully establish a link between these abstract reflections on their company's future and the all-too present daily challenges and concrete tasks that need to be completed to keep the company running. The conclusion that should be drawn from this perceived gap is by no means that strategies *per se* should be abandoned, since the development of long-term objectives remains key to providing a company with the right strategic direction. Instead, it is more a question of activating the strategy in the right way so as to avoid a long and often arduous transfer process which sometimes risks losing great leaders along the way, long before the anticipated results start to pay dividends. Moreover, some recent studies seem to demonstrate this:

- Nine out of ten strategic projects do NOT meet their expectations.
- On average, 60% of all managers are incapable of convincingly explaining their own corporate strategy.
- There is a massive gap between strategic planning and the real-life implementation process. Shortcomings in strategy activation lead to frequent – and alarming – underperformance, as the experience of multinational companies proves (see McKinsey 2018).

One thing leads to another: Social dynamics and cognitive biases can lead to successive hockey sticks.

EBITDA,¹ disguised example, \$ billion



¹Earnings before interest, taxes, depreciation, and amortization.

So what's new?

We base the seven strategy boosters on agile ways of thinking. For over a decade, agile methodologies have proved to be effective in the sphere of IT and software development. It is only in recent years that other functions have started to become aware of the benefits of agile methodologies. In particular, larger companies have begun to implement agile teams and/or establish agile processes, thereby enabling them to rapidly adapt, reduce costs in a smart way, receive more regular and meaningful input from customers (and much earlier in the process too), as well as enter new market segments within a shorter space of time. These benefits of agility can be achieved if one manages transformation processes in agile sprints, and the seven boosters below show that strategy implementation can likewise benefit from agile thinking. We show that agility as a concept helps boards and senior management to translate a well-defined strategy into focused action which involves every employee, ultimately building stronger cultures that are backed by this strategy as well as providing an organization's leaders and employees with identity – across functions, hierarchies, and even global regions.

Booster 1 TAKE A TWOFOLD HOLISTIC VIEW

The first booster aims to set the context. Over the course of many decades, efficiency has been prioritized and has thus set its stamp on the modern working world, with corporate management pursuing a logic reminiscent of industrial factories. Excessive planning, division of labor, expert knowledge and engineering ethics have shaped – and continue to shape – the corporate and leadership culture of many companies.

However, more and more managers and employees currently describe their working and decision-making environment as a VUCA world. The acronym VUCA stands for **v**olatility, **u**ncertainty, **c**omplexity and **a**mbiguity. Many managers we work with say they increasingly find themselves operating in an environment where the capacity for adaptability exceeds the competence of planning.

This also influences the successful implementation of strategies. Old reflexes that are a throwback to the “experts and engineers culture” tell us we must take a closer look at problems in order to find a solution. The modern VUCA world demands exactly the opposite. Only by stepping back and understanding the overall context can (even fluid) strategic decisions become comprehensible, thus enabling people to determine their own position and role in the implementation of a given strategy. This will also promote a dynamic understanding of the dual purpose of leadership whereby leaders win followers and active supporters to execute strategic plans, but are also themselves followers who promote and support other leaders in order to quickly achieve the goals the team has been set. In one sentence: If you want people to care, you must provide them with context because this opens up a twofold holistic view which can inspire both leadership and staff as they listen to – and relate – the exciting story about their company's future – namely its strategy.

Booster 2 ELIMINATE NEGATIVITY

The second booster aims to understand people's “Yes, but...” concerns. The human brain is constructed in such a way that it receives new information with a sprinkling of caution and skepticism. You can even observe this phenomenon right now as you read this article. Does it make sense? Does it coincide with my observations and experiences? This mechanism of human cognition is so fundamental that it works universally in every culture, with only the ability to express one's concerns in public being dependent on the respective cultural background. In order to boost corporate strategy activation processes, these “Yes, but...” moments can be the ultimate lever to speed things up since they help us to understand the true nature of any kind of concern. Each openly expressed “Yes, but...” is an extremely pithy summary of the work and life experience of the person who has been kind enough to share this insight with you.

When it comes to strategy execution, our experience suggests that companies that systematically ask why the new strategy might fail (not only to challenge it, but also as a way of entering into a dialogue) are able to activate strategies that are more precisely based on the answers they receive. They have collected and ranked people's concerns, and the top concerns are openly and honestly addressed. They turn into the "gold nuggets of activation", not only by allowing one to avoid the obvious pitfalls, but also by kick-starting the actual activation process which the participating hearts, minds and hands are in any case most concerned about.

Booster 3 ESTABLISH AN AGILE COALITION OF GROWTH

The third booster aims to take the whole "value chain" of a strategy into account at the earliest possible opportunity. Strategies have traditionally been defined by a mixture of input from the CEO's office, the board, strategy and corporate development departments, and selected leaders from relevant functions. This therefore involves a small, select group of internal or even external players (with occasional external analyses), and the result is then handed over to middle management for rollout.

Subsequently bringing a strategy to life and creating a coalition of growth pursues a different path: One starts by establishing a cross-functional, cross-hierarchical team of people representing every part of the company that will be affected by successful strategy execution. What's striking about this approach is that all the members of the team contribute a huge variety of expert views and opinions throughout the entire value chain of the new strategy. An effective and agile coalition of growth consists of 20 to 60 participants meeting in defined sprints. By jointly developing and testing strategic initiatives, this group of people can identify issues and circumvent problems even before a wider rollout takes place. If they are then authorized to design effective solutions and take ownership for implementation, they will not only truly translate the strategy into action, but also identify with it and feel they own it. Thanks to the cross-departmental nature of the team, any notion of "*not invented by me*" can be avoided and one can set the pace for strategy execution throughout the company.

Booster 4 DELIVER IN MVP MODE

The fourth booster anchors iterative or design thinking as the "how", i.e. the way in which the strategy will be delivered. One major (and typical) failure of strategy implementation is that programs or large initiatives involving many people (often externally supported) are launched, yet their complexity means the anticipated results will only be delivered in the distant future. An alternative approach is to deliver in the form of "minimum viable products" (MVPs): This entails focusing on the smallest solution that will create value, then continuously increasing this value by means of further small adaptations. Transferring this idea to strategy development means initially focusing on the desired results (purpose of your strategy), then using controlled experiments to find the fastest ways to success. If one pursues this route, results (albeit modest) are delivered very rapidly and efficiently. According to *The Lean Startup*, "ship and fix" drives the most successful startups in Silicon Valley: quickly ship a solution into the organization, learn what needs to be improved, fix it, then ship it back again. Proceeding in this manner broadly lifts the baseline right away, rather than hoping for results when the breakeven is expected.

Booster 5 STOP FEEDING SPINACH!

Booster 5 tells you what you should stop doing: For decades, children all over the world were encouraged to eat spinach in the firm belief that spinach is very healthy because it contains plenty of iron. Today we know that a food analyst in the 1890s inadvertently moved the decimal point one position to the right when analyzing spinach, thereby certifying that it contained ten times more iron than it actually did. “Change management” is the spinach of management philosophies, but unfortunately it only pretends to make your company stronger. Change programs direct an organization’s (already very small) resource of awareness inwards (“*we must change*”). Anyone who has raised children knows that demands for change are perceived as intrusive and disruptive and are likely to provoke resistance; the reactions of most adults are no different. On the other hand, true “change lovers” are normally the very people who develop change programs which affect almost everyone but themselves. So you should take the opposite path when it comes to strategy activation: Direct this limited resource of awareness forwards – and not inwards – in the direction of your strategic goals. Forget “change to win” or “the need to reinvent”, and instead ask yourself: How would we know that we’ve achieved 100% of our goals? How would customers perceive it? How can we reach these goals together? What paths can we see? What would be our quickest route to success? This requires a slight mind-shift in the way you talk about strategy, but it will provide a key boost to activating your strategy without losing any of your people along the way.

Booster 6 FOCUS EXCLUSIVELY ON “MOMENTS THAT MATTER”

When working on large-scale transformation, we learnt from **Booster 5** that an obsession with “change” is the worst framework for senior leaders as well as the organizations they manage. It implies that everything that has been learnt and established is at stake, when in fact the contrary is true in many cases. **Booster 6** tells us to identify those moments in everyday working life that already have the greatest impact on future strategic success. What’s more, these moments are ubiquitous: For example, the sales pitch, the way we run meetings, the methods we use to engage our teams in reaching their goals, the way we delegate tasks or organize collaboration. If a new strategy in any way affects the people who work for the company for which the strategy has been developed, you’ll easily find these moments and derive a great deal of value from them.

Identifying these very special moments and focusing organizational awareness on them can make the difference. We call them “moments that matter”. Instead of “boiling the ocean”, this is about creating an understanding of perhaps one or two situations in a day-to-day job that impact most on activating the new strategy – and doing so without delay. It is crucial to establish new skills precisely where they are needed (“situative expertise” rather than “overarching expertise”), and only for those moments that matter most. In this way, a company can establish an agile organizational mindset of continuous improvement: focused, selective, situative. And keeping **Booster 5** in mind: It’s never about “*How can we change in these moments?*” but “*Having our common targets in mind, how can we already create impact today in these decisive moments?*”

Booster 7 COMBINE DIGITAL AND LIVE TO REACH THE TIPPING POINT

The final booster makes all the difference and scales the “what” that has proven to be successful. Building upon the MVPs, one now needs to decide which of the measures that have been implemented should be broadly scaled within the organization. The underlying belief here is that things that have been tested and worked well on a small scale can duly be implemented on a larger scale.

In our experience of working with global companies, we have achieved our best results by firstly using mixed activation approaches which combine a digital-backed process with self-organized teams (to go large). By going down this road, companies can save time and money by getting rid of workshops, communication cascades, and an army of coaches. Giving self-organized teams access to a central digital platform which provides transparency in relation to initiatives, progress, and the results of dozens of MVPs makes them practicable for scaling in moderated live sessions. Collecting and ranking results that teams achieve in “moments that matter” within a digital best-practice cloud adds a “gaming” element which will motivate participants. Secondly, rather than defining top-down the new behaviors and mindsets that are important, it’s the teams on the ground that know best how to adapt in their respective workplaces: Involvement in the definition of new processes, behaviors and mindsets is key. The momentum you create will be an activated strategy which is understood, committed to and embodied in day-to-day life, and – most importantly – further adapted for implementation as it progresses.

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