

# **Fostering Strategic Agility: In Search for Renewed Growth**

CKIR workshop  
August 29, 2006

Yves Doz and Mikko Kosonen

**Most Companies die not because they do the wrong Things, but because they keep doing what used to be the Right Things for too Long...**

**STRATEGIC AGILITY: Not just Ability to be quick, but also to take Strategic Turns in Timely Fashion, Strategic Re-direction/re-invention at high speed... in Time...**

**A Paradox for practitioners and academics:**

**STRATEGIC = Anticipation, leveraging momentum and strength**

**+**

**AGILITY = Responsiveness, being nimble**

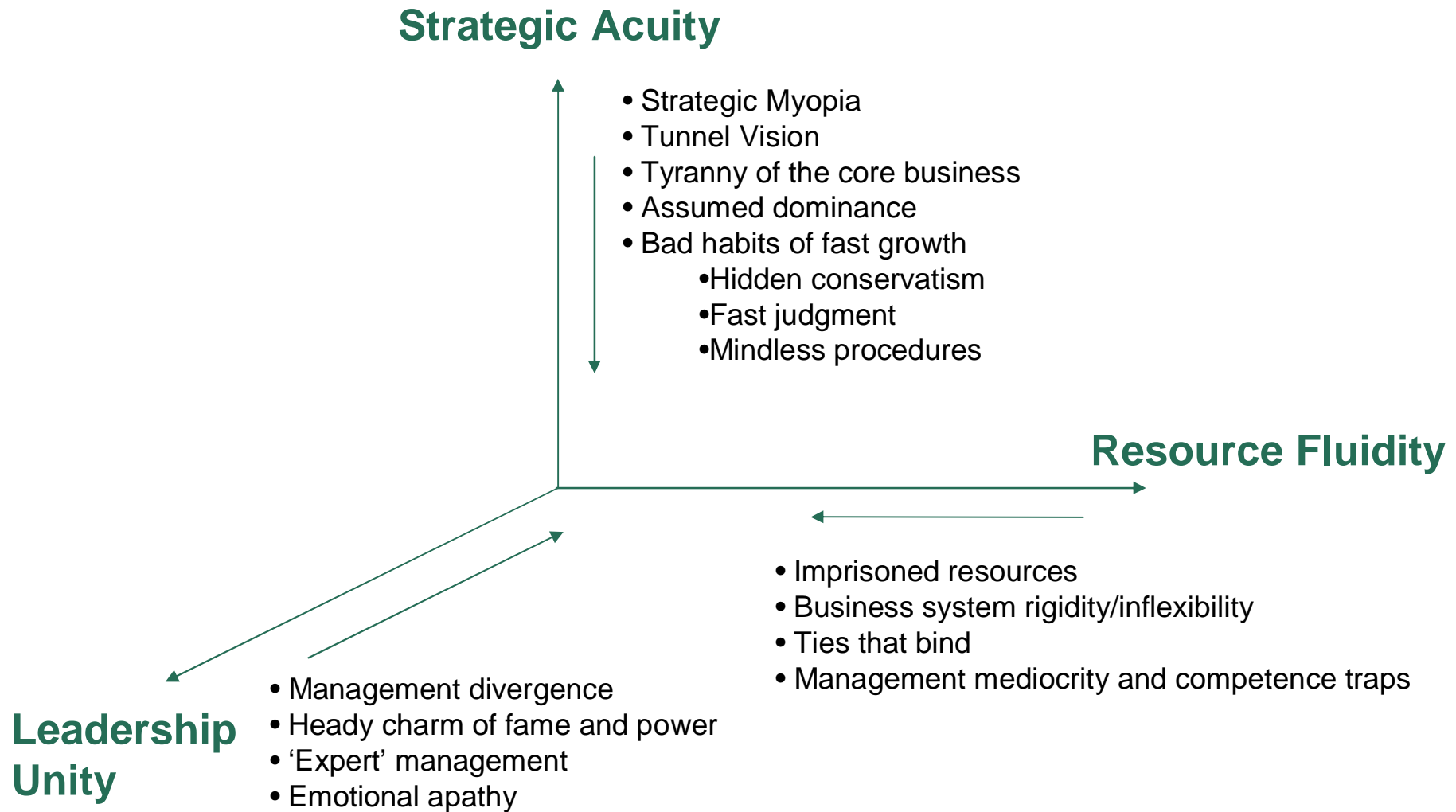
Criteria Company	Global Home Country	Integrative Corporate Strategy	Large, well- established Incumbent	Growth Challenge	Experience from Strategic Transformations	Main orientation	Ecosystem orchestrator
IBM	X / US	X	X	X	X	Service	X
HP	X / US	X	X	X	X	Product	X
Cisco	X / US	X	X	X	X	Product	X
Intel	X / US	X	X	X	X	Component	X
Oracle	X / US	X	X	X	X	SW	X
Accenture	X / US	X	X	X	X	Service	X
Nokia	X / Europe	X	X	X	X	Product	X
SAP	X / Europe	X	X	X	X	SW	X
STM	X / Europe	X	X	X	X	Component	X
(Sony)	X / Japan	X	X	X	X	Product	X
(Canon)	X / Japan	X	X	X	X	Product	X

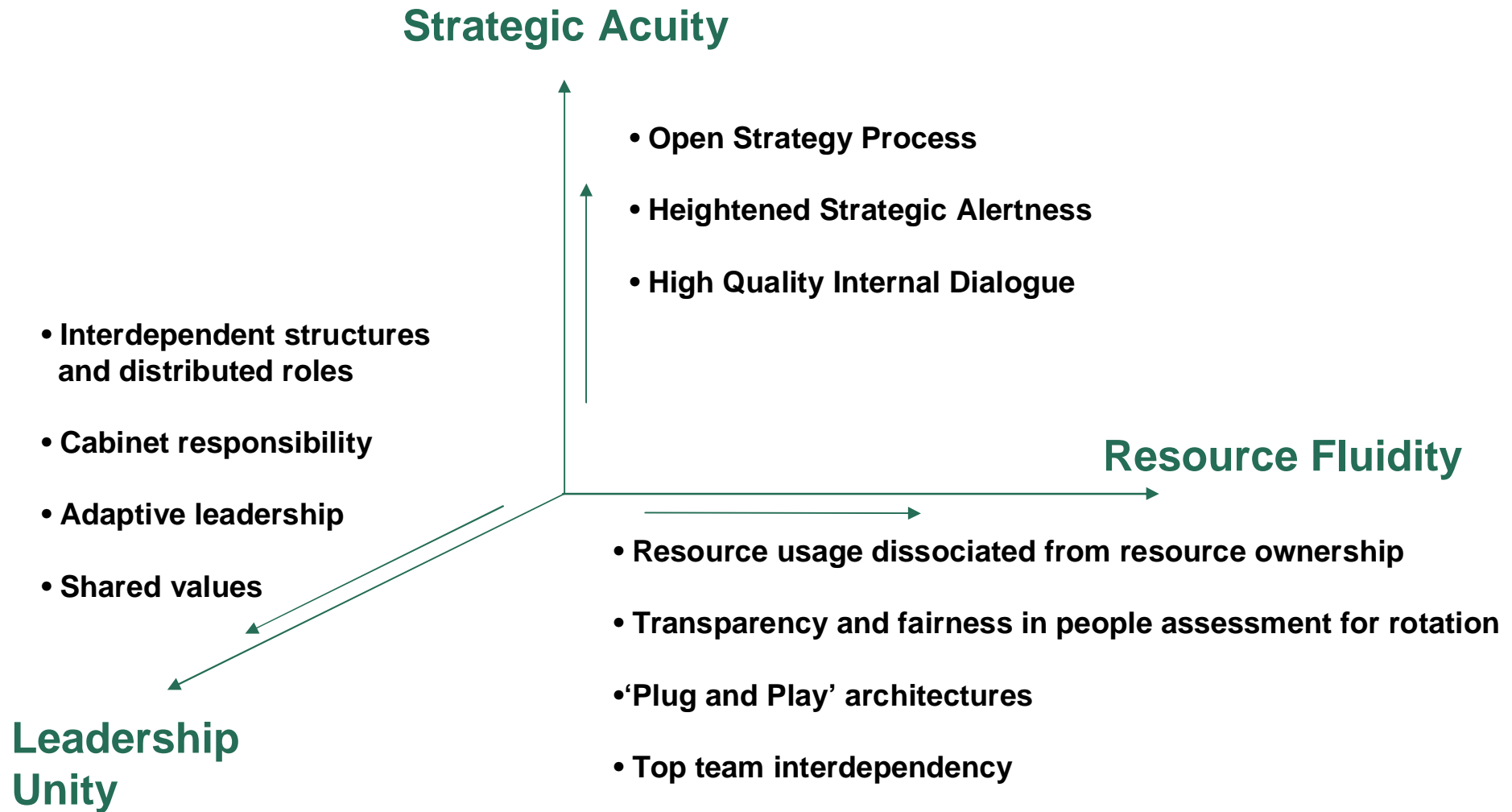
Based on 130 interviews with senior executives in these companies, also other company examples used selectively

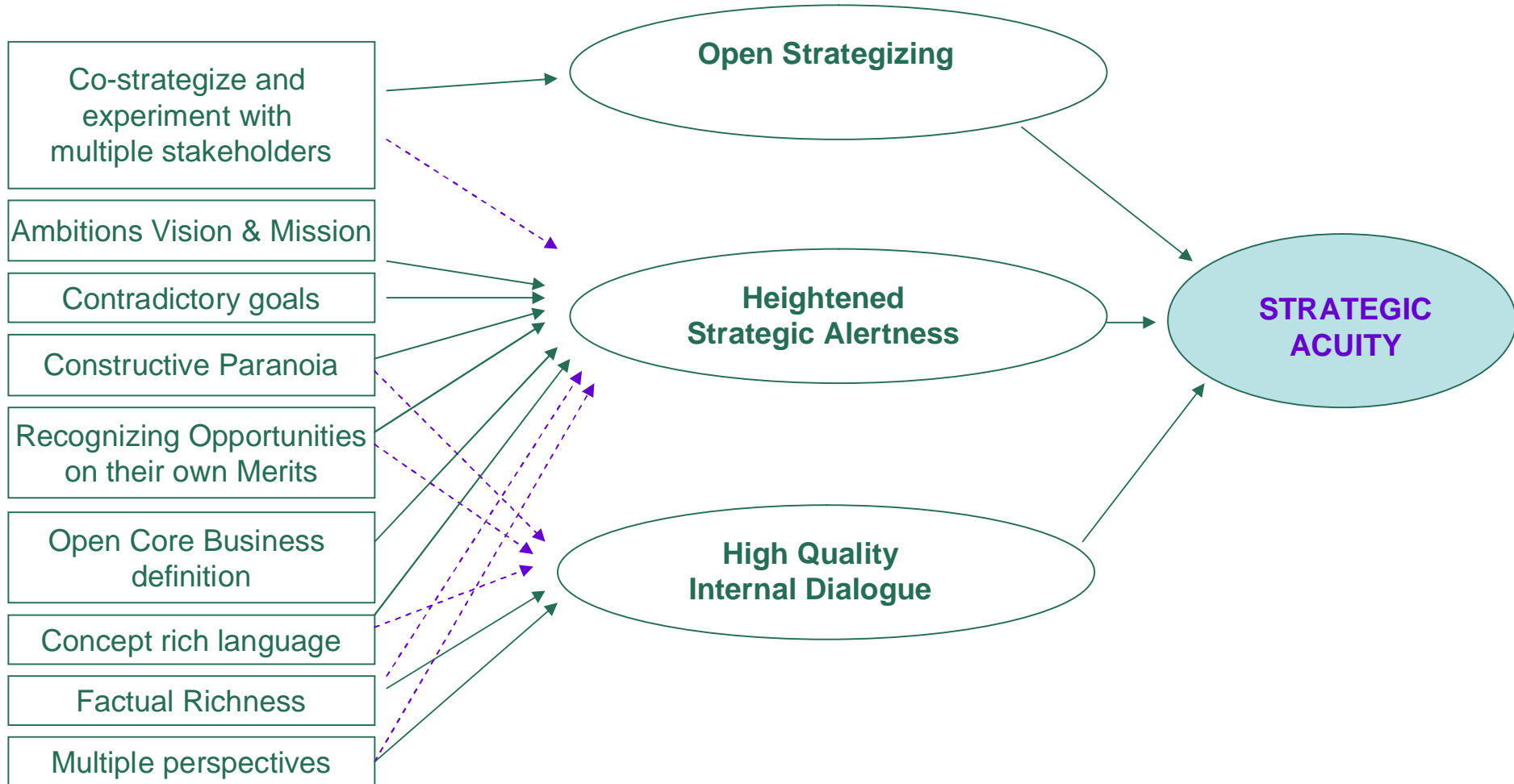


# The Curse of Success

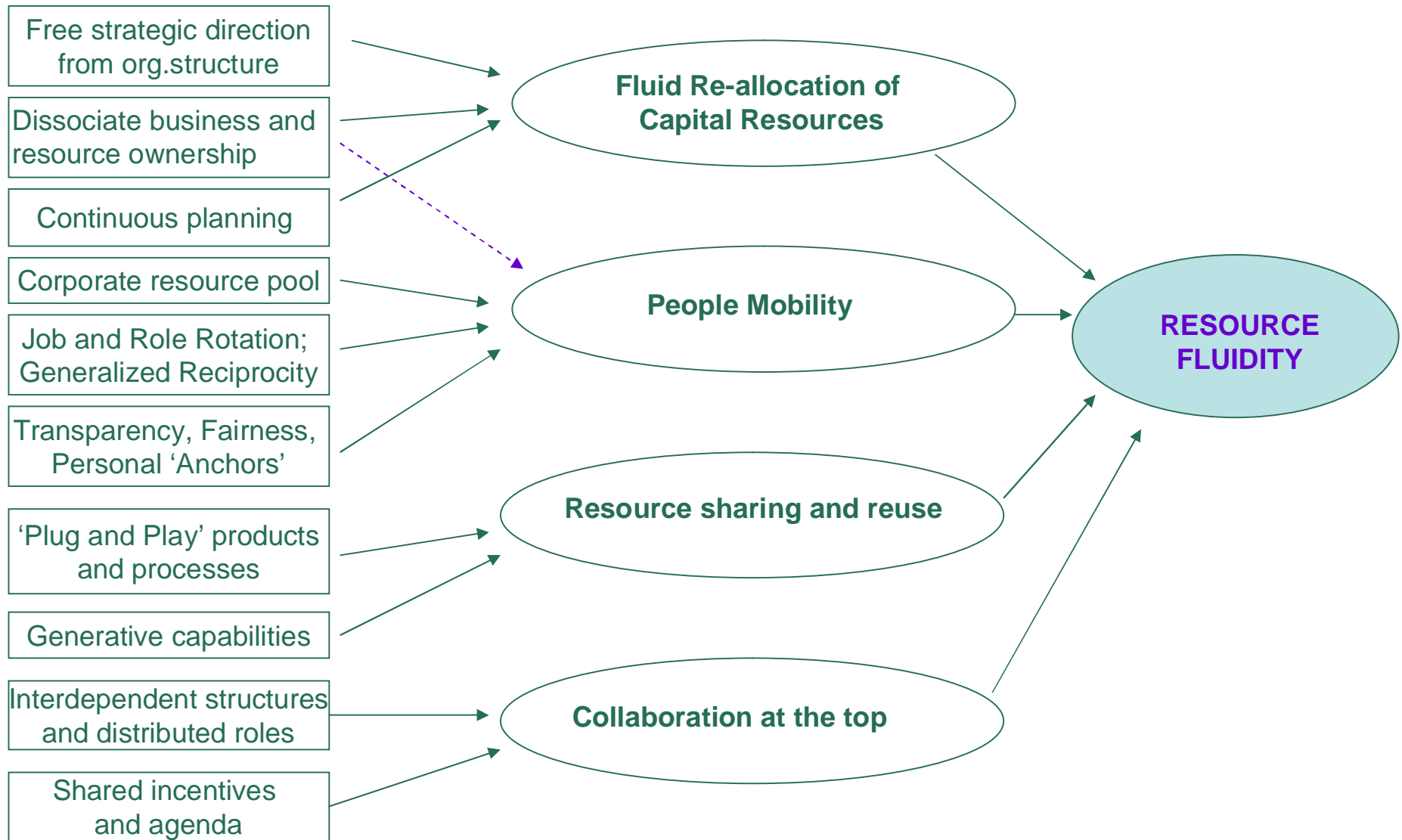
Strategic Agility naturally Turns into Rigidity Over Time ...

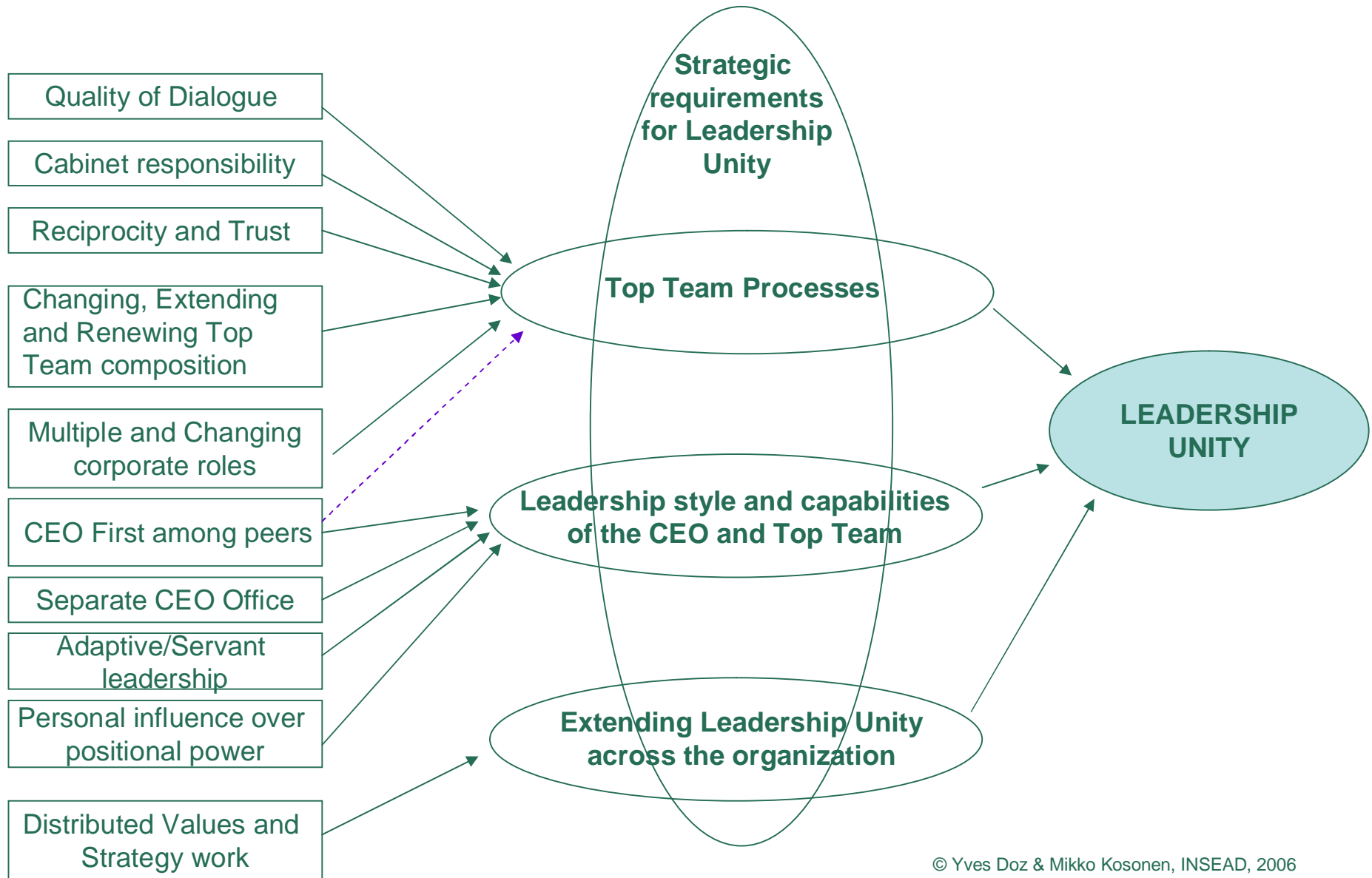




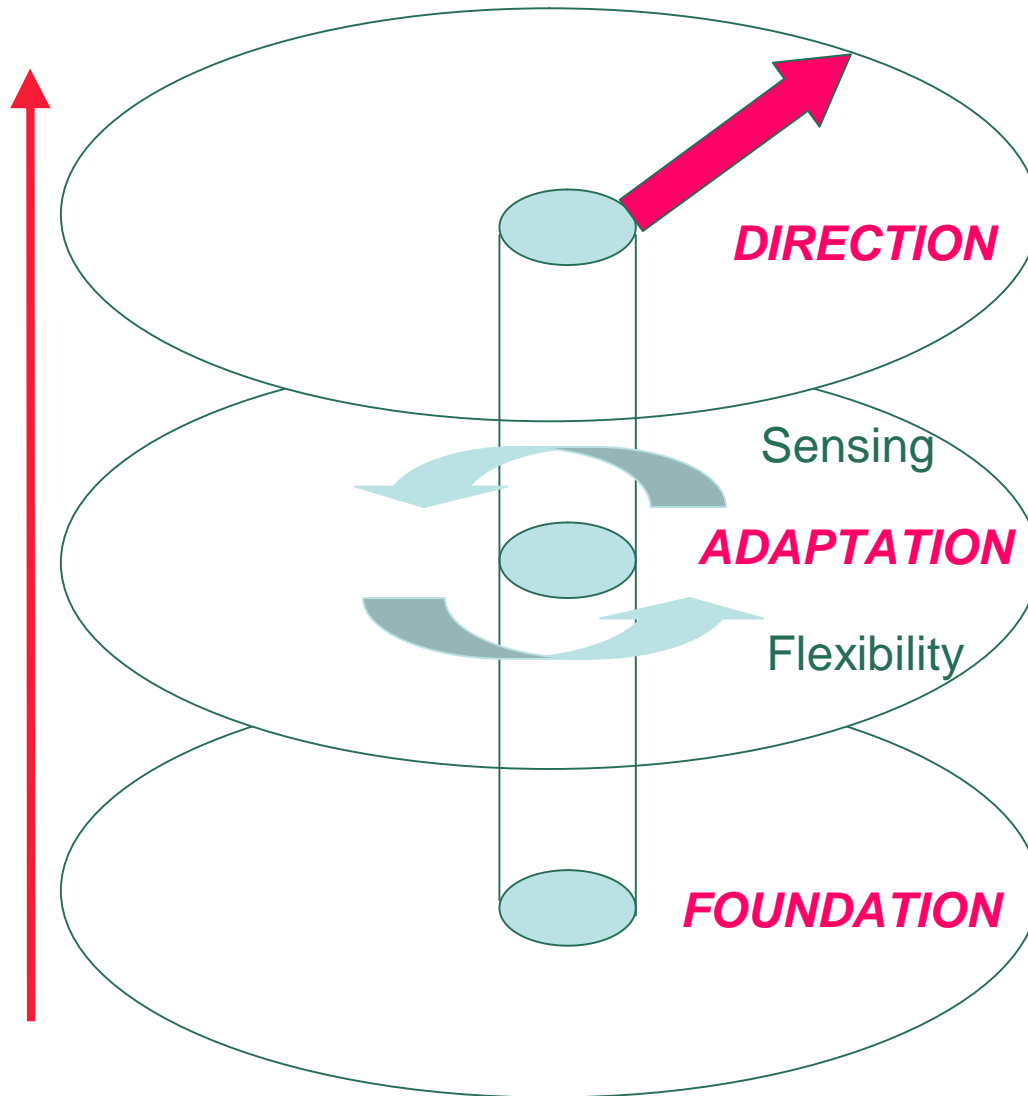


# Enablers of Resource Fluidity





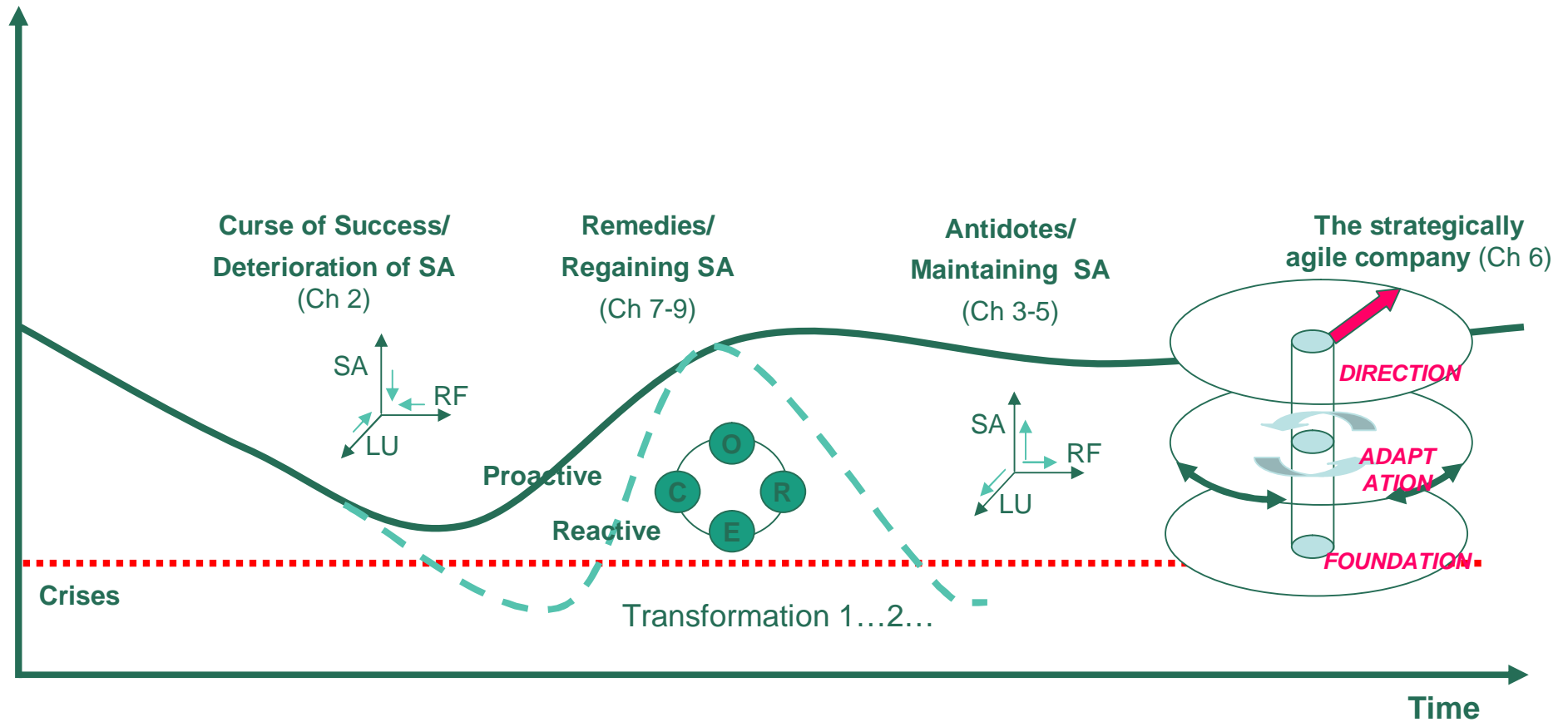
# Building a Strategically Agile Company – ‘brick by brick’



- Corporate roles and Cabinet responsibility
- Shared strategic agenda and incentives
- Shared vision and value creation logic
- Distributed strategy process
  
- Open strategizing externally and internally
- Multidimensional org. and multiple roles
- Open business definition
- Shared concept-rich language
  
- Institutionalized job rotation
- Continuous planning
- Structural interdependency
- Separated business and resource ownership
- Modular structures
- Role-based information architectures
  
- Shared disciplines and standards
- Shared values and 'look & feel'
- CEO first among equals
- Servant leadership
- Integrity, transparency, fair evaluation

# Strategic Agility vs. Transformation

**Strategic Agility**  
(intensity of management action)

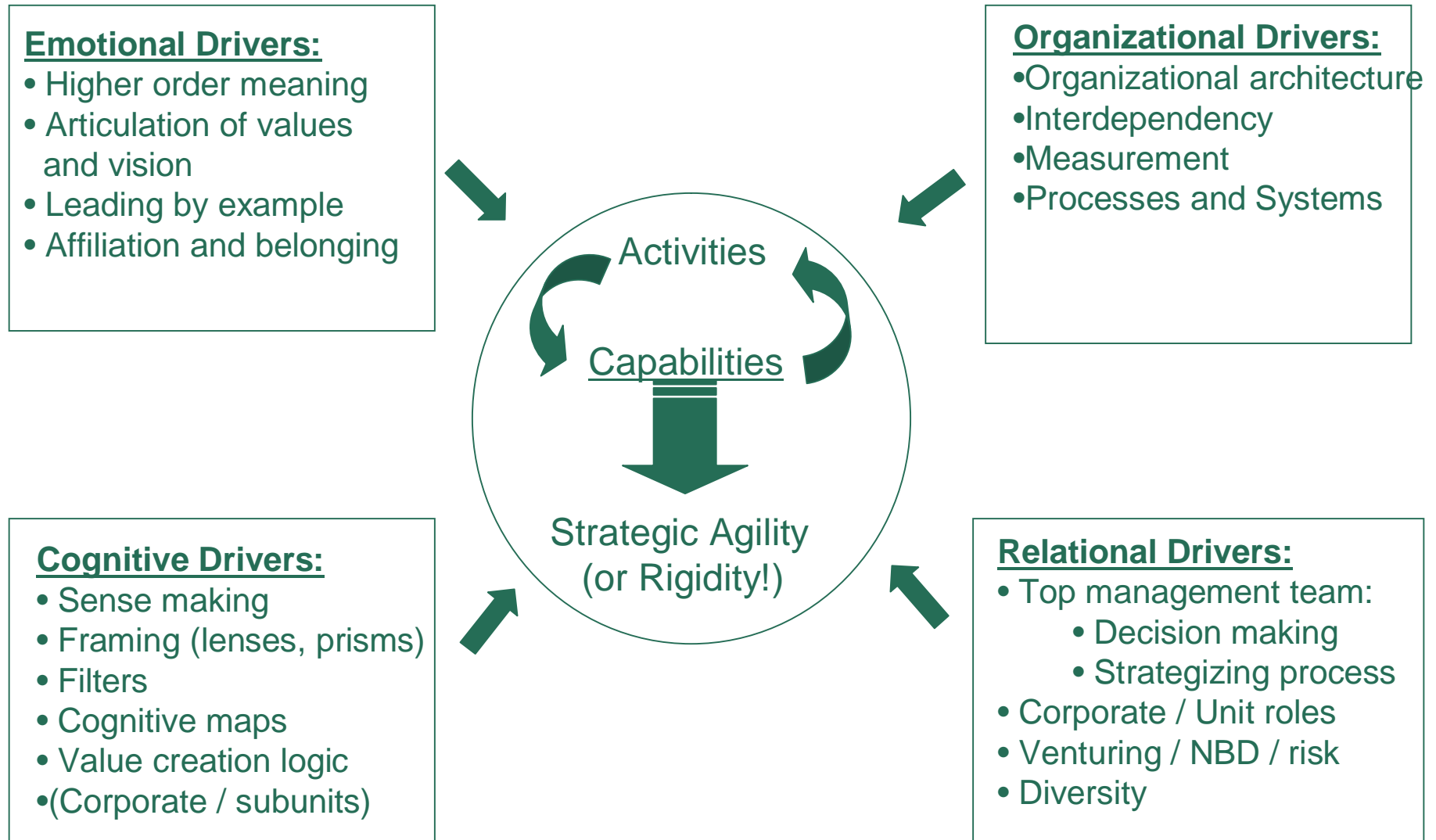


# Regaining Strategic Agility - Levers of Leadership

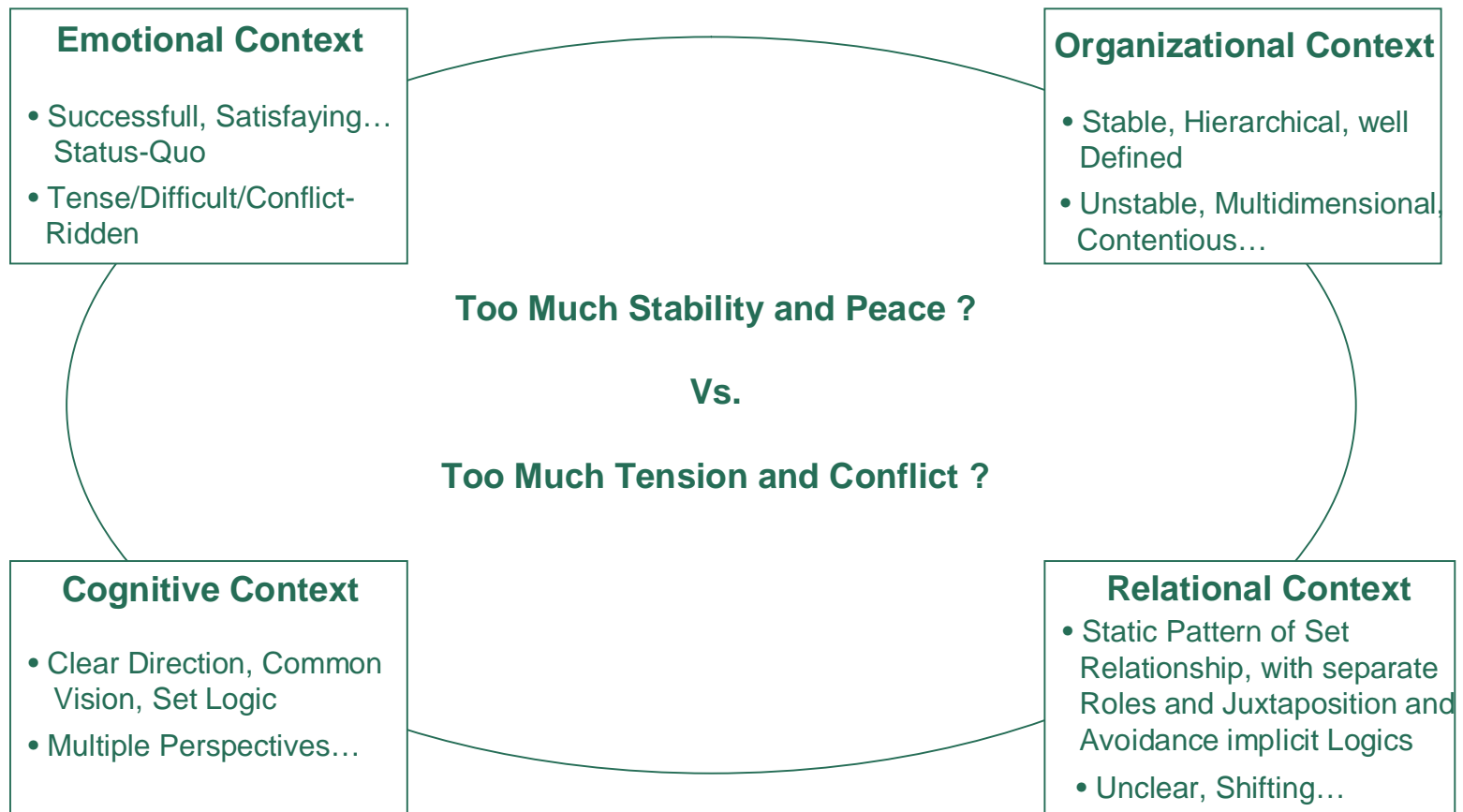
- Regaining Strategic Agility is like any transformation a cognitive, emotional and relational top team challenge – organizational flexibility is only a necessary but not sufficient condition
- Regaining Agility requires top team action on four fronts:
  - Cognitive (C): Fresh but well-rooted vision
  - Organizational (O): New processes allowing differentiation and integration
  - Relational (R): A “New Deal” at the top
  - Emotional (E): Rekindled commitment and energy
- In a sequence which differs according to starting position and nature of business; strategic redirection differs from strategic recovery!

# From Strategic Paralysis to Strategic Agility

## The CORE drivers



# How Propitious are External Initial Conditions ?

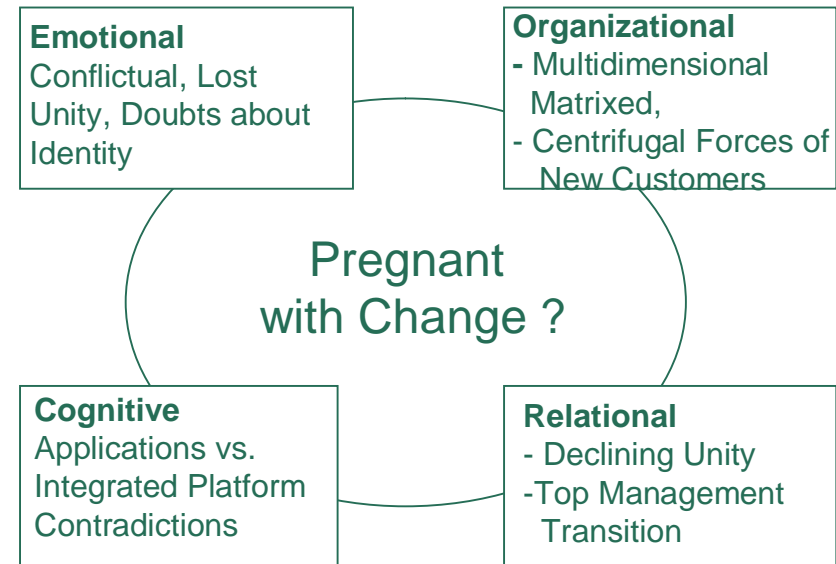


# Assessing Initial Conditions: Two Examples which looked similar from outside

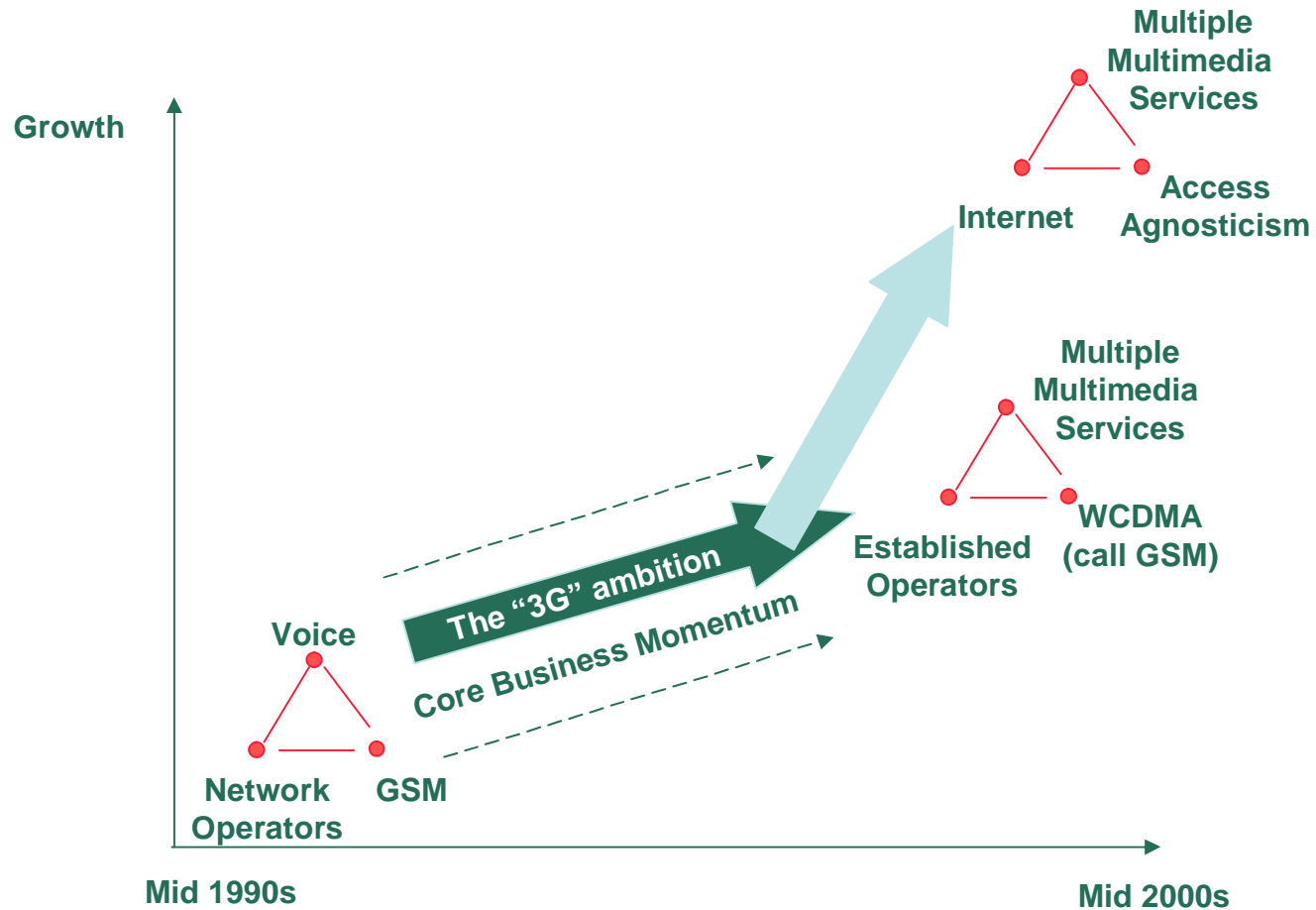
## Nokia (2000-2002)

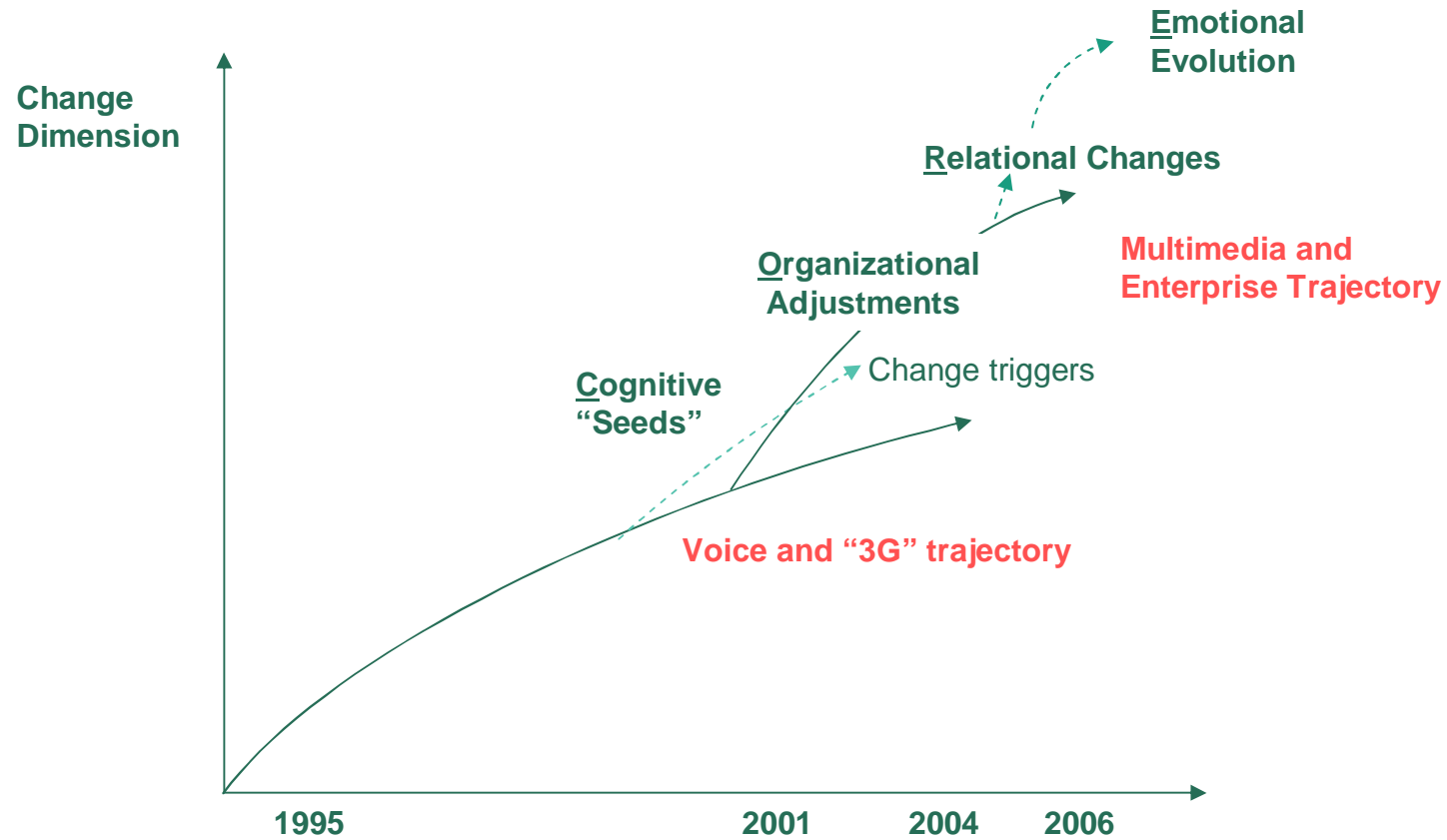


## SAP (2000-2002)



# Strategically Agility in Redirecting Core Business Growth





- **Initial Conditions :** Self-Satisfaction vs. Restlessness  
Hyper-Stable vs. Unstable Organizations
- **Change Triggers:** Seeds of Change vs. Convergence of Forces
- **Gaining Impetus:** “Backward” Fit (with Existing Dominant Logic, and “Forward” Misfit: Bending the Logic)
- **Where, How does New Cognition enter the Organization ?**
  - “Import” of New Logic (e.g., Acquisition, CEO Change)
  - “Learning” of New Logic (e.g., via “Skidding” Ventures)
  - Flexibility First in Front-end (e.g., Routes to Market, Customer Responsiveness, End-User Insight)
  - Deliberate (for some) Misfits
- **How quickly does it take hold ?**
  - Nature of Business. External and Internal Resonance
  - Quality of Language (both Concept – and Context-Rich)
  - Timing and Sequencing of Commitments (being Right too Early may be self-destructive)

- **Encourage the expression of new ideas**
- **Planting and nurturing seeds of change** – close enough to the core business for ensuring commitment. Requires strong backward fit with the expected core business trajectory and forward fit with the broad enough vision of the company
- **Opening spaces and providing fora for sense-making dialogues** – for allowing dissenting and visionary voices
- **Pacing the exploration journey to gain credibility** – accepting that some products can be 'learning successes' without ever being commercial successes
- **Reframing away from the lime-lights** – through relatively isolated environments with frequent updates with top management. The purpose of these updates is new knowledge creation, NOT budgetary control
- **Fencing in resources for investment** – to protect and guarantee continuity of new experiments and probing new trajectories
- **Matching level of attention to level of learning** – too much too fast may 'kill' the learning and change process
- **Clustering and bending** – clustering similar opportunities for gaining momentum and bending the core business trajectory

- **Unpacking the core business system** — through 'horizontalization' and letting the 'front end' of the organization diverge (in line with the customer needs) whilst keeping the 'technical core' together
- **Putting the organization 'off balance'** — through introduction of new/multiple organizational dimension and hence forcing dissociation of strategic direction from structural determinacy
- **Allowing for rapid entry and exit** — through modular business processes and IT systems for allowing rapid and scalable resource mobilization towards best opportunities
- **Allowing flexible and dynamic differentiation and integration** — through dynamic 'vertical-horizontal' balancing depending on business needs

- **Putting top team member under new tension** – through interdependent roles and responsibilities (= multidimensional organization).  
A new 'way of working' forces top team members to adapt new interaction patterns
- **Creating a sense of crises** - Short of real crises (in an evolutionary change) an 'engineered crises' of some sort maybe needed to trigger an effective relational change
- **Changing the top team composition** in order to overcome pre-existing roles and responsibilities. (This recomposition need is mitigated if the change is seen as a return to the company's 'true roots' and pattern of interaction among the top team members)
- **Letting the new top team to gradually develop a new common and more conceptual language** – for capturing the new broader reality

- **Cognition does not translate into emotions!** A 'strategic crises' seldom turns into action – and hence 'burning platforms' don't typically work
- **Momentum creates its own strong emotions** – and hence shifting direction calls for a 'mourning period' (shedding past commitment and gaining new ambitions takes time)
- **A tentative new strategic direction does not elicit emotions** – as it emerges gradually and at first only intellectually – with no action attached to it
- **Regaining strategic agility calls for a shift in emotional attachment** – from what the company does to how it does it. As a result, more and more top management actions have to be directed to the 'Foundational layer' (ref. Ch 7)
- **The organizational consequences of building resource fluidity may impact emotions negatively** – as people try to compensate 'foundational mechanisms (such as trust, values etc.) with additional bureaucracy

