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Business Transformation 2.0 – Outcomes that Endure
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NEWS

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To view our upcoming webinar, visit the ASP event calendar at www.strategyassociation.org/events/event_list.asp
Incorporating ‘Futures’ Foresight into the Process of Strategic Planning

by G. Woodling and W. Jones

INTRODUCTION

The purpose of this paper is twofold. One is to raise awareness of the role of organizational assumptions and prejudices about the future, which underlie much strategic decision-making in business. The second is to demonstrate how foresight disciplines — to give futures their formal name — can address the risks created by these assumptions; and also contribute to the development of a significant strategic planning competence.

In the authors’ experience a fact of corporate life is that management all too often ignores future uncertainty. And, even if vaguely uncomfortable with this situation, it is unfamiliar with, or even skeptical about, ways to address it. Yet paradoxically the increasing pace of change on many dimensions makes this an ever more critical issue for effective strategic planning.

Thus, the intent of the paper is to outline a pragmatic approach to address this problem. It is based on generating data via horizon scanning, which is then integrated and analyzed in a series of interactive workshops. We hope to demonstrate how this approach can develop both a sensitivity to possible futures, and an internal discipline which can (a) reduce dangerous corporate risk, and (b) stimulate insights for innovation and growth.

THE DILEMMA

The problems companies have with ‘the future’ are multi-faceted, and thus almost by definition, are not amenable to a simple ‘fix’. We can identify easily a number of elements which bedevil this topic. These include:

1. Managers are frequently unaware of the conflicting assumptions they hold about the future situation on which their strategic thinking is based. Obviously, no company can address a problem if it does not seem to realize one exists.

2. Very few organizations have ever asked themselves whether they share, let alone question, views or assumptions about the future held or made by those who take strategically important decisions — ones that will impact their common interests in the future.

3. Differing management horizons, perspectives and priorities. “If we can’t get through the short term there is no long term” is a common theme we all know. And the perils of ‘short term-ism’ have been a constant refrain in Western management analysis for decades.

WHY DO THESE PROBLEMS EXIST?

Again, from direct experience, we have identified a number of factors that play a crucial role in producing this unsatisfactory situation:

1. The lack of a widely accepted methodology that allows management to become confident in understanding the impact of uncertain futures.

2. The difficulty of aligning ‘foresight’ with management horizons, perspectives and priorities. Indeed, what masquerades in many cases as a ‘future vision’ is often an unresolved melange of conflicting assumptions and prejudices about future change(s).

3. A somewhat dysfunctional corporate culture, particularly an unwillingness to trust those from outside a small executive team (and/or from communities and groups outside HQ.)

4. A corollary of this is an insidious reluctance within organizations to challenge accepted beliefs of those in authority. Put bluntly, organizations can foster their own ignorance without realizing it. This of course can be part of a much wider syndrome, and riot restricted merely to foresight.

5. Sometimes it may simply be a reluctance to admit fear of the unknown — a sign of incompetence or weakness? Yet, although the future IS inherently uncertain, dealing with that is not aided by simply ignoring it.

ATTAINING AND DEPLOYING FORESIGHT AS A CORPORATE COMPETENCE

Let us (briefly) review both the evolution of futures methodology,
and then demonstrate how foresight disciplines can mitigate this risk AND become a long-term strategic competence for a corporation.

Unfamiliarity with foresight disciplines is not surprising, as these are rarely taught in universities and business schools. This lack of awareness of the range of foresight techniques and approaches often leads to reliance, at best, on one-off studies of priority projects.

The first step in the development of a futures-orientated methodology has been horizon scanning. This form of scanning (for its early origins see Francis Aguilar’s “Scanning the Business Environment”) was adopted early on by SRI, and is designed to capture the personal observations of a group who have a shared interest in thinking about the future. Their observations can be prompted by whatever appears to them to be of possible longer term significance for the years ahead, and are derived from a wide and eclectic variety of sources. These range from written articles, reports and media opinions to general observations, always abstracted into a brief summary, with a short comment from the scanner on possible implications. Two elements critical for success should be highlighted:

a) Do not concentrate on simply “technical” change. Indeed at the heart of the process is a (speculative) understanding the social, cultural, political and environmental context of these, in themselves, small individual data-points. Of course technological developments such as AI will dictate irrevocable, radical change. But present realities and actions, even actions seemingly unrelated to anything technical, will determine which of many forms that change eventually takes.

b) Scanning is not the same as monitoring. The latter is focused and contains inherent pre-established assumptions, directions and priorities. Scanning, as described, is a process which encapsulates the exact opposite orientation. In fact to re-emphasize an earlier point, the wider and more eclectic the original sources the better!

The essence of horizon scanning is being open to possible signals of change in realms beyond those with which we are familiar or in which we are expert. In this manner dimensions much wider than simply ‘market research’ or ‘forecasting’ come into play. Through scanning, an organization is trying to become consciously sensitive about an environment broader, further away, and thus inherently more complex than its current one.

Spotting and inputting the scanning abstracts - which are weak signals transmitted from current actions and events - clustering them on an individual level, and then developing aggregated change factors on a group basis is a dynamic and continuing process. Data developed from many sources and perspectives becomes the raw material for working sessions in which they are used as building blocks of an evolving narrative about possibilities.
for the future.

In order to best examine what influence they might have, we recommend using a framework to analyze uncertainties, and thus possible change(s). In our model therefore change can be disruptive or adaptive in character. It can also happen abruptly or gradually. Finally it can be driven from the top down, or evolve from the bottom up. Analysis within these axes of change can produce a rich complex of possible futures.

Yet, a “future world” description is not a prophecy. The future hinges on things yet to come, even unpredictable “black swan” events. But looking at today’s actions, discoveries and trends as they are emerging, but before we know whether they will develop further or die, creates a view of how and why one of many possible futures could develop.

Consequently, the real value of scanning is the accumulation of aggregate data developed over a significant timespan. While experience tends to produce more unusual or intriguing ideas, these are by definition highly speculative, and they are not the golden nuggets that some practitioners have hailed. Horizon scanning is best viewed as a process, not a method of producing ‘instant insights’.

Horizon scanning also must fit into a wider set of foresight procedures and practices within an organization. These include internal articulation, debate, and consensus on ‘fields of concern’. This process itself is a key catalyst for futures thinking for uncovering, (i.e. making explicit), what implicit (and often diverse and/or contradictory) assumptions about future environments may exist within a company.

Implementation involves facilitated workshops, which can begin to reveal signals of change in particular fields, driving the group toward ‘stress testing’ prevailing (aka ‘taken for granted’) views of the future, and enabling the organization to create and debate possible alternative futures.

Our experience is that participants quickly realize that the product of the initial open scanning workshops begins to reveal signals of change in particular fields, which contributors from many groups want to consider further. In this way a new ethos evolves in which participants are keen to challenge what might be termed corporate prevailing views of the future.

A series of workshops over several months, therefore, tends to identify and amplify a theme from the previous one.

Getting accustomed to, and comfortable with, such ‘futures thinking’ in this manner allows progress towards the goal of a rigorous and effective futures discipline, and practical competence, within a corporation. It especially reinforces the importance of recognizing that any group’s assumptions about its fields of future interest must go beyond the traditional boundaries of their past experience. This is essential if they are going to be able to demonstrate how different futures might evolve under the impact of potentially unforeseen forces.

An additional necessary condition for long-term success in this way is ensuring explicit support from the CEO, or a senior board-level executive. This is attained by making the horizon scanning clearly relevant to the shared fields of interest and concern. We term this a ‘future focus’ — a model tailored for a specific organization’s needs.

The definition of a field of future interest to a group can be a tricky exercise. It is not the same as the principal market or even sector within which a business might operate. That tends to be far too narrow a perspective, and excludes the possibility of exploring for change that could reshape such well-established structures. In our experience, the way that a group identifies a set of possible fields of future interest reveals a lot about the outlook of the organization to which it belongs.

Also, the future field of interest is not a fixed concept. An organization’s priorities and perspectives evolve over time. The key is to anticipate where future uncertainty appears to pose a significant risk or opportunity for the organization. Thus the broader the perspective adopted, the greater the chance of identifying changes that will affect its future.

In practice, the choice of fields of interest provides an agenda for a program of futures discussions — the scanning workshops. The group’s assumptions comprise possible key uncertainties (outcomes) associated with discrete changes (issues). These anticipate what they think might happen in the designated field of shared interest over an agreed timescale. Normally these will have been distilled into a set of 12-16 macro-issues and their respective outcomes across four domains (work, wellbeing, environment and relationships) that express the uncertainties associated with those possible changes.

However, the critical task is identifying when something has the capacity to induce change to happen. We have adopted a terminology that attempts to capture the increasing confidence a group may generate in moving from “weak signals of change” (indicators, if you like) to “change factors” and thence to “change drivers”. The progression is the product of the group considering how different views about what may be inducing change could be reconciled, and is one of the most challenging tasks for the group in each futures workshop.

Having identified what might induce change to occur, it is still necessary to decide whether a change driver will have any impact on each of the issues, and, if so, whether it will tend to be associated with either a disruptive or adaptive outcome.

In summary, identifying weak signals and developing models of change factors is a dynamic and continuing process in which practitioners learn to share their observations with the group in a reinforcing cycle of experience.
CREATING A STRATEGIC “FUTURES” COMPETENCE

Briefly, we suggest:

• Assemble a broad group of participants, from different departments, regions and functions. Encouraging insights and opinions from as broad a group as possible produces the most ‘assumption-challenging’ themes possible.

• Encourage free expression and resist tendencies toward self-censorship. This all builds trust, friendship and effectiveness.

• Consider the process of internal New Business Development or ‘intrapreneurship’ within the context of futures analysis. Is the innovation just ‘new to the company’ or ‘new to the world’? Incorporating broader societal and not simply technical perspectives adds unique value to the process.

• Begin the process of developing sensitivity to “futures” dimension in strategy planning without immediately requiring a large-scale internal scanning project. Many companies start down the path via workshops based on others’ databases - expanding their own scanning later.

• Modern communications enable wide scale voting, and the articulation of underlying reasons, on possible drivers of change. Such input and feedback (e.g. a modified Delphi technique) encourage organization-wide awareness of possible change(s), and the opportunities/threats that these create.

• Likewise a dynamic focus on the how? and why? allows development of possible ‘leading indicators’ of change moving in one direction over another.

• We also argue that both vision and futures are enfeebled without a creative use of visual communication media. That a picture is worth a thousand words is never truer than when describing the future.

CONCLUSION

Without foresight, innovation and strategy are, at best, based on understanding a narrow-field view of the future. At worst, they are based on assumptions informed only by the past. The ramifications of a lack of foresight need to be understood by those taking important decisions. For all commercial organizations, whose existence is based on market success, there is often one over-riding goal, to avoid what Shell among others agree would be ‘the last spot’. That is the fate of companies who assume that the future is but a projection of the present.

ABOUT THE AUTHORS

Wyn Jones

Wyn has a long career in industrial marketing, strategy development and B2B consulting.

Wyn has been a long time member of Business Futures Network, with an active role in its horizon scanning work and Futures Workshops. He is a Partner in Futurealities, a global consultancy aimed at providing futures foresight - and thus strategic guidance - to clients worldwide.

Geoff Woodling

Founder and Managing Director
Business Futures Network and Futurealities Consulting Practices

Geoff leads the Business Futures Network. He established FN as a global foresight and innovation management practice, with partners in the US and Japan, conducting futures assignments for companies around the world, over the next 30 years, engaging a group of highly experienced partners.
The Future of Research and Scenario Planning at BMJ

by Anca Babor

The publishing sector is experiencing unprecedented transformation. Making sense of these changes and turning them into opportunities requires drive, passion and focus.

At BMJ, we have navigated the disruptions that we have encountered well. We have been successful in making the transition of the journals from print to online and digital. We embraced the changing business model landscape by adopting Open Access; BMJ Open is now the world’s largest medical journal. Editorialy, The BMJ continues to innovate and differentiate itself from the competitors. There is a clear trend of static, referential data becoming commoditized and even free. The market is expecting short, punchy and actionable content. BMJ’s Best Practice is a great example of how to provide content for healthcare professionals at the point of care. This is a product developed organically by BMJ and we expect to see it growing over the next years.

We know that we cannot become complacent and the pace of innovation and change must accelerate. We also know that our reputation and values won’t protect us from the challenges that are lying ahead.

In our effort to make sense of the changes and opportunities that will impact the future of our business, we have initiated a scenario planning exercise. Why scenario planning? Because it’s fun and engaging and also because one has the freedom to imagine possible scenarios for the future rather than attempting to predict a certain outcome.

Our key question was:

What changes are occurring, or may occur, in global research over the next 20 years, that could disrupt our business?

Research is a topic that is very close to us and it represents our core business. As a sector, it is affected by profound change, with new competitors emerging, changing business models, evolving research outputs and new technology solutions coming up.

Through its nature, scenario planning requires significant engagement, being open, asking hard questions as well as having the patience and determination to follow the process – there are no quick wins and no easy answers.

We involved both internal and external experts. We ran 4 workshops, interviewed 50 people and came up with 4 plausible scenarios for the future.

These 4 scenarios represent contrasting futures: they were chosen based on two critical drivers of change - technology and funding.
Here they are:

**TECHTOPIA**

... TECHNOLOGY AS THE DOMINANT DRIVER
CHARACTERISTICS OF THIS SCENARIO INCLUDE:

- Funding is from a few sources: tech corporations and other private industry / individuals.
- Weak government.
- Technology is transformational - machines have taken over many roles previously performed by humans.
- Research is mainly automated through deep machine learning.
- All medicine is personalized and mapped against the predisposition of individuals.

**SUSTAINABLE HEALTH: 2037**

... ECONOMIC STABILITY AS THE MAIN DRIVER
CHARACTERISTICS OF THIS SCENARIO:

- Funding from numerous sources.
- Strong governments collaborate to manage a program of “softer globalization” allowing society to adapt to technological advances.
- Research is conducted by collaborative, multi-disciplinary teams, assisted by deep machine learning.
- Computers analyze and interpret huge datasets in real time, rapidly reaching the influencers of some of the world’s most costly diseases.

**POST WEST POWER SHIFT**

... GEOPOLITICS AS THE MAIN DRIVER
CHARACTERISTICS OF THIS SCENARIO:

- Strong national governments fund research.
- Increasingly populist policies in the West curtail international movement. Political agendas focus narrowly on issues of national security and economic health.
- Research is conducted in public institutions.
- Linear increase in technology - transformation is difficult without freedom of movement & international collaboration.
- Meanwhile, sustained economic growth in the Global South is causing a geographic shift in the international research landscape.
- China is the new research and education powerhouse.

**NEIGHBORHOOD SCIENCE**

...SOCIETY AS THE DOMINANT DRIVER
CHARACTERISTICS OF THIS SCENARIO:

- Funding is from numerous sources.
- Weaker government.
- Social media has empowered the individual.
- Societal and health problems are resolved through highly connected physical and virtual communities.
- Specific, localised research is funded through crowdsourcing.
- Increasing investment in research at the boundaries of health and social care - clinical research is a niche interest.
- Research is as likely to be done by citizen scientists and by patients as by trained investigators.
Has this exercise been a success for us at BMJ? Absolutely. Scenario planning certainly challenged the way we think about the future. It has validated some of our ideas and it has also enabled us to create action plans based on our collective thinking.

We hope that these scenarios represent the beginning of the conversation in the research community. This is a continuous process and we are looking forward to engaging with others who want to join in the conversation and shape the future of research, in a way that we can all benefit from.

For more information on the scenarios visit http://www.bmj.com/company/scenarioplanning/.

For a comprehensive look into our scenario planning process, read this article published in Learned Publishing: http://onlinelibrary.wiley.com/doi/10.1002/leap.1152/full.

ABOUT THE AUTHOR

Anca Babor

Anca has started her career in Sales with Thomson Reuters and then held various strategy and portfolio management roles with Thomson Reuters, Shell and GSK. Currently she is a Director of Strategy and member of the Executive Committee at BMJ (British Medical Journal). Anca holds an MBA degree from INSEAD.
Strategy and Intelligence - a Loveless Marriage?

by Benjamin Gilad

One of the longest lasting debates in corporate halls is the relative importance of strategy vis a vis execution. Thousands of words have been written about this subject. Can one survive without the other? The consensus is no: the two must be aligned to achieve an organization's goals.

Surprisingly enough, much less attention has been paid to a question that's as relevant to the ability of an organization to achieve its goals: Can strategy or execution succeed without strategic intelligence?

DEFINITION OF INTELLIGENCE

The first obstacle to answering this question is the definition of “intelligence”. Colloquially, the term implies hard-to-get information. A more intelligent definition (pun intended) relies on Jan Herring's definition: “Knowledge and foreknowledge of the world around us – the prelude to management decision and action.”1 Being a senior CIA official who turned one of the foremost practitioners and educators in competitive intelligence, Herring had significant influence on the development of the discipline. The definition, however, leaves us with some nagging questions: Is there true foreknowledge? How does one develop it? And most importantly, how does it relate to strategic planning in the real world?

The answers are neither easy nor comforting. In the vast majority of the Fortune 500 we worked with, this relationship between strategic planning and intelligence or foreknowledge has been at best tenuous. There are three reasons: the wrong definition of intelligence, the wrong organizational structure for intelligence flows, and the wrong process to deploy it in management decisions and strategy formation. The three reasons go hand in hand: if you define intelligence incorrectly, you will not structure it correctly in the organization and its effect on strategy will be minimal. The result can explain at least some of the surprisingly high number of failures in strategic initiatives (by some estimates, nine out of ten strategic initiatives fail to reach their goals).2

SO WHAT IS INTELLIGENCE?

Foreknowledge implies an ability to predict the future with some accuracy. Since there is no knowledge of the future, only guesses, this definition remains operationally vague. Even “educated” guesses are still speculations, or probabilistic statements. As such, “foreknowledge” is always a perspective, not a forecast.

Thinking of intelligence as forecasts, though, decision makers demand accurate predictions from the intelligence analysts and experts. They can never get them. This failure to understand the speculative nature of true intelligence often results in decision makers discounting the value of intelligence processes in their company. To add insult to injury, though Herring referred to “the world around us”, decision makers in large companies almost uniformly focus their analysts on competitors. This pigeonholing results in tactical focus on present developments, not future moves. The analysts, of no fault of their own, simply avoid management’s scorn at speculation. Instead, they deliver very short term predictions (higher probability of occurring), or reporting of past factual data.

With intelligence turning to tactical competitors’ minutiae and confined mainly to present developments, the structure of the intelligence flow inside most large organizations tends to be pushed down to product/market level, and market analysts’ tasks are defined narrowly as provision of mostly tactical data/information/news for front-line managers (sales, product or marketing managers).

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1See for example, http://www.news.pharma-marketing.com/pm269_article04.pdf
2https://www.brightline.org/resources/eiu-report/
With intelligence dumbed down to “news” or “research” - another term used to obscure the purely descriptive nature of corporate “intelligence” - its effect on strategic decisions and actions becomes negligible. Very few strategic decisions or plans need such fine detailed descriptions of competitors as provided by most intelligence reports. Generic reports by vendors are sufficient. They do not provide true insight but they are “good to know” background research. Aggregate market statistics (market share, sales growth, share of voice, patent filing, etc) replace foreknowledge. Since companies procure essentially the same reports, decisions can’t benefit from superior intelligence defined as insight – i.e., speculative perspective.

The relationship between intelligence and strategy has thus been severed but very few researchers and scholars lament this gap. The Harvard Business Review contains hundreds of articles and posts about strategy and execution, but one can count on two hands the articles on the strategic intelligence needs of decision makers and their strategic planners. The silence is especially deafening from the strategic planning community who might be considered the first line of defense for corporate need of superb intelligence capability. They either presume they get all the strategic intelligence they need from generic market reports or assume it is not essential to their work. Given the high failure rate of strategic initiatives, both assumptions appear wrong.

**STRATEGY WITHOUT INTELLIGENCE?**

Seeing no real intelligence (insightful perspective) from their organizations, top executives turn to their favorite consultants or peer network. Internal intelligence flows are replaced by a small “trusted circle” of advisors. Some of those are sharp observers and can provide insight. Some have hidden agendas. Others are just not familiar enough with the organization’s positioning and capabilities to advance superior perspectives.

**Can strategy succeed without superior intelligence? Hardly.**

Fifty-three (53%) percent of senior executives responding to the Brightline survey admitted failure of execution that resulted in competition preventing them from reaching their goals.

Strategy in highly contested markets requires great deal of speculations about how high impact players (HIP) respond to one’s strategic initiatives as these responses determine its ultimate success. Without explicit reckoning with these HIP’s perspectives, the decision maker is open to unpleasant surprises. When Microsoft created Azure, it had to take into account both Amazon’s Web Services’ strategy and its likely response (bottomless price war) as well as its potential customers’ reaction (who do you target and how depends on who the competitors’ target). When companies ignore strategic intelligence in favor of short term tactical information which is more accurate, their late reactive strategy is almost never successful. When JC Penny tried its disastrous turn-around strategy in 2012, it was already too late.

**INTELLIGENCE, REDEFINED**

If “knowledge and foreknowledge of the world around us” leads to misinterpretation of the true nature of intelligence, let me suggest a more focused dual role for intelligence in the strategy-making process. Before strategic decisions are made - during the formation process itself - strategists need an effective process for channeling early warning signs. When strategic decisions are made, however, they demand, without fail, reckoning with the perspectives of HIP other than one’s own company. Consumers, customers, distributors, suppliers, regulators, influences, competitors, potential competitors, disruptors and activists-of-the-month will determine if the strategy succeeds or not.

**THE EARLY WARNING ROLE**

Early warning signs are of the most speculative nature. Not surprisingly, they can create tension between acting proactively and waiting for the signs to become less ambiguous. The process behind reducing ambiguity by accumulating early warning signs is well established in several large companies such as Ericsson, Cargill, Novo Nordisk and Northrop-Grumman and even smaller companies such as Bio-Rad and Bose. These companies are especially adept at creating and maintaining internal intelligence networks. Most companies today employ some form of early warning mechanism but our experience is that the difference in effectiveness seems related to the size of the network, the nature of conversations, and the training in the art and science of forming a perspective. While not everyone can become Rembrandt, everyone can learn to draw better.

**THE MULTIPLE PERSPECTIVES ROLE**

Once a strategy has been decided, though, intelligence turns to execution. The task of the intelligence analysts should be clearly defined as providing the perspective of other players. While information, data, news, background research reports and predictive analytics are all available from other functions in the organization, perspectives should be demanded solely from those who deep-dive into other players - the intelligence analysts.

The idea that the correct way to look at intelligence is as the speculation about other high impact players’ perspectives is wholly consistent with the logic that there are no facts and no knowledge about the future. Looking at the world (including one’s own company) from the perspective of other players is by definition a perspective on perspectives. This is how it should be. There is no question of accuracy or truth or facts in getting into other players’ mindset. There is only interpretation of a host of factors behind a company, or a decision maker’s, mindset. Factors such as culture, creed, executive background constrains and commitments, history and drivers to mention a few, come into play. Even a seemingly minor issue of “Who’s the top executives’ habitual consulting firm” can shed light on the “formula” used in
making decisions as predictability increases when using the same consultants over time.

The effect of taking a multitude of perspectives into account in improving decisions is well documented in studies of diversity for example\(^3\). The same reasoning applies to taking a multitude of external perspectives into account when executing a strategy that will impact other players.

**THE WEAKEST LINK**

While disconnect between strategic planning and strategic intelligence is obvious to anyone working with the intelligence managers at corporations, it is useful to understand the way these two “sleep in different beds”. Strategy executives employ a variety of tools aimed at developing educated speculations. They compile scenarios, read futurists’ reports, trend analyses and pundits’ ruminations; they organize retreats where well-known speakers talk about the future of the industry or technology; and so on. All these are valid sources of speculations. Their main downsides are that they can never be intimately related to the company’s internal capabilities, executives’ interests and concerns, or represent true diversity of perspectives. The convergence of consultants and pundit’s perspectives is well documented in works such as Tetlock’s *Expert PoliticalJudgement* (Princeton University Press, 2005) and *Superforecasters* (Crown, 2015) as well as Taleb’s *Black Swan* (Random House, 2007).

On the other hand, intelligence professionals in corporations are tasked typically with answering specific questions about market developments via research of open sources. These are known as “management questions” and they most often lack any context for the analyst. Providing context which allows for the analysts’ insights is considered unnecessary as their perspectives are at times actively discouraged (“just give me the facts”), or simply ignored by strategists.

More often than not, the intelligence activity takes place not under the strategy function’s auspice but marketing. Our surveys showed repeatedly that involvement in strategic issues is at best a small part of the intelligence managers’ jobs.

This disconnect – both structurally and substantively - creates the weakest link in strategy and intelligence - the delivery to top management.

**SENSE GIVING VS INFORMING**

The idea that intelligence is not information, or forecasts or “news” but articulation of third parties’ perspectives is consistent with the concept of “sense giving” (or sense making) in the field of intelligence studies. Sense giving refers to placing information in context for the decision maker to be able to interpret it for future action. Sense giving is different from “informing”. Informing is the process by which organizations decide what information is needed by the policy makers at the top. Sense giving takes the next step beyond informing to provide the policy maker with critical context. Without sense giving, decision makers turn to their own information sources to fill in critical pieces.\(^4\)

A process of sense giving has taken root in recent years in advanced intelligence communities via the route of a designated Briefer. A personal dialogue between a briefer and the top decision maker is aimed explicitly to bridge the gap between informing (one-way communication) and sense giving (dialogue).\(^5\) The Briefer role is to explicitly provide the perspective of other players – both internal and external. Strategy executives will do well to study this model for their companies and their own role. Implementing it correctly may mean fewer failures of strategic initiatives.

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\(^5\) David Siman-Tov and Shay Hershkovitz, A Cooperative approach between intelligence and policymakers at the national level - does it have a chance? Cyber, Intelligence and Security vol. 1, no 2, 2017.

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**ABOUT THE AUTHOR**

Benjamin Gilad

Ben is a co-founder and President of the FGH- Academy of Competitive Intelligence which grants the CIP certification to most of the Fortune 500 market analysts. He is a former strategy professor at Rutgers University.
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First Mondays: Monthly open forums on wide ranging topics related to nonprofit strategy development and management.

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The ASP Government Community of Practice (CoP) will serve as a network and clearing house for research, literature, tools, best practices, and resources in strategic management and strategic planning for all levels of government: national, regional, and local government. It will recognize the diversity inherent in an international community and will provide a knowledge-sharing hub for all levels of government.

SCAN HERE!

ASP IS DEVELOPING NEW COMMUNITIES OF PRACTICE!

One benefit of a professional organization is meeting like-minded, like-practice individuals that you can learn from and grow with. We want to advance this opportunity for our members by creating more Communities of Practice.

Based on member input, ASP is in the process of developing two new Communities of Practices:

1) SMALL BUSINESS STRATEGY
2) WOMEN IN STRATEGY

Are you interested in participating in any of our current Communities of Practice or do you have an idea for another Community of Practice?

If so, please scan the QR code and complete the 3 question survey to register your interest.
Strategic Agility

There is little doubt that we live in an era of increasing uncertainty and complexity. Globalization, political upheavals and fracturing trade relationships are just some of the factors creating a shifting and dynamic risk environment. This instability makes CEOs uncomfortable, because traditional strategy approaches rely on a world that is stable and predictable.

Added to that mix comes the rise of digitization, which is leading to blurred boundaries between sectors and competitors; just look at Amazon and its effects on the Office Products Industry. 3M and Office Depot used to worry about each other’s market share and locations. Now a purely online service has disrupted that traditional model, leaving them trying to work out what competitive advantage looks like, never mind where to find it.

This means that static strategy, fixed for a set term, is becoming increasingly ineffective. In Graham Kenny’s HBR article ‘Strategic plans are less important than strategic planning’, he argues the case for a plan being more of a guide than an absolute, adding that leaders should “assume the plan is a work in progress. A strategic plan is not a set-and-forget instrument. It’s a living and breathing document”.

Many practitioners recognize this. The challenge they actually have is how to make it happen – i.e. how to transition from fixed strategic plans to agile ‘sense and respond’ approaches. The problem is that many of the core elements of traditional strategy; market position, scale, efficiency, production capability and resources, are more or less static.

We therefore need to look elsewhere to find the agility we need. Those who have found a solution are tending to demonstrate a common approach – organizational dexterity, based on using their people better. It is people who are the key to organizational agility, due to their appetite and understanding of the changes required. The more they buy-in to the change and understand it, the less friction there is in adopting it. So strategic agility is as much about culture as it is capability. The following approaches will explore some pragmatic ways to change behaviors and enhance the human component of strategy.

ENCOURAGE AND VALUE CHALLENGE

Anyone who has read ‘Thinking Fast and Slow’ by Daniel Kahneman will recognize a tendency to make decisions using instinct and intuition, rather than through careful analysis. Sometimes our intuition is correct; but strategic decisions are too important to be based on gut. To mitigate our inclination to fix on immediate solutions, we need to bring in challenge as a key component in strategy development. Eric J. McNulty in his article for Strategy and Business, captures this well when he states that leadership in an uncertain environment:

> Calls for questions — lots of them. Penetrating questions that ferret out nuance. Challenging questions that stimulate differing views and debate. Open-ended questions that fuel imagination. Analytical questions that distinguish what you think from what you know. [This] will help you see patterns and make more accurate predictions. As a leader, you must encourage open, direct feedback as well as ideas that challenge the status quo.

This approach requires leadership which is vulnerable. In order to give team members a sense that challenge is permitted and valued, leaders need to be willing to admit publicly they don’t have all the answers. For some, this is deeply uncomfortable. But it is also entirely realistic and authentic. We all recognize that no single individual can know everything. Dropping the façade of invincibility as a leader is a first step towards a responsive and

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agile strategy process.

When she was selected to be the CEO of Pepsi, the first action Indra Nooyi took was to travel, on the next available flight. It wasn’t to go and see her most important client, or the board, it was to go and meet, face to face, with the biggest competitor she had in running for the job. She was determined to convince him to stay with the company. The vulnerability required to say ‘I need you to stay in this company and help me’ took a lot of courage, but it helped Pepsi to remain stable and to retain experienced leaders. Accepting challenge also implies we should value mavericks and difficult individuals. There is a tendency for organizations to only recruit people who ‘fit’, screening out those who don’t appear to match the company culture. This, over time, results in a situation where Group Think becomes endemic and challenge is absent.

**ACCEPT THE LIKELIHOOD OF FAILURE – AND PLAN FOR IT**

We need to get more comfortable with the likelihood of failure and to understand the benefits of addressing it in advance. This requires genuine courage. Human nature prefers to concentrate solely on that which is positive, forward-leaning and productive. This is sometimes called ‘willful blindness’ i.e. avoiding difficult or thorny issues, but a failure to consider all of the ecosystem leads to strategies which are not future proofed. Contingency plans do not get developed and tempo is lost when the inevitable crisis occurs.

Avoiding discussion of challenging issues can also be damaging to morale and human capital. In an article for HBR, Gary Hamel and C.K.Prahalad state that:

*A threat that everyone perceives but no one talks about creates more anxiety than a threat that has been clearly identified and made the focal point for the problem-solving efforts of the entire company*.

To that end, if leaders in a volatile environment refuse to consider potential failure points, not only will they find themselves failing to achieve their strategic objectives, but losing the confidence and loyalty of the staff around them. Conversely, if they engage in a candid discussion about where the plan might go wrong and, in the process, correctly predict future issues, the team grow in confidence on their leader’s foresight. Steve Jobs is often critiqued for being an autocratic leader, but Apple’s ability to predict with unerring accuracy how the market would play out gave the organization as a whole much more confidence to accept the change he wanted and to innovate, as the new idea would ‘almost certainly’ be the right one.

So improved foresight leads to more responsive and agile strategies with higher tempo. By identifying impending failure points and working out how to mitigate against them, pace of delivery can be maintained.
TEST, TEST, TEST

If we accept that vulnerable leadership, being open to challenge and exploring failure are all critical factors in a responsive and agile strategy, the next question is ‘how do we do that?’ After all, there is a significant risk here of opening Pandora’s Box; creating a culture in which every single thing is challenged, leading to delays in decision-making and frustration.

The answer is to create a safe space, on a temporary basis, which allows a flattened hierarchy for a limited period of time. This is exactly the approach used to great success by the military. They have formal tests of strategy as part of their planning process, creating workshops in which a 360 degree challenge is delivered. This helps them challenge their thinking and be temporarily vulnerable, but also ensures that the inter-personal relationships necessary for Business as Usual are maintained. In essence, everyone steps out of their daytime hierarchy, steps into the pressure test, and then steps back out of it again – having made important contributions to the strategy.

These ‘sanity checks’ are vital in any strategic planning. They allow teams to explore possibilities and push their initiatives to the point of failure, but in an environment where that failure will not have catastrophic consequences. It also allows them to explore multiple different avenues of approach to the strategic problem – trying one solution, pausing, backtracking, and then trying another. This not only helps to identify and avoid the ‘preventable mistakes’ which can cause such damage to a business’ bottom line, it also allows people to rehearse different solutions and reduces the need for spread betting i.e. having to fund several initiatives to see which one works.

These tests also create alignment between internal stakeholders towards the end goal. By being part of a test, team members gain a much deeper understanding of the issue, the potential solutions and why some of the more obvious answers may not be possible. This ability to pose challenges is essential to organizational buy-in and ownership at all levels.

Oil and Gas companies excel at testing their concepts in advance and looking for gaps / weaknesses; Shell was one of the forerunners of scenario planning and also used business war gaming to test its plans for the closure of the Brent platforms. The concept isn’t limited to Oil and Gas though. Brother UK - a technology business - is used to having to make adaptable plans given the fast paced change being experienced in the sector. Managing Director – Phil Jones – has built a culture which encourages ‘bad news early’ and ‘kinetic working’ to ensure the right conversations are being had amongst the right people regardless of hierarchy. The open nature of communication leads to honest pre-mortems which lead to more de-risked outcomes and an environment where uncomfortable truths become part of the daily narrative of strategy execution.

INVOLVE TEAMS

One of the requirements of strategic agility is therefore to involve as many of the organization’s people as possible in the planning process. The use of ‘tiger teams’ to come up with potential options is a highly valuable approach. This puts individuals representing cross-departmental functions into a single team and gives them the space to consider what solutions could be delivered. If several of these teams are established, then more innovation and initiatives can be generated than is feasible from just the senior leadership alone. The onus on creating the potential solutions is pushed lower into the organization, with senior leaders now being responsible for deciding on which ideas to take forward and invest in, rather than having to do everything. Team members have to understand that not all of their ideas will be adopted, but the ones that are taken forward will have much greater traction due to them being delivered by the same people who came up with the proposal.

Creative organizations, such as Google, are often more comfortable with this type of approach. It fits their culture and staff demographic well. But the changes we are experiencing in society and the increasing tendency for next generation leaders to challenge the status quo, mean that all organizations need to shift to an approach that is creative and collaborative. This poses challenges but delivers much more in return.

Daniel Burrus, in his article for the Huffington Post, underlines this:

“You're not telling people the plan after the fact. Rather, you're showing them the plan and asking for their help with identifying potential challenges. The goal is to solve the problems before they occur. [...] So the key for leaders is this: You need to engage people with your plans rather than inform them of your plans’.

Getting involvement doesn’t mean the senior leadership consult the very next layer down and think they have ticked the box. To get true involvement, as well as an accurate picture of the situation, a vertical slice right down through the organization is needed. It may seem counter-intuitive to have people from the tactical level to be included in the strategic planning process, but it is a powerful aid for senior leadership in understanding the daily challenges that those individuals face; informing the strategy in the process.

BEING READY FOR CHANGE

Launching a strategy into any environment will automatically, by basic laws of action/reaction, cause that environment to change.

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5 https://www.huffingtonpost.com/daniel-burrus/strategic-plans-are-obsol_b_6029082.html
From the moment your strategy is initiated, the environment will no longer look exactly the same as it did.

If we are to make our strategies adaptable and agile enough to cope with this dynamic nature, success depends upon the people who will deliver it. By using a vertical slice of the company to look at second and third order consequences of the effects our plans will have, we can help the organization as a whole consider multiple different solutions. This means any subsequent shifting to alternate approaches is simpler; as they have already been considered and discussed.

The vulnerability we display in accepting we need the whole team to create the solution is a powerful motivator and creates greater trust. It builds a sense of everyone being important and valued, not being dictated to. The same goes for considering failure and being open to it. Initiatives will inevitably go wrong at times. Testing for failure points in advance helps to draw anxieties out into the open and address them up front.

So in essence, the key to strategic agility and responsiveness lies with the people in the organization and their involvement in strategy development; in the end, it’s not the strategy that is crucial, but how you go about developing it.

ABOUT THE AUTHOR

Chris Paton

Chris Paton is the founder of Quirk Solutions, a company that uses pressure testing techniques to sanity check business plans, making sure they contribute to the bottom line. Their wargaming technique was developed from Chris’ experience, as a former Lieutenant Colonel in the Royal Marines, to challenge business strategies in a controlled environment and to expose weak points, increase foresight and identify risk.
Strategy for the Strategists

STRATEGIC PLANNING NOW: ASSESSING THE SITUATION

The relaunch of Strategy Magazine seems an opportune time to consider the current position of strategic planning - especially as the term defines explicitly the two organizations involved in publishing it. The reinvigoration of the Strategic Planning Society and its developing partnership with the Association for Strategic Planning - with all the opportunities this creates - provide an ideal platform to launch a debate about where strategic planning sits now in the portfolio of management tools, processes and fashions, and what value it might add in an era of continual and rapid change. It is time for a strategic assessment of strategic planning.

Perceptions have always played a part in how strategic planning is adopted in organizations: it can be seen as complex, technical, remote from the day-to-day reality of an organization, undertaken by an elite specialist executive group (or delegated to external management consultants!), producing threatening changes whose rationale is barely understood – or, perhaps worse, having no worthwhile impact at all. Yet barely 20 years ago, having a strategic plan was seen as a mark of an organization’s competence, essential to its corporate reputation and good governance. To be involved with developing strategy was a curriculum vitae highlight; and the buzz of responsibility and influence coursed through the veins of those honored to be on the core team, together with the intensity and anticipation as the organization launched its formal strategic planning process.

But today the value of strategic planning is in question. Why divert the organization’s resources in a time-consuming exercise to produce a document whose relevance might be superseded within months by changes - technology, competitors, innovations, people - requiring urgent responses? Organizational agility and responsive leadership give more flexibility than a detailed strategic plan document sitting - however proudly - on a Director’s office shelf.

‘Strategic planning’ invokes impressions of a deliberate, structured process, whereas more recent thinking is that strategy ‘emerges’ in the learning organization, whilst for others it is their rapid-response adaptability and entrepreneurial ‘trial and error’ approach that enable them to seize market opportunities and outflank their competitors. In contrast, ‘strategic planning’ sounds analytical, dry and remote – and also somewhat self-important, with the traditional image of an almost elitist activity done ‘for’ (and often ‘to’) the people in an organization by a specialist corporate team or external consultants. It’s time perhaps for a new image which leaves behind the stereotype of ‘traditional’ strategic planning and reflects a more dynamic approach.

STRATEGIC PLANNING: THE COMPETITION

Let’s look at some of the alternative terms:

Table 1: Strategic planning alternative terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Strategic Management</td>
<td>Taking responsibility for shaping, implementing and achieving the organization’s strategy.</td>
</tr>
<tr>
<td>Strategic Leadership</td>
<td>Setting the direction for how the organization develops.</td>
</tr>
<tr>
<td>Strategy Development</td>
<td>The process by which an organization determines and articulates its strategy.</td>
</tr>
<tr>
<td>Strategic Learning</td>
<td>Increasing the organization’s ability to develop and implement an appropriate strategy by reflecting on recent experience.</td>
</tr>
<tr>
<td>Strategic Development</td>
<td>Making significant progress as an organization through the implementation of agreed strategic initiatives.</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>The process by which an organization determines and articulates its strategy and how it intends to achieve it.</td>
</tr>
</tbody>
</table>
Considering some of the terms in Table 1, each has different emphases:

- ‘Strategic Management’ is one of the terms that seems to be preferred more recently – it gives an impression of an ongoing process of corporate responsibility, continual review and progressive change, ensuring the organization achieves its goals. But this can also give the perception that this is an executive level corporate responsibility; it doesn’t convey the importance of engagement and ownership throughout the organization, or the discovery and emergence of strategy by doing and listening.

- ‘Strategic Leadership’ incorporates the dynamism of the ‘L’ buzz-word – but with the danger of responsibility residing even higher in the hierarchy pyramid than for ‘strategic management’.

- ‘Strategy Development’ does not encompass the important aspect of implementation – the specifics of who, what, how, and when (the where and the why having been decided by the strategy development process).

- ‘Strategic Learning’ is inward-looking, and does not express adequately the need to take decisions and act, to bring about something new and better (for example, what’s the practical impact on the organization and its customers?)

- ‘Strategic Development’ – this reflects thinking, learning, growth plus practical implementation. Strategic Development = developing strategy + making strategy happen + moving forward as an organization. It thus includes the key dynamic elements of effective strategic planning. However, it also gives the impression of significant change, which is not always the outcome of a strategic plan, and nor does strategic development of an organization depend on strategic planning.

Part of the problem lies in the combination of the two words, ‘strategic’ and ‘planning’. ‘Strategic’ implies long-term, conceptual, directional, requiring deep thinking from a ‘higher level’ perspective – the consideration of hypothetical scenarios, theoretical options and their possible implications. ‘Planning’, on the other hand, is associated with near-future, operational detail resulting in almost-immediate action – the ‘who, what and when’ rather than the ‘what if’ and ‘why’. From this interpretation, the skills involved in developing strategy would seem to be very different to those required in a planning process.

Yet perhaps it is this juxtaposition of terms that reinforces that strategic planning is about both the thinking and the action, the longer-term opportunities but also the immediate steps required to achieve these. It is the combination of both strategy formulation and action planning, with a specific end purpose in mind, that maps strategic planning’s position in the plethora of ‘strategic’ terms.

Deconstructing Strategic Planning
There is an alternative way of considering the principal activities involved in strategic planning, and therefore what skills are required. Using the terms ‘strategizing’ and ‘organizing’ helps distinguish clearly between these aspects of developing a strategic plan. Strategizing is about analysis, and turning this into insight; considering possibilities and their implications (scenarios); weighing up options and making decisions. Organizing involves planning, assigning and aligning resources, motivating, doing, monitoring and reviewing. Considering strategizing and organizing as distinct elements has several advantages. It recognizes that there are different types of thinking and processes involved (and hence abilities required). Importantly, it reinforces that an organization can be continually involved in each. We have seen that strategies often emerge and develop, and organizational priorities and resources change in the light of developments – they are not confined to a formally-defined ‘strategic planning’ project every 3 or so years; strategizing and organizing are dynamic activities in which people can engage at any time.

There is another important activity required in effective strategic planning. The skill of leadership is to understand how best to stimulate these activities and guide the process, helping create an environment in the organization to enable these to flourish at the appropriate time. The role of leadership is also to facilitate the discussions, debates and decisions that need to happen in strategizing and organizing, and to coordinate all these various activities and communicate effectively throughout the organization and with stakeholders about process, progress and outputs. Leadership is a skill that is not confined to seniority in the organizational hierarchy, nor is responsibility vested in a single individual – it can be demonstrated by anyone.

Thinking in this way – about strategizing, organizing and leadership – helps embed strategic planning at the core of an organization and engaging people at the heart of it. For me, this is a much healthier view – more dynamic, meaningful and realistic – than the old, dry stereotypical image of strategic planning as a formal distinct exercise additional to ‘business as usual’, and an approach that can help organizations address their futures more successfully.

But there is also a fourth activity that is just as powerful yet often overlooked. Learning – both individual and organizational – is an important and underrated dynamic in a strategic planning process. Learning applies in two of the strategic planning ‘dimensions’; as analysis and insights help shape the thinking behind the content of the plan they can help people see situations in new ways, appreciating the context and understanding the arguments being developed through the strategizing. But also people are learning about the process of strategic planning, how tools and techniques can be used and adapted to help clarify, how the process is organized and shaped. Such learning strengthens the strategic planning capabilities of the organization, giving people more confidence to undertake this in future.
STRATEGIC PLANNING: THE PURPOSE

In our reassessment of the core proposition of strategic planning we should consider why organizations should undertake the above activities: what are people looking to achieve as an outcome?

Figure 1: Strategic planning: the principal activities

Arguably there is a fundamental and compelling motivation at the heart of this. People want to understand their situation, to make sense of where they are and what might happen. Finding meaning and identity is a powerful driver, and the organization in which they work is a significant social construct whose future affects theirs – they have a vested interest in trying to understand what this might be. At one level this relates to their role in the organization; at times when there is uncertainty about whether or how this might change they will expend considerable energy – mental and social – trying to clarify this. Such a dynamic occurs at the team or group level too, and also on an organization-wide scale – when something might change, there is a basic need to try and work out what this might be and its implications at all these levels. We all want to make sense of our situation, to understand where we are and what the future might hold.

The quest for understanding and meaning is a powerful driver. ‘Sensemaking’ describes the process by which we engage with others to find a rationale we can understand. We will seek out information that helps us understand our situation and how it might change. We look for cues and signals in conversations with other people, in what we see and what we hear. Actions and behaviours provide clues (frequently prompting adjustment to our thinking). It has to be plausible – we will construct a rationale then revise or reject it if we discover some inconsistency or something that doesn’t make sense, and we continually refine the story that is developing in our minds until we are satisfied we understand it and it has a rational consistency and credibility.

Sensemaking is also a powerful concept to consider in the context of strategic planning. Strategic planning can be construed as a way in which the organization aims to make sense of its situation and decide how it wants to develop in the future: it is a means to facilitate sensemaking in an organization, providing a framework within which this can happen, enabling and facilitating the exchange of information, the sharing of views, the conversations and debate through which people will develop answers. So a simple definition of strategic planning reflecting this fundamental motivation might be:

Strategic planning is how the people in an organization make sense of where it wants to go and how it’s going to get there;

and (developing this ‘first principles’ approach further) there are four simple questions that the organization needs to answer to work through this:

1. Where are we now?
2. Where do we want to go?
3. How do we get there?
4. How do we make it happen?

These questions are a logical sequence through which a rationale can be developed to explain organizational choices made and actions taken or planned, and to help the people in an organization make sense of its current situation and intended future. Strategic planning is the process by which these questions are answered.

STRATEGIC PLANNING: THE FUTURE

In the argument above we have considered the principal activities involved in strategic planning; the compelling motivation for people to make sense of their organization and where it’s going, and how strategic planning can be the enabling process for this; and the fundamental ‘first principles’ questions that form a logical sequence to achieve this.

Figure 2: Strategic planning: the fundamental questions
In this way of looking at strategic planning there is no limited timeframe, no rigid process, no defined documents, no ‘dry remoteness’; instead it’s about people working together to achieve a shared understanding and common commitment to action. It is dynamic, flexible, adaptable, relevant and meaningful. It requires high levels of skill – strategizing, organizing, leading and learning - and the ability to help the organization navigate its ‘strategy journey’. There is value to the organization to invest in the skills and the time to answer these questions: it’s a way of positioning strategic planning at the heart of an organization, and making it relevant once again.

ABOUT THE AUTHOR

David Booth

David Booth works as an independent management consultant helping organizations with their ‘strategy journeys’: clients include a range of large and medium-sized organizations from international financial services companies to specialist NHS Foundation Trusts.
Artificial Intelligence is one of the most important things that humanity is working on. It’s more profound than electricity or fire. Sundar Pichai, who said this in January this year during a TV interview, would know. He is, after all, the CEO of Google, the company that completed 24 AI acquisitions between 2010 and 2016. A recent survey of C-level executive in 60 Fortune 1000 companies indicates that, for almost three quarters of the respondents, investments in AI will have the greatest impact on their business’s ability to stave off disruption.

So Google is getting excited about AI and blue chip organizations are getting in on the act. All well and good. But how should Strategists feel, and more importantly, what should they do about AI?

Based on our personal experience of technology and strategy, we believe that, as it matures, AI will drive dramatic changes in the work of Strategists. We anticipate that today’s helpful array of automation tools - which all corporate strategy teams and strategic planning professionals must embrace - will morph into the AI of tomorrow, profoundly disrupting our profession. To put it bluntly, AI has the potential to put all Strategists out of their job.

A RAPID EVOLUTION PATH

AI is on a path of rapid evolution. A recent article by Matthew Smith, under the editorship of Malcolm Frank, Chief Strategy Officer at Cognizant, provides welcome clarity on the history of AI, tracking its roots in automation and its swift and momentous transformation into something altogether more powerful.

- First came systems that do. This is the space of Robotic Process Automation and data collection. A current application of a system that does this is Amazon Lex, a robot that converts speech to text. In strategic planning, it might be a computer that consolidates and validates market data for you. Helpful indeed and, in some cases, indispensible stuff.

- The next step of maturity is when systems think. This is becoming prevalent in customer service contexts where a machine can help solve queries and incidents. IKEA has operated a chatbot on its website for ten years, starting back in 2005. Amazon Alexa, with its ability to process natural language, is a recent example, now deployed in a range of service desks around the world. The UK’s Department for Works and Pensions is piloting Alexa in some of its contact centres to help benefit claimants reach the right team and get the right access to public funds.

- The third step of development is characterized by systems that learn. This means virtual agents that are able to operate in non-rules-based situations. This is where true AI starts to appear. Among other things, machines at this stage are able to perform sentiment analysis. By looking at photos and videos Amazon Rekognition is able to recognize the emotion of a particular individual. The application to crowd control, as an example, seems promising.

- In addition to the Cognizant 3-step model, we suggest there is a further stage beyond learning and that is machines that feel (see figure 1). Today, this is the realm of sci-fi movies (with Ex Machina, the 2015 film directed by Alex Garland, a particular favorite of ours), is quickly becoming reality, with yet-to-be imagined commercial applications.

1 Big Data Executive Survey, NewVantage Partners, January 2018
2 Intelligent Automation: Where We Stand — and Where We’re Going, Cognizant, 2016
WHO’S AT RISK?  
NOT JUST BLUE-COLLAR WORKERS

Machines that do, Stage 1 of automation, replace low skilled human jobs, and they help highly skilled people do their job better, faster and more efficiently. The forecast decimation of taxi and truck drivers, as autonomous vehicles take over, is well documented. The same is true with many other manual jobs: burger flippers, warehouse stackers, shop assistants, the list goes on. The rule of thumb at this end of the job market is simple: the lower the skill required (and by correlation, the lower the income), the higher the potential for rapid automation.

From Stage 2 onwards however, any role, regardless of skills level, could be a target for automation. In fact, in a 2016 article, McKinsey estimated that people whose annual incomes exceed $200,000 spend 31% of their time on tasks that can be automated, with technology available today. It’s worth noting that the average salary of a Corporate Strategy Manager in the US is $117,907 at the start of 2018.

Beyond repetitive functions and data-related activities, McKinsey believed that a number of soft skills are candidates for partial automation:

- 20% of time spent on stakeholder interactions (a major part of any Strategist’s role, by anyone’s reckoning – think socializing next year’s strategic plan with each board member in your organization before the big reveal at the formal meeting) is open to automation.

In applying expertise (arguably the raison d’etre of a strategy professional), the percentage of likely automation drops, but only slightly, to 18%. This could be expertise in scenario planning, industry knowledge, competitive intelligence or even decision-making.

- Last but not least, McKinsey said that 9% of the time spent on managing others is also automatable by today’s technology. Could an AI robot manage your strategic planning team some day? Would the CEO like that to happen soon? Would you wish it on yourself?

FROM WEAK SIGNALS TO LOUD STATEMENTS

This is not science fiction. What were, just a couple of years ago, weak signals of AI success are growing stronger. Let’s consider the following examples of intellectual skills being taken over by AI engines today:

- At Tata Communications in Mumbai, the innovation and marketing team have created a deep learning-enabled bot that provides real-time insight. This has been a five-year endeavour that finally came to fruition in 2017. Now fully operational, the AI tool has increased the capacity of its market analyst team by a factor of 10. Tata’s focus today is on tracking its customers (thousands of organizations are tracked) and their intent to purchase the types of solutions and services that Tata provides. The internal customer is the sales team of Tata – which has been very pleased with the 500 leads delivered by their new AI colleague last year. It is clear however that the AI engine can easily be pointed in a different direction and help with competitive landscaping and scenario planning – domains typically seen as the preserve of strategic professionals.

- In the Spring of 2014, Deep Knowledge Ventures, a Hong Kong venture capital firm that focuses on regenerative medicine projects, appointed a software algorithm to its Board of Directors. Christened VITAL (Validating Investment Tool for Advancing Life Sciences), this AI entity makes decisions by scanning clinical trials and previous financing rounds of prospective companies. Unsurprisingly, VITAL can do more of it, faster than any human. More surprisingly, but just like the other directors, VITAL has a vote on the board. To our minds, VITAL sounds like it’s...
acting as a fully-fledged trusted strategic advisor, except not a human one.

- In London, ‘magic circle’ law firms Clifford Chance and Slaughter & May are piloting respective AI solutions to help clients in a range of legal disciplines, from M&A due diligence to regulatory matters.

- In the accounting field, EY, PWC and Deloitte are all using AI today. Some of the work is to crunch data, assisting auditors doing their work faster. But AI is also used to identify and launch new business lines, apparently three times faster than before.

Market mapping, opportunity assessment, investment decision, new business launch. AI is squarely playing in the Strategic Planner sandpit. And holds the promise of reshaping the way organizations do strategy. A study by BGC and MIT bears this out, revealing that 23% of businesses surveyed last autumn had incorporated AI into their processes – not necessarily their strategic planning process, but why wouldn't you? In our view, this is only the beginning of an adoption curve that could well take off rapidly.

**AI VELOCITY AND THE LIFE EXPECTANCY OF STRATEGISTS**

Remember that these examples (and the McKinsey automation percentages mentioned earlier) reflect what today’s technology can do. If anything, technology advances are getting faster. Two recent stories, widely reported in the media, illustrate this.

Speech is an area where AI has made incredible progress in a very short space of time. UK-based readers may recall John Humphrys interviewing Eugene Goostman, on BBC Radio 4 in June 2014. Eugene is the first AI agent to pass the Turing test. By all accounts, the radio segment was underwhelming, characterized by slightly halting delivery, with a few non-sequiturs thrown in. Contrast this with the fluency displayed by Erica, the android creation of Osaka University’s roboticist Hiroshi Ishiguro, when it answered questions put to it by journalists from the Guardian newspaper in the spring of 2017. Not quite as good as Ava, the fictional but very lifelike android in the Ex Machina movie, yet a huge improvement on Eugene. And that progress was made in only three years.

But what's three years for Alpha Go Zero? The AI agent developed by DeepMind Technologies, incidentally one of Google’s 24 acquisitions, taught itself the game of Go and reached the world’s top level in just 40 days.

40 days or 3 years – how long have we Strategists got before AI overtakes us?

The answer is actually not as stark as we may fear. Based on recent research carried out with over 350 leading AI academics

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5 Reshaping Business with Artificial Intelligence, Boston Consulting Group and MIT Sloan Management Review, September 2017
6 For the avoidance of doubt, Ava is played by human actress Alicia Vikander, of Sweden. But how long before actors are replaced by CGI-enhanced robots?
7 When Will AI Exceed Human Performance? Evidence from AI Experts, Katja Grace et al. Future of Humanity Institute, July 2017
and industry experts from around the world, the University of Oxford's Future of Humanity Institute estimates it will take 120 years for all jobs to be fully automated.

Strategists may not be the last job category to go, as this honor is seemingly reserved to AI Researchers (optimism you'd expect from asking AI Researchers). But we are not the first ones either. We'd like to think an experienced Strategist could legitimately be positioned between a Surgeon and a Math Researcher, two professions actually plotted by the Institute team.

If that's true, our profession has a life expectancy of approximately 40 years; before full automation is reached. In other words, by 2060, today's set of automated strategic tools which we like and rely on will have turned into a collection of entities that provide better analysis and strategic decisions than us, humans.

This, in turn, could lead to the complete displacement of Strategists from the job market. Not that many other humans would still work by then: the Institute team forecasts that truck drivers will be automated in 12 years and Retail Sales Assistants three years later. That's eight million jobs in the USA alone gone by 2030 or so.

**WHAT'S A STRATEGIST TO DO?**

Whether you are an experienced or an aspiring Strategist, the fast and disruptive evolution of AI should give you cause to pause and consider your career path, as, frankly, it has for us.

At the very least, experiment! There are AI tools available today: try them out, mobilize the team around you and decide from these pilots what works. If nothing is quite right, think about building something that meets your requirements. Speak to your peers. SPS and ASP are both great forums to exchange ideas with like-minded professionals - learn from their experience.

You'll benefit in the immediate term, and so will your organization. And it'll get you in a better place to make the most of the next 40 years.

**ABOUT THE AUTHORS**

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David Smith is the Deputy Director of the Parliamentary Digital Service (PDS). David has held a broad range of roles within a number of leading companies in technology and service business contexts, including EY, PA Consulting, Accenture, Fujitsu and the Foreign & Commonwealth Office.

**Vincent Rousselet**

Vincent Rousselet has led marketing and strategy teams globally for IT and Telecoms blue-chip organizations such as BT, Fujitsu and Amdocs. He recently set up his B2B consultancy and advises clients on issues at the intersection of technology, strategy and marketing.
Working with Emergent Strategy

by Patrick Hoverstadt and Lucy Loh

There are many approaches to strategy development and strategic planning. In 'Strategy Safari', Mintzberg characterises 10 different schools of strategy, the source for each school, and the discipline on which they are based. What’s fascinating is how many of these have their roots in the stable economic period of the 1950s or 60s, with a few rather later in the 1980s or 90s. What’s also interesting is how many of these schools – on which so many strategies have been based – Mintzberg defines as having no underpinning base discipline.

Those schools of strategy, developed for stable business conditions, are still in use, yet the complexities of business and organizational life today render many of them impractical, as they require a stability and a length of planning horizon that simply aren’t present now. This isn’t just a theoretical viewpoint: there is plenty of research and surveys which suggest that around 70% of strategies are not implemented, with some offering a figure of more than 90%². This suggests that some new ways of addressing strategy development are badly needed, to dramatically shift that 70% figure, and provide strategy approaches which are fit for today’s environment.

We believe there is a different way of thinking about organizational strategy which is more effective in the fast-moving and disruptive ecosystems that today’s organizations sit within. A different principle base, if you will. Our practical experience shows that looking differently at an organization and its environment, or more accurately thinking differently about an organization in its environment, yields important insights to strategists which aren’t available from other strategy approaches.

For us the story started over twenty years ago during a massive upheaval in supply chains in the UK automotive industry and a client project that had a strategic dimension for an automotive sub-components company bashing out parts for car and truck makers. What became really clear was that their strategic direction was not a function of any plan, but of the strategic relationships that they were locked into. Literally locked in, the tightness of their coupling to prime manufacturers was dragging them in a direction that dictated how they would work, invest, even think, demonstrating total commitment to the prime manufacturer. The relationships had their own momentum that dictated pretty much everything, and they were getting tighter and tighter. One critical observation was that none of the prevalent strategy tools was of any real relevance.

This was no isolated incident. Once we’d got our eye in, we could spot the same sort of phenomenon everywhere we looked, of key strategic relationships driving the strategic direction, across every industry we worked in, in every country, and in organizations large and small. Relationships, the nature of the strategic fit between the organization and other players in its environment, really matter and these relationships have their own direction and momentum and largely carry organizations along. And if you think about it like that, then suddenly, of course, the reported failure rate of conventional strategy starts to make sense. If the strategic fit and imperative of relationships is driving strategic direction, then is it any surprise if conventional planning fails quite so often?

So let’s look at some of the main aspects of thinking about strategy in terms of key strategic relationships, and the practical applications of those.

FOCUS ON THE RELATIONSHIPS

Every organization sits in a web of strategic couplings. In thinking differently, we don’t look at individual organizations (the competitor, the partner, and so on) but shift focus to look at the relationship between them, their structural coupling³. An organization is affected by, and affects, the other actors to which it is coupled. Some couplings will provide value the organization wants, others will detract from the value the organization wants.

Thinking this way, strategy is about managing the organization’s set of couplings, such that they deliver the overall (net) value which the organization wants. A coupling can be added or removed or, more usually, the characteristics of an existing coupling can be changed, to be more to the organization’s advantage. One of our clients looked at all its couplings and discovered that the one they really cared about, that could have a
substantial impact on future profitability, was talked about in the organization, but wasn't actually there: in reality, the organization hadn't built a coupling to this key external actor.

**MULTIPLE INDEPENDENT AGENTS**

It can be seductively easy to set strategy as though the organization is operating on a blank canvas, as though it can define a direction, and travel there without let or hindrance from anyone else. But any organization typically has 2-5 important couplings, sometimes more. The other actors each have their own independent will, and their conscious or unconscious actions may get in your way, as well as other actors which don’t currently have a coupling with the organization. These multiple independent agents are all manoeuvring in the same space, and collisions between them can and will happen. Considering the other actors in this way enriches strategic thinking by mapping out the environment or ecosystem of which the organization is a part, and the effects of its couplings. Imagine trying to drive down the road, the way we conventionally do strategic planning and assuming that other actors will clear out of our way, we wouldn’t get very far without crashing and the “crash rate” of organizations tells the same story.

**MOMENTUM: THE DEFAULT DIRECTION**

A coupling has its own dynamic and direction, and unless one of the actors in the coupling (or the environment itself) intervenes to alter the speed and direction of travel of the coupling, the relationship will continue on its default track. Of course, it may be that the default speed and direction of a coupling suits both actors, although it’s important to say that riding the momentum could be a conscious or unconscious choice. Mostly, it’s unconscious, which highlights the importance of being able to identify momentum at work in a coupling. A client in the IT sector stayed coupled to Microsoft as a platform for many years, mostly an unconscious strategic choice, and realised only just in time some of the risks of that.

**RATE OF CHANGE**

Clearly, an organization needs to change at least as fast as its environment, and ideally as fast or faster than its competitors as well. So understanding and calibrating change rates – the time dimension of strategy - is critical.

One of the challenges of being carried by momentum in one coupling is that it can be very comfortable, and it’s very easy to take one’s eye off the ball, to stop looking for changes in the environment which could be of significance. It’s critical to look not just at change, but at rate of change. More than that, it’s about relative rate of change. It’s about being obsessively interested in an organization’s rate of change relative to that of its environment and its competitors.

Being able to up the change rate requires good foresight, sensing and making sense of changes in the environment, to know when and how to change. It often requires high agility, the ability to switch resources rapidly from one activity to another. And it nearly always requires speeding up the strategy cadence, the frequency at which strategy is developed, reviewed and revised, and the elapsed time it takes to do that, since this is one of the easiest ways to improve your strategic agility.

**SPEED**

In the field of military strategy, to quote Wellington: “speed is everything”. It is equally important in business strategy – strategic threats and opportunities typically come in windows in time, and if you miss the window, then it’s too late. So it’s particularly odd that speed hardly figures in much of conventional strategy.

If relative tempo is important then the set of strategy thinking styles need to include an assessment of speed. In some couplings, it can be important to be synchronized, to have no speed differential between the two actors in the coupling. Collaboratively, the two actors may need to be synchronized, perhaps to make a shared process or governance cycle work. Competitively, one actor may choose to track or synchronize to another in terms of a particular offer. In other couplings, relative speed is critical – being first to market usually requires being faster than other actors, for example. And there are also times when being slower can be helpful, to force another’s hand, or to create differentiation. Thinking about relative speed in a coupling can yield many insights, generating options to feed into strategy development.

**MANOEUVRES**

The manoeuvring of each actor is important. Strategy can be developed as a mental construct: ‘the plan’, a roadmap. But strategy is about the organization manoeuvring within its strategic environment to change its position relative to other actors. That shift in thinking is huge, from thinking about strategy as something purely mental – something distinct from action – to thinking about it as what really happens on the ground, about who changed, in what way and with what effect. Think about
it as the military do. In business contexts, strategy is a set of manoeuvres that organizations execute, while considering what actions ‘they’ (the other actors) take, and the implications of those actions, and strategy also deals with feedback from the real world. It’s about the organization making itself fit for its environment, or making its environment fit for it. A manoeuvre is a change in the disposition of resources in focus and time: real people and real resources being deployed in real actions and activities. Manoeuvres become very precise, not just a vague “be more agile” but instead “be this fast, in that business operation.” And that specificity of manoeuvres makes it very easy to shift from strategy development to strategic planning.

EMERGENCE

Henry Mintzberg writes about emergent strategy, the actual strategy that emerges from the decisions and actions of an organization, as contrasted with the strategic plans that hardly ever get implemented. Emergent strategy is the strategy which the organization really follows, with structural coupling as the driver of emergent strategy. If you think about strategic direction as being largely driven by the nature and dynamics of sets of structural couplings the organization is in, each with their own direction and momentum, then emergent strategy appears as a natural and inevitable consequence. Emergent strategy explains that 70% plus failure rate of strategies that ignore structural coupling: the effects of the structural couplings totally overwhelm the organization’s strategic plans. Each relationship exerts pressure or tension on the organization to move in particular directions, and some will have a greater effect than others. The overall strategic direction is the product of all of these. So, when Mintzberg talks about emergent strategy, this is how it emerges, and it is structural coupling that drives it.

CONCLUSIONS

These are very different ways of thinking about a strategic situation and developing strategy. In practice, they are ‘sticky’ – the ways of thinking are easy to grasp and apply, and they bring a coherence and focus to strategy discussions. They also highlight where specific information or detailed analysis is needed. Using couplings means that strategy development can be applied in competitive and collaborative situations, and those which are a bit of both. Critically, it’s very fast, at least an order of magnitude faster, to develop strategy by thinking in these ways. And in today’s world, speed of strategy development can be a critical strategic differentiator.

There is more information on Patterns of Strategy at http://www.patternsofstrategy.com

The book “Patterns of Strategy” is published by Routledge and available through bookshops and online.

1 Mintzberg, H. and Ahlstrand, B. 2008 Strategy Safari
3 Maturana, H. 1992, Tree of Knowledge

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Business Transformation 2.0
– OUTCOMES THAT ENDURE

by Sean Chamberlin

Execution beats strategy. How often have we heard business leaders repeat this mantra? However, execution of strategy remains as prone to failure as ever. McKinsey estimates that 70% of business transformation initiatives are not successful over the longer term. Another study by PulsePoint Group published in Forbes in 2016 concluded 84% of companies fail at digital transformation.

There has been a lot of research into why these failure rates are so high. This article both summarizes the key findings from that research and puts forward a new best practice model that if followed increases your chances of success from 30% to over 90%.

There are seven characteristics of transformation programs that have been proven to contribute to both a faster realization of tangible and measurable business benefits and outcomes that endure by uplifting business capabilities.

**SIMPLICITY**

The successful execution of any strategy usually involves transforming a complex mix of capabilities across an organization. This complexity must be communicated simply in ways that are both understandable and relevant to all stakeholders. This includes clear linkages between what is being proposed (the aspirational target state), why (the goals), how (the strategies), when and who. The Harvard Business Review published an article in 2005 in which Robert Kaplan and David Norton claimed their research revealed that “on average 95% of a company’s employees are unaware of, or do not understand, it’s strategy.”

The communication of strategy using multiple channels in ways clearly relevant to the day-to-day lives of all stakeholders is a prerequisite to strategy achievement.

**PEOPLE CENTRIC**

People must be brought ‘on the journey’ embracing all aspects of the change. Research from ProSci, the owners of the ADKAR change management framework, has shown the percentage of projects that exceed objectives increase from only 16% for those with poor change management programs up to 51% for those with fair programs and 95% for those with excellent programs. The same research shows the key items to focus on are to communicate often, use champions at both executive and grass roots levels, raise awareness of the need for change and celebrate wins.

A successful execution of any strategy is dependent upon both being:

- Relevant to customers in a way that provides genuine differentiation.
• Exciting to staff in a way that motivates them on a personal level and focuses their efforts.

COSTS MINIMIZED

McKinsey conducted research in collaboration with the University of Oxford that concluded large IT projects run on average 45% over budget. These budget blowouts are common across public and private sectors and have continued despite the increased adoption of non-traditional approaches such as Agile. The same study identified four recommendations:

1. Focus on managing strategy and stakeholders rather than exclusively on the budget and schedule. Master technology and project content by securing talent.

2. Build effective teams by aligning incentives with project goals.

3. Adopt short delivery cycles and rigorous quality checks.

I would add that another dimension is the use of innovative commercial arrangements that only require you to pay for services as you realize the benefits. This includes paying external vendors in arrears on an ‘as a service’ basis that enables rapid scale up and scale down of resources without risk. These contracts can include the phasing of payment tranches that are aligned with benefit realization, therefore providing an incentive for vendors to uplift the internal capabilities of your organization. Contractual clauses that allow for automatic cancellation without reason and without penalty within the initial 10% of the planned project duration is another innovative way of reducing risk. Vendors that are confident in their capabilities and ability to deliver a great customer outcome should have no concerns.

DISRUPTIONS AS AN OPPORTUNITY

Many organizations have focused on creating risk management plans that mitigate the impact of disruptions in the marketplace or new disruptive technologies. For example, telecommunications companies have spent years trying to slow down the adoption of new technologies like DSL and SIP Trunking that were cannibalizing the revenue of existing legacy products, while innovative new startups reaped the benefits. A more strategic and long-term approach is to embrace disruption as an opportunity to create new competitive differentiators.

HOLISTIC

The speed of change is limited by the slowest moving component. Therefore, everything must move in unison. A holistic approach ensures people, culture, processes and technology are all in scope. This requires monitoring of speed metrics that proactively identify any bottlenecks before they create issues. The following diagram provides a checklist of elements to be considered.

TWO SPEEDS OF CHANGE

Simultaneously running two change programs will enable both fast and agile delivery of quick wins while still focusing on the big picture.

• Transformation program that keeps the long-term vision in mind. This program of work identifies the modular projects required to deliver the overall strategy as well as the relative priorities and interdependencies.

• Agile projects that start with the minimum viable transformation, then pivot rapidly and continuously adapt to changes.
GOVERNANCE 3 PHASED

Organizations with above average IT governance earn 20% more than those following the same strategy with a weaker governance framework according to an article by Ross and Weill published in the CIO Journal in 2005 titled 'Recipes for Good Governance' and often supported by others such as PWC. Governance frameworks however have often become too burdensome and inflexible, therefore encouraging people to find workarounds. They also tend to focus on the risks of budget and/or schedule blowout. These risks are purely focused on execution and by this stage the risks with the most significant business impact may have already been realized. The two other risks that have the potential for a far greater impact are lack of relevance (the risk that your projects are not going to result in achievement of your goals) and lack of efficiency (the risk that your solution is not the best, fastest & cheapest option). A governance model with three separate checks enables all these risks to be managed proactively. The phases entail:

- **Strategic** – is a project relevant to the business goals?
- **Planning** – is a project leveraging best practices and has it been designed with the best, fastest & cheapest approach possible?
- **Execution** – are costs, timeline & scope under control and risks being managed?

IN CONCLUSION

This approach will allow you to harness the full energy of your organization’s resources to work together to achieve common strategic goals while reducing the risk of failure.

ABOUT THE AUTHOR

Sean Chamberlin has over 30 years experience in eight industries, four Top 100 multinational corporations and four technology startups. He founded the consultancy ‘Strategy Implemented’, becoming its inaugural CEO. He is now the Principal for Business Strategy and Transformation at Terra Firma.
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