THINKERS 50 EUROPE

KROMANN REUMERT

Contents

The changing nature of change

Deborah Rowland

Look outside and test the temperature. Financial austerity lingers after the most major global economic crisis since World War II; shock political outcomes have created Brexit and a Trump presidency; there are 2.6 billion smartphone users, and 6.1bn (80 per cent of the world's population) predicted to have them by 2020; 65 million refugees are fleeing from their strife torn homelands, an increase from 19.2 million in 2005; and acts of brutal terrorism have put fear onto the beaches of Egypt and into the heart of cities as far apart as Beirut, Baghdad, Istanbul, London, Manchester, Mumbai, Sydney, Paris, and Barcelona.

In this turning and turbulent world, such unpredictable, unstable, interconnected and dynamic conditions change the very nature of change.

First and foremost, change moves from being a one off programme that can be initiated, implemented, and then put aside as you return to a new stability; to an ongoing changing phenomenon, in which survival requires you to be in a continual state of adaptation to new contexts. For sure there will still be a need for set piece change, such as an acquisition, a new brand launch, or an IT system change. Yet the emphasis has now shifted from viewing change as an episode to acknowledging it is an endemic phenomenon. This switch from change to changing, from noun to gerund, places a high premium on leaders who can build change capability in their institutions and foster it as an ongoing emergent process. The primary task of top leaders in today's unpredictable world is not to come up with the definitive grand plan for the future, but to create in society the capacity to be constantly in innovation and adjustment, as today's solution can look quickly outmoded.

Second, it is clear that the world is increasingly a globally interconnected place, in which change no longer lies within your personal control. Be it a result of social media, technology innovation, global migration or geopolitical union (or uncoupling as in Brexit), it is far less easy today to isolate causality for an event to just one location. You try to pull up the plant yet see that its roots are extensively connected to its neighbouring beds. Systemic and complex issues require a commensurate type of response. In such a world, the leadership of change requires a willingness to collaborate across traditional boundaries and to see the world as a connected ecosystem, underpinned by a deep capacity to hold an appreciation for the whole of existence over the selective promotion of certain beliefs or interests.

Finally, the new disruptive nature of change sharpens our attention to its process and its consequence. Given the increasingly high cost of failing to adapt to today's changing context – including our planet's very survival – I believe it's no longer good enough for leaders to bring about change without equal consideration for how to implement it. Too often I see leaders only attend to what has to be done, without any consideration for how to bring this about. I will go even further and say it is irresponsible to be a leader today if you are not prepared to examine and adapt your own response to these changing contexts. How you do change fundamentally determines where you end up.

So, change is now ongoing, endemic and not directly controllable, yet is the essential leadership capability as its price tag for failure becomes ever more expensive. I have repeatedly shown through my own research that high quality leadership is the single biggest determinant of successful change outcomes. Yet while the need to master it rises in importance, we are also repeatedly reminded that most change efforts do in fact fail as the inherent difficulties faced in their implementation remain. Somehow, we are not learning from the lessons of experience. Now, more then ever, is the time to rectify that.

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What kind of entrepreneur are you?

Joseph Pistrui

A recent New Yorker cartoon shows a young man and woman sitting at a café table. "Just curious:" says the woman, "when, exactly, were you planning to tell me that you're the product of a 3-D printer?" Perhaps living today has not changed that much, but we do reside in a world of ever-accelerating change. Consider:

- China has introduced a train that does not run on rails.
- The shoelace was invented 3,500 years ago; one company has decided to reinvent it.
- An Indian company has developed a shopping bag that is "100% natural, biodegradable, and edible!"
- You can now buy a foldable yet durable water bottle.

Medium will overwhelm you with more examples like these. It lists "9 Innovations That Could Become the Next 'Big Thing,'" "7 Innovations That Will Change the Future of Medicine," "5 Tech Innovations That Could Save Us From Climate Change," and even "The 8 Great Innovations of Breaking News."

While Heraclitus (around 500 B.C.) said that "life is change," in the digital age, change itself has changed. We have moved from a marketplace dynamic driven by episodic change to one driven by exponential change. In terms of changes in society and human behavior, the impact is similar in magnitude to the move from the field to the factory. As a descriptor, The Industrial Revolution seemed adequate. The Digital Revolution somehow seems to understate things. That's because today's rate of change is creating an entirely new context in which human behavior — in our personal lives as consumers, and in our working lives as professionals — must continuously adapt and evolve.

ENTER THE ENTREPRENEUR

Entrepreneurs are masters of change. An entrepreneur is someone who puts into practice some combination of behaviors related to identifying, pursuing and delivering new things — products, services, processes, practices and business models — that create value. My research has identified five types of entrepreneurs, based primarily on their level of openness to new possibilities and their level of comfort in dealing with the unknown.

An entrepreneur is focused when he or she leverages past experience and expertise to exploit a known value proposition. While he may integrate new technologies, it will be consistent with how the firm already operates; the technology enhances the efficiency of the existing business model. A focused entrepreneur sticks with what has been working and adopts a cautious wait-and-see posture in the face of uncertainty.

An entrepreneur is incremental when he or she proactively considers adjacent opportunities in the marketplace to innovate. She takes steps to extend her business model, moves in measured degrees, and leverages expertise, position, network, or other current capabilities in new ways.

By being more open-minded, this type of entrepreneur will intentionally extend current activities (advantages) into new domains that could augment the proven business model. The mindset of the incremental entrepreneur is open to such action when meaningful new opportunities to grow can be identified in adjacent arenas.

An entrepreneur is playful when he or she is keen to embrace uncertainty in order to envision new horizons. The playful entrepreneur proactively jumps into whole new business processes or products as a way to unlock potential when facing ambiguous challenges. He does this by using imagination to explore possibilities beyond the current business model, experimenting with new product and service concepts, delivery techniques, systems and platforms. What makes him playful? Simply put, this kind of entrepreneur eagerly questions the status quo, expands aspirations and explores new horizons. The playful entrepreneur employs behaviors that promote exploration, discovery, and experimentation to fully engage the unknown, taking a chance that engagement with entirely new ways of thinking can reveal promising new opportunities for further exploration.

The fourth kind of entrepreneur is exponential. He or she deploys distinct behaviors whenever they sense the value derived from current product-service paradigms is waning, the opportunities for incremental improvement seem exhausted, or new technologies open entirely new pathways. In short, such an entrepreneur intuits that the best way forward is to become a pioneer — to search constantly for the "next big thing" by regularly exploring potential new marketplace frontiers. Of the four kinds of entrepreneurs, he is the most adept at accepting uncertainty deftly and managing any inherent risks associated with it.

THE KINETIC ENTREPRENEUR

Most entrepreneurs favor a single set of behaviors — focused, incremental, playful, or exponential — and remain honed into that mode. This is often the case based on a track record of success, habit, or a narrow capability set limited to a single comfort zone of behavior. It can also be the result of a reluctance to embrace uncertainty, a risk adverse orientation, or full-on fear of failure.

In contrast, kinetic entrepreneurs are willing to move to and fro among the four entrepreneurial zones. That is, they are willing to be focused when that is the correct mode for the marketplace, or incremental, or playful, or exponential — again, if any of those modes align with the nature of the opportunity at hand.

The kinetic entrepreneur endeavors to master all four behavior sets, realizing that, as the world continuously changes, so too must the entrepreneur wanting to proactively shape it. Moreover, he or she has the confidence and leadership ability to extend the need for change to entire organizations, thereby maximizing the degree to which it can collectively prolong and renew its advantage. Kinetic entrepreneurs are never static. They are committed to moving with the same energy as the marketplace.

While episodic change mostly accommodated our desire to remain in our preferred behavioral mode, today's constantly evolving marketplace requires us to continuously evolve as well (a form of managerial lifelong learning), and to match our behavior set to the plethora of new opportunities generated by relentless progress.

Which kind of entrepreneur are you? You may have drawn an initial idea just by reading the profiles above. However, you can take a still-under-development beta assessment by going to https://www.surveymonkey.com/r/entrepreneurialstyle. Focused? Incremental? Playful? Exponential? Each type of entrepreneur has strengths and weaknesses. Given the rate of change today, it's not where you are as an entrepreneur, it's how you can grow until you become a full-fledged kinetic entrepreneur.

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Dancing with gorillas

Shameen Prashantham

Today's most pressing challenge for CEOs in diverse industries is that of coping entrepreneurially with the disruption being wrought by high-velocity technological advancements such as the digitization of economic activity and the convergence of previously distinct technologies. (How many predicted that the once-largest mobile phone company in the world, Nokia, would be disrupted by a computer company?)

Broadly speaking, CEOs who are vigilant to the need for continuous and rapid innovation have a two-pronged approach to foster entrepreneurship: from an internal perspective, they seek to promote intrapreneurship (that is, entrepreneurial efforts such as developing new products by existing employees) and investment in external entities, in some cases new ventures, often through minority stakes as a means of scanning the environment for new technological developments relevant to the corporation's strategy.

These efforts, which certainly have their uses, are insufficient because they tend to fall short in respect of accessing novel knowledge speedily. Intrapreneurship, by definition, involves internal employees whose skillset may reflect what the corporation already knows. Investment in startups often entails minority stakes and therefore an arm's-length engagement that is not particularly conducive to speedy fine-grained knowledge exchange. Yet, the high velocity of change in the technological environment warrants greater urgency in accessing novel knowledge from external firms – without necessarily having to control them.

Key questions CEOs should be thinking about are: How can we systematically partner with relevant innovative startups (before they disrupt us)? How can we synergize the impact of startup partnering with our other existing initiatives such as intrapreneurship and investing in external firms? How can we tap startup-rich knowledge pools around the world?

The solution entails a three-fold strategy:

First, corporations must develop capabilities and practices for systematic partnering with relevant innovative startups. An important facet of this is clarifying synergies between the corporation and startup-partners (for instance, distinguishing between product-building by the startup on top of the corporation's underlying platform technology versus solution-building by the startup to address pain points of the corporation).

Another aspect is creating interfaces that make partnering more user-friendly for the startup through the availability of designated "startup engagement managers" who represent a first port of call to startups and run well-defined practices such as boot camps, accelerators and go-to-market programs.

Finally, a key element of systematic partnering is cultivating exemplars (success stories of startup partnerships) that serve as an inspiration for startups to partner with the corporation – which is likely to be competing with other corporations for the hearts and minds of innovative startups.

Second, corporations must harness value from their startup partnering in conjunction with their other entrepreneurial efforts such as intrapreneurship or investment in promising firms. While the limitations of initiatives pertaining to intrapreneurship and investment should be recognized, these are still of value to corporations. And, this value can be magnified through synergies with partnering initiatives targeted at startups. For instance, a partner-startup's new technology might be usefully integrated with a new idea emanating through an intrapreneurship programme to provide genuine novelty to the resultant innovative output. Or, partner-startups could be proactively viewed as prospective targets of investment – which means that invested startups will have more intimacy with the corporation than if they were merely the recipient of arm's-length investments.

Unfortunately, however, accomplishing such synergies is easier said than done because these initiatives are often carried out within organizational siloes by managers who don't always talk to each other because of the organizational structure, or turf wars. What are required are boundary-spanning managers who are incentivized to nurture links across these initiatives.

Third, corporations must adopt a global mindset and adapt startup partnering practices to different contexts around the world. Of note are the differences between advanced and emerging markets. Corporations in advanced economies would be missing a trick if they overlooked the exciting innovation coming out of emerging markets – long seen as sources of low-cost labor with copycat firms. However, engaging with the small but distinct minority of startups interested in developing genuine intellectual property in markets like China and India will need modified partnering practices. For instance, corporations may have to work harder at partner screening to compensate for the lack of reliable benchmarking standards. As another example, corporations will typically have to build closer government ties to leverage policy efforts targeted at startups that have a heightened impact in such markets.

In conclusion, partnering with startups may have a cool ring to it, but doing it well calls for genuine commitment and considerable diligence. But the payoff will be worth it – unlike some of your disrupted competitors, you'll live to tell the tale.

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In conversation

with Rita McGrath

The End of Competitive Advantage was a hugely successful book, and a real breakthrough book for you, but it's been a few years now, so what have you worked on since? What are you working on now?

Rita McGrath: Lots of different projects. I have a new book in the works which is about strategic inflection points. One of the interesting things in doing the research for his new book is that between the time an inflection point gets going and the time it actually shows up on your doorstep, typically you have time to act. That was the most interesting thing to me, which was that people always think inflection points come out of the ether and eat us alive, but usually they've been brewing for some time.

So, let me give an example. Back in two thousand and something, YouTube was created and it was created by a bunch of guys who were fed up with how difficult it was to share videos with one another. And in the beginning, nobody really took it seriously, because what was it? It was cat videos. Who could take that seriously? But if you think about it, YouTube, for the very first time, any individual, anywhere, with a smart phone or recording device, could share video with millions of people. Before that invention you would have had to own a movie studio -- you would have had to be Universal Talent or something -- to do that. So, it relaxed a constraint for everybody.

At the same time you had, around then, the invention of Facebook. If you wanted to send a message to a billion people, before Facebook, you would have had to own printing presses. You would have had to own multiple media stations. After Facebook, you could send it instantly, and again, nobody took it seriously in the beginning, because what was it? College kids sending beer bong pictures around to each other. Nobody really thought it was a big deal.

And at the same time, around 2006, you had the invention of Amazon Webservices, and again, for the first time, two guys in a garage could harness the computing power that you would have had to be IBM to use years before that. So, you put those three things together, and what you've got now is this absolutely potent mix of being able to share a video, share content, and do it all in a flexible computer backbone, which had never been possible before. One of the companies that really took advantage of this is a company called Dollar Shave Club.

Mike Dubin, who started Dollar Shave Club, was basically ticked off at how difficult it was to supply his shaving needs. In America, for example, you have to go to a drug store, and because shaving razors are so expensive they're like catnip for shoplifters. And so, what they do is they keep them behind lock and key, inside a cabinet called "the shaving fortress."

You had to go find a helpful shop floor clerk and get them to unlock the the shaving fortress and get your razors, and the last I looked, a six pack of Gillette razors was something like $18.96. I mean they're really expensive.

And so, this guy, Mike Dubin said, why does it have to be that way? We can make high quality razors. We can source them from Korea, and we can send them to you, on your doorstep, one a month. So, that was a good idea, but what made it really take off, past the inflection point, was he made this hilarious two-minute video about how his razors were going to change the world, and then broadcast it. It went viral almost instantly.

People on Facebook became brand ambassadors. So, people at Proctor and Gamble, for example, would have paid sales force to do it, but all of a sudden, Dollar Shave Club has all this free publicity, with hundreds of hits. 20,000 blades sold on the very first day this thing went live. Dollar Shave Club's now five years old and it is a very big, sustainable business. Unilever bought the company last July for $1billion, so they had a very successful exit.

Procter and Gamble, their share of the men's cartridge market in the United States, went from about 71 per cent in 2010, to just under 60 per cent. It's about 59 per cent today, and totally took them by surprise. But this is my point about inflection points, which is, have you been paying attention? What constraint is being relaxed in the environment that I'm used to competing in? They could have possibly seen that, and they could have mounted a response earlier, rather than getting whacked by something that took them by surprise.

How do you define a strategic inflection point?

Any industry, any company, when you're founded, you're operating within an envelope of constraints, which are dictated by the technology of the time, by what's possible at the time, and you grow up with that as part of your DNA. So years ago, all of publishing, for instance, was constrained by what's the cost of paper and ink? What are the union contracts around how we deliver and what we do? What are the constraints that limit how much reach we have? How much advertising we have? And yet, when something comes along that changes those constraints that has the seed of an inflection point, and because you're used to dwelling within this envelope of constraints, you don't even see it coming.

What's surprised you about the research?
Well, the surprising thing was how obvious it all is in hindsight. You look back and you say well of course, duh, we didn't see that. But in the moment, it's very hard, and I think part of it is what I call, the problem of the dance floor versus the balcony. If you go to a dance, and you're on the dance floor, and you're in the action and you're dancing and you're moving, and somebody were to ask you afterwards, what was it like? You would have said, it was fantastic. People wore great dresses and the music was loud, and I got to meet all these fascinating people. But if you had stopped the dance and gone up to the balcony, and looked down on the dance floor, you would have seen a completely different picture of what was going on that evening.

So, I think part of the message of the book is, we need to be able to do both. We can't just stay on the balcony. If you just stay on the balcony, you're not going to make anything happen, but if you're so enmeshed, and this is where I see so many executives today, being completely enmeshed in what's going on, what's the next email, what's the next meeting, what's the next airplane flight? And they really don't take that balcony perspective and step back and say, what's the bigger picture here?

And what's stopping them from doing that? Just the fascination with, or the obsession with action and doing things in the short term, or short-term financial pressures?
A lot of it is the way our financial system is set up -- that's a whole other conversation. But there aren't a lot of incentives to take that balcony perspective in your ordinary executive's life. Their world is scheduled out for months sometimes. I've had people try to schedule meetings with chief executives, and they try to set up a meeting for when he's on a plane, but that meeting's already scheduled with six people. So, I think they're just so busy they don't realise that it takes time to step back and reflect, and see what the bigger picture really is.

And when you talk to CEOs and people in the C-suite, how do they respond to these ideas?
Three responses, one is, don't be ridiculous, that's not me. Two is, oh, I never thought about it that way, maybe I should think about it, and three is, yes, we have processes in place to regularly do this.

Do attitudes change? You travel a lot. Are there different attitudes in different countries?
Yes, I would say countries that are more stable, where there's less open competition tend to be less fluid. There's fewer of these inflection points coming and kicking you, because there is less opportunity for them to do that. But countries where the markets are more open are more likely to be affected. And if I think about the United States, one of the things that is very interesting is that you've got this juxtaposition of some industries, some sectors, which are becoming actually more oligopolistic. So, airlines, cable television, internet services, contrasted with some that are just wildly competitive, and it's fascinating to me that you've got this juxtaposition of the two in one economy.

Where will that go though? Is that sustainable?
I don't think oligopolies are. We were just talking about airlines earlier, and they're going to end up getting their levels of customer service regulated, if they're not careful, because the public is so annoyed at them.

But the other extreme, the wild west of competition, is that viable in the long-term?
It can be if competitors do it properly, but it is difficult. It shaves margins, it gets people thinking very much in terms of the next move, rather than the next strategy. So, that has its own problems.

You spend your time travelling the world, talking about these ideas, what do you enjoy about it? You need to spend an awful lot of time in airports.

You do. I love the people. I love hearing what they're thinking about, what they're worried about. I love learning from different environments. That's very rewarding to me. I think one of the things that myself, as well as the other thinkers that you work with, one of our great advantages is we get to talk to lots of different companies, and we actually get paid to think, which is astonishing. So, when you talk to people from different environments and say, hey, have you thought about this, have you thought about that? And their eyes light up and a light bulb goes on, that's very rewarding.

Rita McGrath was talking at the 2017 European Business Forum in Odense.

The hierarchy of purpose

Antonio Nieto Rodriguez

Every organization needs a hierarchy of purpose. Without one, it is almost impossible to prioritize effectively.

When I first joined BNP Paribas Fortis, for example, two younger and more dynamic banks had just overtaken us. Although we had been a market leader for many years, our new products had been launched several months later than the competition – in fact, our time to market had doubled over the previous three years. Behind that problem was a deeper one: we had more than 100 large projects (each worth over 500,000 euros) underway. No one had a clear view of the status of those investments, or even the anticipated benefits. The bank was using a project management tool, but the lack of discipline in keeping it up to date made it largely fruitless. Capacity, and not strategy, was determining which projects launched and when. If people were available, the project was launched. If not, it stalled or was killed.

Prioritization at a strategic and operational level is often the difference between success and failure. But many organizations do it badly.

Take another real example: a postal service company delivering packages to customers. Like many other postal services, the company has been struggling to survive in an era of increasing competition and digital substitutes. Senior leaders gathered employees together at a series of town hall events where the CEO asked them to focus on two operational priorities: efficiency (reducing delivery times) and customer satisfaction (ensuring customers had a good experience).

One employee, Mary, got the message. And it worked fine -- until she was out delivering packages and was met at the door by an old lady who asked her to come in and talk for a while. Mary's natural inclination was to spend a little time with the lonely old lady. It would be a kind thing to do, and surely it would also increase customer satisfaction. But then she froze. What about efficiency? If she spent even a few minutes chatting with her customer, her delivery times would suffer. What was she meant to do? Thousands of employees at this company were facing similar tradeoffs every day.

The predicament is a typical one. The senior management of the postal company thought they had communicated clear priorities, but in fact they had created an operational dilemma that resulted from strategic confusion.

Contrast this with other successful companies. The European budget airline Ryanair, for example, is absolutely clear that it is a no-frills operation where efficiency is the operational priority – and efficiency takes precedent over customer service. The people who work for Ryanair know what the priority is, and thus know how to allocate their time on the job.

Prioritizing increases the success rates of strategic projects; increases the alignment and focus of senior management teams around strategic goals; clears all doubts for the operational teams when faced with decisions; and most importantly, builds an execution mindset and culture.

Of course, sometimes leaders simply make the wrong decisions: they prioritize the wrong thing. But in my 20 years as an executive, the problem I see more often is that leaders don't make decisions at all. They don't clearly signal their intent about what matters. In short, they don't prioritize.

Among the organizations I have worked with – and others such as Apple, Amazon, Lego, Ikea, and Western Union which have highly developed senses of priorities – the payoffs are considerable. Companies that start prioritizing can experience significant reductions in costs (frequently 15 percent of the total spent on project activities) as less-vital activities are cut and duplicated efforts are consolidated.

The number of priorities admitted to by an organization is revealing. It is notable that if the risk appetite of a senior executive team is very low (or they are not able or inclined to make the tough choices), they will tend to have a generous portfolio of priorities; they don't want to take the risk of not being compliant, missing a market opportunity, not having the latest technologies, and so on. On the other hand, the most successful executives tend to be more risk taking and have a laser-like focus on a small number of priorities. At the extreme this might mean simply having a single priority. They know what matters today and tomorrow.

I have over 20 years of experience prioritizing, selecting and managing projects. In that time I have developed a simple framework that I call the "Hierarchy of Purpose". It is a tool that executive teams can use to help them prioritize strategic initiatives and projects.

Purpose: What is the purpose of the organization and how is that purpose best pursued? What is the strategic vision supporting this purpose?

Priorities: Given the stated purpose and vision, what matters most to the organization now and in the future? What are its priorities now and over the next two-five years?

Projects: Based on the answers to the first two points, which projects are the most strategic and should be resourced to the hilt? Which projects align with the purpose, vision and priorities and which should be stopped or scrapped?

People: Now that there is clarity around the strategic priorities and the projects that matter most, who are the best people to execute on those projects?

Performance: Traditionally performance indicators in projects measure inputs (e.g., scope, cost, and time). They are much easier to track than outputs (such as benefits, impact, and goals). What are the precise outcome-related targets that will measure real performance and value creation?

At best, prioritizing enhances the strategic dialogue at the top of the organization, which it is then cascaded to the rest of the organization. Once you lead the executive team to understand this, priorities become embedded in the organization and its corporate culture.

Think of your organization's priorities. Are all of your diverse activities prioritized in the best interests of the organization as a whole? What is the best use of the organization's existing and future financial and operational capacities? How would your priorities change in case of a sudden economic downturn?

A well-communicated sense of organizational priorities helps to align most of the projects and programs in an organization to its strategies. But, the reality of an organization is much more complex than many suggest. Sometimes the strategic objectives are not clear, or nonexistent. Often, there is a gap and lack of alignment between the corporate strategic objectives and the ones from the different business units, departments or functions.

In reality, it is impossible to match all of an organization's projects and programs to strategic objectives. Ensuring that at least the most important projects and programs — let's say the top 20 — are fully aligned with the strategic objectives is more achievable.

By applying the Hierarchy of Purpose executives learn that changing priorities is a fact of organizational life. Indeed, for every priority an organization stops, it becomes more focused. Every terminated priority is an opportunity to learn and do better next time. Priorities change and, if managed successfully, have the capacity to fundamentally change organizations, but to do so requires that top management make tough choices.

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The 4 key reasons most organisations underperform against targets

Guy Arnold and Russell Wood

Every organisation wants to hit targets, and achieve their goals. Yet, so often, this is much harder than they expected when except those same targets and goals. This is often put down for reasons such as:

- The market was tougher than we expected
- People underperformed against expectations
- Something happened outside our control
- Our marketing wasn't as effective as we wanted it to be
- Our competitors undercut us

And the list can go on for ever and ever: repeated every year, we've expectations dashed but people feeling frustrated rather than happy and progressive.

But, when we examine under the surface, we usually find that the real reasons for underperformance are not on the outside, but very much on the inside, and very much at the core of everything that goes on inside an organisation.

Four things generally need examining and changing:

1. Misguided beliefs
2. Inaccurate focus on what the customers are looking for
3. Inadequate continual improvement systems
4. Misfocused measures

A little more about each one of these.

Misguided beliefs:
Most organisations believe that they exist with the main purpose "to make money". But and this is a misguided belief: all organisations in fact have been main purpose of: "to do something so brilliantly that people are happy to give them money, come back regularly and rave about them to their friends".

We've been wrong beliefs, people throughout the organisation will be tempted and in fact targeted to do the wrong things. For example:

- Cut costs at the expense of customer experience
- Do sales and marketing promotions that are focused on the short-term rather than the long-term
- Wangle figures and processes to hit short term goals, rather than long-term reputation and customer loyalty

Inaccurate focus on what the customers are looking for-
Many organisations wrongly believe that customers are driven by material needs and price. Was this is of course a major factor that always need to be considered, customers are driven by the emotions: the emotions that they will feel when they meet or exceed their emotional needs, divided by the price they have had to pay to get that.

So, if organisations focus wrongly, they will treat the customers wrongly. For example:

- Cutting price so that they cannot give a great experience
- Abusing customers by their overzealous marketing
- Frustrating customers through difficult systems and processes
- Not treating customers as individuals and not demonstrating genuine care and attention.

Inadequate continual improvement systems
All organisations needs to continually improve. Even the best organisations will quickly die in this age of innovation and online transparency without continual improvement. Yet most organisations do not have adequate continual improvement systems in place, and the it staff working for them very often feel this empowered and ignored.

So, if organisations have inadequate continual improvement systems in place they will not be able to improve and keep up with the market, which is moving at breakneck speed all the time.

Misfocused measures
It is very rare to find organisations with fabulous customer focused lead measures. Most organisations only have money focused lag measures. What does this mean in real English?

- Money focused lag measures, are measures of activity, specifically amounts of money, that has happened in the past. For example:
    - How much money due to we made last week?
    - What was our margin? What were our costs?

The problem with these measures is that very only measure things that are important to the finances of the organisation. They do not measure what is important to their staff or their customers, and they do not give any helpful information on how to continually improve, what to change, and what to continue and develop. The net result of this is that many, perhaps most, organisations tend to be working very much in the dark with regards what really matters to their staff and their customers, and what they need to develop and change in order to drive engagement, loyalty, reputation and sales.

Customer focused lead measures on the other-hand are measures of what really matters to the people who are going to decide the fate of the organisation: the customers, above all else, and, making the difference with them: the staff within the organisation.

Our four step strategic sales through service system addresses all of these four areas, and empowers organisations to:

- Build phenomenally powerful belief systems and principles
- Focus all of their systems and processes on the customers' real needs
- Build and operate simple, achievable, powerful continual improvement systems and
- Have quality powerful measures to drive all of the above and focus everyone in the right area.

Only when all these things are done do you have a genuine chance of continually achieving targets and over performing against expectations.

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Liberating innovation

Stuart Crainer & Des Dearlove

The best book on innovation? There are, of course, a great many to choose from. The bookshelves groan under the weight of innovative wisdom. Among our own favorites is the large, rambling and gushingly anecdotal, Liberation Management, a sprawling compendium of Tom Peters' thinking on management in the 'nanosecond nineties'.

The original manuscript was 1,900 pages long and was only reduced to a manageable size after a third of the material was cut. It is, observed Karl Weick, written in 'hyper-text'. The language is colorful - 'middle managers, as we have known them, are cooked geese'; 'the definition of every product and service is hanging. Going soft, softer, softest. Going fickle, ephemeral, fashion' -- and, at times, impenetrable as Peters' passion overwhelms his prose. Liberation Management, published in 1992, received the best and worst reviews of Peters' books.

Liberation Management marks an important development in Peters' career. It emerged from an intensive period of reading Chandler and Hayek and was the first of his books since In Search of Excellence to feature in-depth examinations of individual companies.

Liberation Management's central message reflects a substantial change of emphasis from that of Peters' earlier works (In Search of Excellence, A Passion for Excellence and Thriving on Chaos). Ten years on from In Search of Excellence, Peters contends that his previous work was marred by paying too little attention to the perennially vexed question of organizational structure.

Peters does not mean structure in the traditional hierarchical and functional sense. Indeed, his exemplars of the new organizational structure are notable for their apparent lack of structure. And herein lies Peters' point. Companies such as CNN, ABB and Body Shop thrive through having highly flexible structures able to change to meet the business needs of the moment. Freeflowing, impossible to pin down, unchartable, simple yet complex, these are the paradoxical structures of the future. 'Tomorrow's effective "organization" will be conjured up anew each day,' says Peters.

Only with such vibrant structures will companies be able to deliver the customer service championed by Peters in his previous books and, it is only through such dynamic organizational forms that companies will be able to survive. Not that Peters forgets customer service. 'How customers perceive their relationship with your company determines whether or not you'll have a customer for life. That's almost obvious, if almost always ignored.'

Key to the new corporate structures envisaged by Peters are networks with customers, with suppliers and, indeed, anyone else who can help the business deliver. 'Old ideas about size must be scuttled. "New big', which can be very big indeed, is 'network big'. That is, size measured by market power, say, is a function of the firm's extended family of fleeting and semi-permanent cohorts, not so much a matter of what it owns and directly controls,' he writes.

And, networks must move quickly. The book's central refrain is that of fashion -- 'We're all in Milan's haute couture business and Hollywood's movie business,' writes Peters. 'This book is animated by a single word: fashion. Life cycles of computers and microprocessors have shrunk from years to months.' The new model organization moves fast and continually does so, seeking out new areas which make it unique in its markets.

Clearly, this requires quite different managerial skills than those traditionally needed by managers. Indeed, Peters says that the new organizational forms he depicts are 'troublesome to conceive - and a downright pain to manage'. The new skills are now familiar. Peters bids farewell to command and control, ushering in a new era characterized by 'curiosity, initiative, and the exercise of imagination'. It is, he argues, a step into the unknown for most organizations but also a return to first principles: 'For the last 100 years or so....we've assumed that there is one place where expertise should reside: with 'expert' staffs at division, group, sector, or corporate. And another, very different, place where the (mere) work gets done. The new organization regimen puts expertise back, close to the action - as it was in craft-oriented, pre-industrial revolution days...We are not, then, ignoring "expertise" at all. We are simply shifting its locus, expanding its reach, giving it new respect - and acknowledging that everyone must be an expert in a fast-paced, fashionized world.'

Peters identifies Liberation Management as the best of his books. Its merits - and drawbacks - lie in its relentless energy and endless examples. Interestingly, many of the companies featured by Peters have been used as examples in a wide variety of later books.

Peters explains: "I've moved from the hyper-organized In Search of Excellence with its McKinsey logic to the very scatter shot A Passion for Excellence to the hyper-organized Thriving on Chaos than the mightily disorganized Liberation Management. Think of an accordion. It tightened up with In Search of Excellence, loosened up and then became anal-retentive with Thriving on Chaos and then completely loosened with Liberation Management.

“Now, I say, beware of the champions of order, the people who offer “rules” for tidy and righteous living. It doesn’t work that way. Seeing complex issues in black and white is stupid. Life is messy, very messy. In the real world, you have to enjoy the mess. This is particularly true in a downturn. You need to see flux as an opportunity, a chance to launch the bold initiatives you have always meant to launch.”

Liberation Management feels fresh. It contains timeless truth and possesses a unique inspirational vigor. Seek it out.

Stuart Crainer and Des Dearlove are the founders of Thinkers50 (thinkers50.com). Tom Peters received the Thinkers50 Lifetime Achievement award at Thinkers50 2017.

Resources

Tom Peters, Liberation Management, Alfred A Knopf, 1992

Operationalising ideas

David Trafford and Peter Boggis

Ideas are important, as without ideas there can be no progress. But not all ideas are good or make a positive contribution to business and society. Some ideas may be interesting – and possibly intellectually stimulating – but are of no other value when it comes to informing organisational strategy and transformational change. The potential value of ideas is only realised when they are applied and turned into operational reality. However, turning ideas into operational reality remains a challenge for most organisations, and a source of frustration for many CEOs and executive teams. Why is this the case, and why has it remained so for some time?

Ideas don't have to be new to be of potential value. In fact many of the most powerful ideas are not new; Quality circles, customer centricity and horizontal integration, for example, have been around for some time. Old ideas are also often reinvented or repurposed – albeit with a different 'spin'. So how can CEOs and other senior leaders increase the chances of applying – new and old – ideas for the benefit of their organisation? We would argue that while ideas are important, creating the conditions for their successful application is actually more important. Here we describe what we consider to be the seven most important conditions.

The first condition for success is understanding the purpose of ideas. Obviously it's to bring benefit – but how? In the context of organisational strategy, we believe the purpose of applying an idea is essentially to change the trajectory of the organisation, from one taking it to its default future to one that leads to an improved future.

The second condition is understanding what default future the current trajectory will lead to. Where a default future is the place an organisation will end up, if it takes no action other than that currently planned.

The third condition is for the leadership team to have an aligned view on which ideas – old or new – should be applied in order to change their organisation's trajectory to an improved future. Nothing confuses people in an organisation more than leaders within the same leadership team advocating different – often conflicting – ideas.

The fourth condition is accepting that an organisation is on a given trajectory for a reason: and the reason is that an organisation is anchored to its current (default) trajectory by a set of powerful forces. Some of these forces are exogenous as they originate from outside the organisation, for example regulation, demographic change and digitalisation; where others are endogenous as they originate from within the organisation and are a result of past management strategies and actions. Examples of endogenous forces include organisational structure, reward and recognition policies, supply chain design and IT systems.

The fifth condition is that the most influential of the endogenous forces are the capabilities that the organisation has built up over time. Examples include cost management, innovation, merger integration, process management, collaboration, IT service delivery, and health and safety. Formed from a combination of shared mental models, common language, processes, habits, practices, conventions and shared experiences, they act like the muscles of the organisation, and the more they are used the more powerful they become. While some organisational capabilities, like collaboration, can contribute to applying ideas – and thereby changing the trajectory of the organisation – others like process management can 'anchor' it to its current trajectory.

The sixth condition is that only by understanding the influence of these exogenous and endogenous forces, and taking action to strengthen some and weaken others, can an organisation have any chance of successfully introducing the chosen ideas and changing its trajectory.

The seventh condition is that ideas cannot be imposed upon an organisation. For ideas to 'take' they need to be 'pulled' into the organisation by the very people who are expected to apply them. If ideas are 'pushed' on people then there is a high probability of rejection, particularly when they don't see their purpose or understand how best to apply them. When people see the value of an idea they are more likely to apply their expertise, experience, energy and knowledge of the context within which it is to be applied to 'pull' the idea in the organisation.

If these seven conditions are in place, then the ideas chosen to change an organisation's current trajectory are more likely to be accepted and successfully applied. The value of an idea – and the benefits it brings – is only realised when the idea is successfully operationalised. In the context of organisational strategy it's when the idea results in a change of trajectory; a trajectory that leads to an improved future.

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Leadership which transforms

Stuart Crainer

The standard management tools to bring about organisational change remain rooted in the industrial era. But, in a world where change is constant and unpredictable, a simple process to manage change as a one-off event feels overly formulaic, providing a false sense of order and security in a disorderly and insecure world.

In response, it is becoming clear that our appreciation of how change works in organisations and how it can be brought about also needs to be changed.

It is happening.

Take Microsoft. In February 2014 the company announced that its new CEO was Satya Nadella. Since his appointment Nadella has challenged how Microsoft gauges its success. Revenues and profits are all very well but they are always by their very nature historical, lagging indicators of performance. Nadella suggests that "customer love" is the leading indicator of success. Nadella sees his job as converting Microsoft employees to this view of their role in the commercial world. He is the tone-setter.

What is amazing is how quickly the tone of the company and its very culture has begun to shift. Within a comparatively short space of time, it has become more collaborative. Having an iPhone is no longer a crime. Indeed, the company has partnered with Apple and Salesforce.com, among others. Previously, Microsoft gobbled up new tech companies, digested them and that was often the last ever heard of them. Collaboration was seen as weakness. Competition, internally and externally, was fierce and unforgiving.

"You could say that the cultural transformation at Microsoft has replaced fortress walls with a porous membrane: a dynamic relationship between the company and the markets it serves, because that is the only way companies stay young and relevant," says Margaret Heffernan, author of Beyond Measure (2015) and Wilful Blindness (2011) – as well as being a mentor and board member of Merryck & Co. in Europe.

Transformation twenty-first century style is not a programme nor an initiative. It is not focused on churning out ever-greater profits (though, clearly, profits are essential). Instead, it is focused on culture, changing how people behave individually and collectively. The leadership capabilities to deliver long lasting transformational change are as broad ranging as they are challenging:

Provide purpose-giving measures of success: Microsoft has clearly shifted notions of what constitutes success for the company. Financials are not only one-dimensional and unmotivational, but always historical. Change has to be ignited by a sense of purpose. This is the work of leadership.

This flies in the face of accepted business practice which is often built on using internal competition as a motivational tool. Colleagues are actively encouraged to compete against each other. The most striking example of this is the popularity of what is somewhat euphemistically called the "vitality curve". This is a grading system in which the bottom-most performers are asked to leave the organization. Estimates of how many corporations use such systems vary but range from 12 to 60 per cent of Fortune 500 companies. Microsoft abandoned its approach along similar lines in 2013 and others (including Adobe and Ford) have followed suit.

Set the tone, constantly: Michel Van der Bel, chief executive of Microsoft UK, argues that leading transformation must begin with the individual leader. They must demonstrate – every day – an appetite for change. They set an example of what change entails and demands. This was always the case, but thanks to technology and the media, leaders are in the spotlight as never before. This requires an authentic, consistent and open response.

A corollary of this is that leaders must be constantly aware that change can be ignited by apparently inconsequential behaviours. As the rise of behavioural economics, books such as Nudge, and a host of sporting examples have proved, small changes can add up to substantial shifts in behaviour and performance. Given time evolutions create revolutions.

Tune-in: And key to this is a willingness to tune into the context of the company. Leaders have to engage with employees, customers, suppliers, and other stakeholders as never before. They are constantly curious ambassadors rather than order-givers and speech-makers.

Living with and leading within a particular context is a subtle art. The best leaders are able to fit in without seeming to do so.

It is interesting to ask CEOs and other leaders how they spend their time and how much time they spend talking with customers and colleagues. The most impressive tend to be those who work hard at tuning in. They are constantly connecting and communicating.

Open to new ideas: This curiosity-led quest to understand the context inside and outside the company is accompanied by an open-mindedness. “Good planning, execution and analysis were once key. Now our ability to plan has been challenged by our inability to make predictions. Because of complexity the window for prediction is short. This means organizations have to think of how they can be more flexible, responsive and adaptive so they can change all the time. This requires different attitudes and aptitudes. Everyone, suddenly is in R&D and market research,” says Margaret Heffernan. Companies will only be open to ideas if their leaders are open to ideas.

“I am always encouraging people to read. Information is out there,” continues Heffernan. “Of my mentoring clients half are avid readers. If you read, you keep learning. It makes you open. Increasingly leaders will have to keep themselves on top of what’s happening in the world. They need to have omnivorous curiosity, talking to people, reading.”

Open to collaboration: A focus on internal collaboration – or at least on maximising internal resources – dominated the machine age. This is now necessary but not sufficient. The need is for internal and external collaboration.

Consider Oceanspray, an agricultural co-operative owned by over 700 cranberry and grapefruit growers in North America. Such co-operative ownership is frequently cited as an element in creating highly motivated and adaptive cultures. It is, says Margaret Heffernan, part of “a move away from the industrial idea of production to a much more organic idea of production and organisation”.

Or Arup which describes itself as “an independent firm of designers, planners, engineers, consultants and technical specialists”. Among thousands of global projects, it has worked on the Sydney Opera House, Channel Tunnel, the Centre Pompidou, and the recent $888 million update to New York’s Fulton Center.

Key to Arup’s approach is multi-disciplinary co-operation. Arup has a unique ownership structure in which the organisation is held in trust for its employees. It doesn’t have the usual performance measures nor a policy on progression. Arup is built on a foundation of collaboration both internally and externally.

Open to debate: The perfect boardroom should echo with the clash of corporate rams – young and old -- butting up against each other in constructive intellectual combat. A fundamental role of leaders and leadership teams is to encourage debate and resolve conflict. The best organisations thrive on argument.

Debate and discussion are frequently and surprisingly difficult to find in organisations. “Often, leaders – especially senior ones – fail to seek information that makes them uncomfortable or fail to engage with individuals who challenge them. As a result, they miss the opportunity to transform insights at the edge of a company into valuable actions at the core,” says Hal Gregersen of MIT’s Leadership Center.

Gregersen cites the observation of Ed Catmull of the movie-maker Pixar who says, “a hallmark of a healthy, creative culture is that its people feel free to share ideas, opinions and criticisms”. At Pixar Catmull introduced the idea of a Braintrust. This is a place where ideas can be shared openly and honestly in an effort to solve problems. This has four rules: no-one can over-rule the director; conversations are peer-to-peer; everyone shares a vested interest in each other’s success; and honest notes should be given and taken.

The perils of not giving people such opportunities are significant and obvious. Cultures of silence, fear and denial are common to virtually all failed corporations.

“The risk of being blindsided is enormous. Leaders need to surround themselves with people who challenge them,” says Margaret Heffernan. “One of the hardest things about leadership is being surrounded by people who tell you what you want to hear. This is an age-old issue. I work with CEOs who work hard at igniting debate on the board and throughout the organisation. It is fantastic when you see docile leaders springing to life.”

What all this means is that leading change is not a solo activity. It still needs to be led by individuals. It still needs to be championed. But, increasingly, change is a team or group activity. “It is a different model of leadership,” says Margaret Heffernan. “We have had the period when there were global searches for superstars CEOs. That failed. What we need now are inquisitive, outward looking, leaders who engage with people and ideas inside and outside their organisations.”

Stuart Crainer is cofounder of Thinkers50.

Resources

Hal Gregersen, “Make it OK for employees to challenge your ideas”, Harvard Business Review, May 6 2015.

Margaret Heffernan, Wilful Blindness, Walker & Company, 2011.

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The 10 principles of implementation excellence

Ricardo Viana Vargas & Edivandro Conforto

Every CEO or leader is accountable for overseeing strategy design and delivery in his or her organization. Leaders also recognize that strategy implementation excellence is central to the organization's sustainable growth and prosperity. Yet most strategic initiatives fail because of flawed implementation, at great cost in time and resources. Consider these data points:

- A full 90 per cent of respondents to a 2017 global survey of 500 senior executives from companies with annual revenues of over $1 billion, conducted by the Economist Intelligence Unit (EIU), admitted that they failed to reach all of their strategic goals because of flawed implementation.
- More than half (53 per cent) of respondents to the EIU survey admitted that ineffective implementation of strategic initiatives has a profound impact on the organization's competitive advantage and performance.
- In addition, the Project Management Institute's Pulse of the Profession Survey found that for every $1 billion invested, $97 million is wasted through poor implementation performance.

Mind the strategy implementation gap

Global competition and a networked society are driving almost daily changes in the competitive landscape. In this highly kinetic environment, sustainable growth will depend on delivering the right strategies the right way. Yet the average organization fails to meet at least 20 per cent of its strategic goals as the result of implementation issues and challenges, according to the 2017 EIU survey. An earlier EIU study, published in 2013, showed that just a little over half of the strategic initiatives (56 per cent) have been successful.

The dynamic interplay between strategy design and delivery starts at the moment the organization defines its strategic goals and investments. Most organization leaders appear to understand the importance of implementation and acknowledge they need to upgrade their delivery capabilities. At least 59 per cent of respondents to the most recent EIU survey acknowledge a gap between their strategy design and implementation and recognize its negative impact on organizational effectiveness. That's barely an improvement over the 2013 EIU survey, when 61 per cent of respondents admitted to performance-sapping shortfalls in implementation.

There is, however, no single true path to implementation excellence. Because there are several frameworks for strategy design and implementation, every organization needs to craft its own recipe for strategic success. We believe this recipe will be more effective when it adheres to a set of core principles.

Why are principles so important?

At the Brightline Initiative, a coalition of leading global organizations, we have crafted a set of guiding principles to help leaders shrink the expensive and unproductive gap between strategy design and delivery.

We use the word "principles" for a reason. The Cambridge Dictionary says that a principle can be either a "moral rule" that defines "good behaviour or fair dealing" or a "basic truth" that "explains or controls how something happens or works." We view these principles as both a moral rule and a basic truth.

Practices can change, business models are disrupted, technology evolves, but principles do not change. They are the soul of strategy design and delivery. No matter the conditions of the organization's environment, no matter how complex and challenging its strategic goals, its principles are permanent. They safely guide leaders and teams toward the right decisions, practices, and processes. They enable organizations to counter the threats to the implementation of strategic initiatives and the realization of strategic goals. And they point the way toward more effective behaviours and attitudes and guide the use of appropriate practices, tools, and techniques aligned with the business's needs and challenges.

The Brightline Initiative Guiding Principles

1: Acknowledge that strategy delivery is just as important as strategy design.

Strategy delivery doesn't just happen automatically once it is designed. The importance of active and visible leadership cannot be overstated. You invest substantial resources, creative time, and energy in designing the right strategy. You need to give equal priority and attention to delivering it -- before you move on to something else. It's an essential part of your role to ensure that your organization has the programme delivery capability it needs to implement your strategy.

2: Accept that you're accountable for delivering the strategy you designed.

Do not underestimate entropy. The orchestration required to succeed in today's fast-changing and complex business environment is enormous. Once you have defined and clearly communicated the strategy, your responsibility shifts to overseeing the progress of implementation so that the strategy delivers results and achieves its goals. You need to know where in your organization change happens and who manages the programs that drive that change. You are accountable for proactively addressing emerging gaps and challenges that may impact delivery. Without this discipline, rigor, and care, your strategy has little chance of success.

3: Dedicate and mobilize the right resources.
Inspire and assign the right people to get the job done! Actively balance "running the business" and "changing the business" by selecting and securing the right resources for each—they often have different needs. Recognize that team leadership skills are at a premium, and assign the best leaders with sufficient capacity to tackle head-on the most challenging programs and those essential for successful strategy implementation.

4: Leverage insight on customers and competitors.
Don't forget to look outside. Continue to monitor customer needs, collect competitor insight, and monitor the market landscape for major risks, unknowns, and dependencies. Advantage in the market flows to those who excel at gaining new insights from an ever-changing business environment and quickly responding with the right decisions and adjustments to both strategy design and delivery.

5: Be bold, stay focused and keep it as simple as possible.
Encourage smart simplicity. Initiating or rapidly reacting to dramatic changes in the business environment is an increasingly important capability for success. Many of the delivery challenges you will face will be complex and interdependent. In the face of this, the best way to remain nimble is to surround yourself with simplifiers rather than complicators. You need people who can get to the core of an opportunity or threat, understand the drivers, deliver the information, and take the action you need in the way you need it. That way, you minimize bureaucracy, explore ideas, take appropriate risks, prioritize work, ensure accountability, and focus on delivering value through your strategic initiatives.

6: Promote team engagement and effective cross-business cooperation.
Beware of the "frozen middle". Gain genuine buy-in from middle and line managers by engaging and activating them as strategy champions rather than just as managers and supervisors. Don't just assume your people will "get it"–leadership must firmly establish a shared commitment to strategy-delivery priorities and regularly reinforce it. This isn't the time or place for subtlety. Govern through transparency to engender trust and enhance cross-business cooperation in delivery.

7: Demonstrate bias toward decision-making and own the decisions you make.
Follow your decisions through to delivery. Commit to making strategic decisions rapidly. Move quickly to correct course, reprioritize, and remove roadblocks. Accept that you likely won't have all the information you want, and rely on those you can trust to deliver sufficient reliable input to allow thoughtful decisions. Consider and address risks and interdependencies explicitly—both upfront and regularly throughout delivery. Build a lean and powerful governance structure to reinforce accountability, ownership, and a bias towards action, based on agreed metrics and milestones.

8: Check ongoing initiatives before committing to new ones.
Resist the temptation to declare victory too soon! With the right governance, leadership, rigor, and reporting capabilities in place, you can regularly evaluate your portfolio of strategic initiatives. Add new initiatives in response to new opportunities, but first be sure you understand both the existing portfolio and your organization's capacity to deliver change. Actively address any issues you discover. In the long term, strategic initiative management discipline -- critical for effective orchestration of a dynamic initiative portfolio -- will work only if robust assessment, support, and course correction are in place.

9: Develop robust plans but allow for missteps-- fail fast to learn fast.
Proper planning and preparation prevent poor performance! The old axiom is as true as it ever was, but in today's business environment, strategy planning cycles must be more rapid, dynamic, and agile than in the past. Empower programme delivery teams to experiment and learn in an environment where it is safe to fail fast. Discuss challenges openly, and adjust the plan as needed for success. Learn to reward failure, or at least accept it as valuable input.

10: Celebrate success and recognize those who have done good work.
Inspiring people is part of your job! Yes, you have to drive accountability and focus on delivery, but you also need to motivate those who do the work. Actively shape a winning culture by engaging and exciting the people responsible for delivering strategic change programmes. Celebrate successes and quick wins. Generously and publicly acknowledge those who demonstrate the leadership behaviours and programme delivery capabilities that make strategy succeed, and ask them to share their experiences.

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Organizations rise or fall on their ability to successfully implement winning strategies. At a time when leaders are expected to do nothing less than transform their organizations so that they can survive and prosper in a hyper-connected, fast-changing world, they urgently need to know how to turn ideas into reality. We at the Brightline Initiative are ready, willing, and eager to help leaders and their organizations build their implementation capabilities. We offer these 10 principles as a first step on a long and, we hope, ultimately rewarding journey toward implementation excellence.

Ricardo Viana Vargas is Executive Director of the Brightline Initiative (brightline.org).

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This article first appeared in Strategy@Work (Thinkers50/ Brightline Initiative, 2017).

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What happens to best practice?

Stuart Crainer

Another presentation about great companies and another mention of WL Gore. I have distant memories of WL Gore being held up as an exemplar of best management practice many years ago. Tom Peters venerated the company's leadership and culture in the 1990s. Since then many others have enthusiastically endorsed Gore. Visiting the company has become something of a light industry. Thousands have now made the pilgrimage.

But have companies put the Gore ideas into practice? Perhaps some have but only a small number and only to a very limited degree. Suffice to say, they are not household names.

Similarly, the Chinese company Haier is now the subject of a huge amount of interest in its innovative management practices. Gurus and practitioners alike make the pilgrimage to the Chinese coastal city of Qingdao to learn more about zero distance to the consumer and Haier's Rendanheyi model.

But even though the model has attracted international media coverage, a Harvard Business School case study and a steady succession of books (including Haier Purpose, published by Thinkers50) Rendanheyi has yet to be adopted by another large corporation.

So why does this happen time and time again? Why does best practice fail to make the leap into general practice?

First, there is a widespread belief that management is a pick and mix discipline. You don't have to buy into the complete theory but can take a little bit of it and apply it to your company.

This has a big element of truth. Management is a magpie science, stealing great ideas from sociology, psychology, philosophy, military thinking and any other discipline it can.

But, when best practice is a well-articulated and comprehensive approach to running an organization, pick and mix doesn't get you very far. All embracing organizational theories, such as Rendanheyi or Toyota's lean production, are resistant to only a single element being extracted and implemented. Alone and isolated they tend to be somewhat empty experiences.

The second factor which prevents best practice becoming universal is that individuals and organizations continue to have little interest in instituting major change. They like to think of change as a programme or an initiative. In doing do, change is contained and constrained. Adopting an entirely different way of thinking and working is far from easy — something the employees of GE Appliances will be finding after the company was taken over by Haier in 2016 and the Chinese company slowly and sensitively began the process of educating its new employees in the Haier way.

Another element to this is that best practice is always history. You may make the pilgrimage to Google to discover how it innovates, but by the time you have returned home and briefed the troops, Google will have moved on. Best practice is always backward looking so, to embrace it, any organization has to build in a means of updating it.

The final obvious stumbling block is that in many instances trips to ogle at organizational best practice is merely corporate voyeurism. Executives enjoy the trip and then shake their heads, 'I'm not sure it would work in Derby/Des Moines/Durban/Delhi, it is a whole lot more complicated and difficult here.' They might be right, but the passive acceptance of mediocrity can never be a good thing whatever your business.

Stuart Crainer is co-founder of Thinkers50.

On innovation ambition

Alf Rehn

Innovation, that beloved business concept, has never wanted for discussion or commentary. Everyone talks about it. Still, our current way of addressing it suffers from a troubling mismatch. There is no end to conferences, books, and magazine articles that in one way or other laud innovation. Yet this talk doesn't always translate to action, or enough action. More to the point, innovation can mean many things, some less ambitious than others. And due to this, we can have lots of talk of revolutions and disruptions, whilst seeing very little of either.

In my work with organizations, this can and has become quite tangible. Particularly so in big corporations. These do talk of innovation, almost as a mantra. At the same time, there is in many of these a distinct tendency to go for the easy way out when it comes to innovation. For instance, I was recently working with an large IT company. They are fast-growing, have healthy profits, and state that innovation is at the heart of all they do. At the same time, their time and resources go into updating their existing products. Their few more innovative projects tend to falter due to employee disinterest. The CEO focuses on existing clients, and the COO wields tremendous influence. As a results, their margins have started to drop, and much of their turnover comes from older products. They represent a typical case of low innovation ambition, and it may yet be their doom.

Not all innovation is created equal.

While we tend to talk of everything novel as "innovative" or "an innovation", this is a problem, not a solution. When any- and everything can (and is) referred to as an innovation, the word starts losing meaning. We can see this when companies market even the minutest change to a product an innovation. We can see it when even bureaucracies talk of supporting innovative services. After a while, the concept starts losing meaning, both in society and inside a corporation. The former is problematic enough, and deserves separate study. What the latter does is that it quells a company's potential of innovation. Employees stop caring, and no longer push radical ideas. Companies create ever more pedestrian improvements, lessening society's innovation as a whole. Step by step, statement by statement, innovation withers.

Talking the talk

The interesting thing here is the role played by innovation talk. Books and magazines insist companies are creating great innovations, and we believe them. Gurus tell us that we live in the age of innovation, and we trust them. Consultants lure us with tales of great innovation to come, and we nod along. Still, all this talk can be a ruse. It lulls us into a false sense of security, one where we abdicate our responsibility to innovate.

This was exactly what had happened at the IT-company I worked with. They had brought in cool consultants, and a hip brand agency. They had innovation slogans plastered across their offices. They had the word in their slogan. Their marketing material declared that their every product was an innovation. Their managers used buzzwords and catchphrases right out of the innovation literature. Phrases straight out of business magazines peppered company presentations.

Still, this didn't translate to enthusiasm among the employees. In interviews, I came across both apathy and confusion when it came to innovation in the company. Several of the people I talked to said they didn't know what managers meant by innovation. Others expressed a lack of interest in the very word. One stated:

I have no idea if we're innovating or not. The bosses say we are, but down here we're doing what we've always done. I laugh when I see a product I've written code for called an innovation. I know it's an update. Sometimes it's not even a great one.

What we see happening here is a case of innovation, as a concept, losing meaning. By overusing it, and applying it in indiscriminate ways, managers were suffocating it. Employees no longer saw it as meaningful, and as a result stopped caring.

In the land of lost ambition

The short way to put this is: When everything is an innovation, nothing is. In order for innovation to be meaningful and inspirational, it needs to stand apart. What had happened in the company I'm describing was the opposite of this. Nothing stood out, and as a result, employees started thinking that nothing mattered. In fact, the tendency to praise everything as an innovation lessened innovation. It isn't difficult to see why.

Innovation, real innovation, is always risky. It carries costs, it can fail, and you can look foolish for trying it. At the same time, you're supposed to be innovative, an innovator. For an employee, this can seem like a difficult thing to navigate. But the current vogue for declaring all things innovations creates a way out! Employees, realizing they can eat their cake and have it too, start gaming the system. They engage with innovation projects, but only safe ones. The more ambitious projects get little attention. Why why take the risk when you can be "an innovator" without it?

We can even see this on a company level. When media (and the stock market) rewards you for incrementalism, why try for radical?

As long as there are those prepared to call your new doohickey an innovation, why try to change the world?

The vapidity of our innovation discourse incentivizes companies to keep innovation ambition low!

What we need, then, is to reinvigorate innovation. Not by another poster, not by another workshop, but by making the word meaningful again. This isn't achieved by repeating the word over and over, but by being mindful about how it's applied. Further, we can do this by making innovation the exception, not the assumed rule. This latter point will no doubt confuse some. Shouldn't we try to make innovation an everyday thing? No.

Trying to make innovation a daily, constant thing is a recipe for exhaustion and lethargy. When innovation is a break with business as usual, it energizes. When it becomes a constant demand and a routine, it invites obliviousness. Managers who are nonchalant about the concept create cultures nonchalant about innovation. Innovation should be an exception, but not an anomaly. Instead, we should celebrate it as an exceptional thing, a special case. Incessant repetition of the term only makes it seem less special, more mundane. Boring, even.

Neither is innovation invigorated by celebrating every possible thing. Innovation participation is important, sure. But if everyone gets an award every time, we incentivize turning up, not doing great. Also, if we celebrate every small step forward, we lose sight of the heights we can scale. Most organizations can achieve great things, if there is ambition and drive. Bland innovation talk, and tepid leadership, can make this a nigh impossibility.

Towards the ambitious organization

So what is a leader to do? Ambition isn't created out of thin air, and often a key issue is what a leader stops doing. Shouting louder about innovation won't help, nor will bullying employees. Instead, intelligent leaders will consider the ways they themselves may have neutered discourse. Leaders need to consider what their organization incentivizes—talk or impact. Is saying the right thing more important than changing things? Then it is time for a change.

Say "innovation" less often—but mean it when you do. The easiest way to start is to talk less about innovation. Yes, this sounds counterintuitive. Still, the key element that stifles innovation ambition is the overuse of the concept. Refer to innovation when you mean major, impactful change. Refer to improvement when you've released a minor update to your product. This will communicate intent to the organization, and stops muddying the waters. You should of course keep demanding improvements, and development, and change. But by not calling everything innovation you make the latter sound important. You make it sound worth pursuing. You make it sound worthwhile.

Tell a powerful story. You build ambition by example, and stories are the greatest examples. It isn't enough to tell the organization that it should innovate more, it needs to have the context. Emphasize what kind of innovation story you feel best captures true ambition. Highlight what innovation can be, at its very best. Narrate the impact innovation can have, not for your company, but for your customers and users. Populate your story with true-to-life characters, and show the change in their life. Pick one, great story, one to repeat and retell. Rather than me-too slogans about innovation, have a story that illustrates impact. This will be far more meaningful for the organization, and better as a guide for the employees. Only when we know what story we're supposed to be part of, can we try to be heroes in the same.

Incentivize impact, not branding. In every major corporation I've worked with, there's always been one. One person, who has built their career on being close to "innovation", or even being "an innovator". Often this person knows the right things to say, goes to the right meetings, and is keen to present new buzzwords. Less often are they the real innovators. In an age of innovation talk, mastering this can be a career path. Still, the intelligent leader looks beyond the branding aspect, and asks about impact. Who pushes an ambitious agenda, and who hides behind a PowerPoint? Who tries to solve big problems, and who dresses up small enhancements with big words? Even with lipstick marketed as innovative, a pig with it is still a pig…

Focus on change, not slogans. Calling yourself a "disruptor" is easy. That's why so many are doing it. Enacting true change is far harder. Your marketing material may be punchy, but what have you changed? If your "innovation" disappeared from the market, would anyone (besides you) notice? Would anyone care? What you say about your company and its products matters less. It is the change you make possible, in the lives of your customers, that matters. Also, what change are you bringing to the world? Are you creating a better gadget, or are you part of creating a better world? The former might be novel, the latter deserves the label "innovative".

Be audacious. You, and your organization, can be so much more than you are. The world is full of wicked problems and huge challenges. As a society, we struggle with massive issues.

We struggle with how to live a good, healthy life in a world with limited resources. We struggle with how to bring the good that innovation can bring to the many rather than to the few. With struggle with how to progress without burning out the planet in the process. You can be part of this. Not be repeating "innovation" as a mantra, but by making it meaningful. You can set your ambition goals to "audacious", and choose not to take the easy way out with innovation.

It is my firm belief that every organization can be innovative. Each organization I've worked with has had resources, ideas, and competencies a-plenty. Not every organization has been able to channel this, though. Many have made innovation a word to throw around, not an ambitious goal for the organization. Many a leader I've worked with has failed to make their innovation strive ambitious. Many have failed to energize their employees, and through this under-utilized their capacity.

We can do better. You can do better. Many organizations may have lost their ambition, but the right leader can regain it.

Will you be that leader?

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The revolution is underway

Stuart Crainer

Some thirty years ago I went to interview Peter Drucker in London. At the time, I knew very little of his work. He was an old man who had written a few important books. When you are young you tend not to worry about such details. Suffice to say, I was sketchily prepared to interview the founding father of modern management in any vaguely intelligent way.

During the interview, my eyes were opened. Drucker was a veritable fount of knowledge and stories. As a child in Vienna he had met Sigmund Freud. He was also an expert on Japanese art. And he re-read Jane Austen annually to remind himself of what great writing is.

There was much more. Drucker talked for an hour or two. Along the way he commented that the book we all want to write is, 'How to make a million and still go to heaven'. I would still like to write this. I escorted him down the road to a pharmacy — as I remember, he needed something for an old skiing injury.

I left my meeting with Drucker convinced of the timeless nature of management — after all, it took management to tend the Hanging Gardens of Babylon or to build the Great Wall of China. Drucker taught me that management was also universal and had the power to change the world.

I was not alone.

Also during the 1980s in Qingdao in China, a young man by the name of Zhang Ruimin discovered an old, battered copy of Drucker's The Effective Executive. The book opened his eyes.

Fast forward to 2017 and I am sitting in a state of the art conference venue in Qingdao and alongside me is Zhang Ruimin, chairman and CEO of the world's largest white goods manufacturer, Haier.

Under Zhang's hugely innovative leadership, Haier has evolved from a basically bankrupt manufacturer of poor quality fridges to one of the most innovative companies in the world in terms of its management.

Haier's business philosophy is called 'Rendanheyi'. To the outsider it appears hugely complex, a large company basically deconstructed into a freewheeling entrepreneurial spider's web. Middle managers (some 13,000 of them) were eliminated in one dramatic swoop. Instead of forming another line in the hierarchy, they now have the opportunity to be CEOs of their own businesses within the company. This has spawned hundreds of micro-enterprises.

Wages are directly linked to the amount of value generated by individuals, all individuals. The author Danah Zohar describes Haier as a "quantum organization", one in line with the laws of quantum physics rather than the linear world of Newton.

Haier's model has developed its own — sometimes perplexing and lost somewhere in translation — language but at its heart are a number of key points:

1: Change leads to change. Haier seems addicted to change. At every stage when it looks as though a period of calm would be the answer, the energetic Zhang Ruimin has driven through even more change. Instead of being an isolated initiative or a programme, change is viewed by Haier as a fact of life. It is.

2: Level 5 management: Jim Collins refers to Level 5 leaders. These are leaders characterized by humility rather than the over-arching egos often on display in the C-suite. What is interesting about Haier is that humility has become a core part of the company's culture as well as Zhang Ruimin's personality.

This is manifest in a variety of ways. For example, when it takes over companies it does not send over a large swat team to convert the acquired company to their Haier way. Instead it plays a long and gentle game of persuasion. A handful of Haier executives may be sent to the acquired company. Their role tends to be passive rather than active. It is not missionary work. Instead they wait to be asked, 'How would you handle this at Haier?' When Zhang Ruimin visited the United States earlier this year he didn't visit the company's most eye catching acquisition, GE Appliances. He was content to let the company find its own way. It is difficult to imagine a Western CEO employing such an arms-length approach to assimilating a business into an already successful organization.

3: Learning constantly. The lead, as ever, must come from the top. Zhang Ruimin is a voracious reader. One of his aides shakes his head at the very thought of how many books he gets through. 'If we are sitting in an airport lounge he will be there reading a new book he has just picked up. Five a week he gets through sometimes.'

Talking to Zhang the truth of this is quickly apparent. He is hugely well read. His conversation moves easily from quantum physics to Henry Mintzberg, from Drucker to blue ocean strategy. He quotes from Kant and Frederick Taylor as well as Chinese inspirations. For a senior business leader, this is highly unusual - perhaps unique. CEOs, for one reason or another, generally prefer to spend their time differently than devouring the latest business blockbuster.

To the self-educated Zhang Ruimin learning is as natural as breathing. From early on in Haier's development he has traveled to meet up with the world's leading thinkers. He picks their brains and cherishes the conversations. Hardly a week goes by without a business luminary visiting Qingdao to meet with Zhang. Some, such as Gary Hamel, have become intellectual sparring partners. Hamel's anti-bureaucracy message has found a willing disciple in Zhang.

And Zhang is not alone. Listening to the CEOs of Haier micro enterprises it is clear that they are enthusiastic converts. They are effectively creating their own businesses under the Haier umbrella. The corporate home is reincarnated as an incubator, a platform for individuals and the organization to grow. And so, entrepreneurial energy and dedication — 'You may see the marks under my eyes, I have been awake for 30 hours,' one of the microenterprise leaders confides — becomes part of the corporate fabric, or the very loose and large tent which now constitutes a modern corporation.

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A few weeks ago, we had a tortuous problem with our bank. We talked to low level employees who were very pleasant but essentially powerless. Emails to senior directors were rejected. This situation is all too common in large organizations. People on the frontline have been stripped of independent decision making and organizational power. Meanwhile, senior executives come up with strategies and seem careless of their execution. In such organizations there is a managerial vacuum.

Management is at a crossroads. The robotic age will alter the world of work in fundamental ways. The negative perception is that jobs will be lost and that is the end of the story. Jobs will, indeed, be lost, but therein lies an opportunity. It frees up workers to assume the innovative position of responsibility created by Haier.

Companies exist to create and retain customers. Zero distance to the customer is one of many Haier mantras. It is one which Peter Drucker would have approved of.

Stuart Crainer is co-founder of Thinkers50.
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Agility for the strategist: The SLO Framework

Loizos Heracleous

Agility is the fashion of the day. Companies in industries as diverse as information technology, finance, hospitality and manufacturing operate agility programs. The challenge is, however, that nobody seems to have a clear idea of what agility is or what it entails; and those who do, tend to disagree with others in the know. This is hardly surprising given the multiple roots of agility. Becoming popular as a way to organise software coding efforts in a flexible, client-oriented and scalable way, agility was initially inspired by the Toyota Production System, the "rugby" approach to innovation, and even prior total quality management principles taught by Deming.

The "agility manifesto", created in 2001 by 17 software engineers in Utah, codified some principles of software development such as "people over processes and tools", "respond to change rather than follow a plan" and "working prototypes over excessive documentation". These principles make sense, but they appear more operational and relevant to software development than assuaging the concerns of the strategist wondering how agile their organization is or what agile actually means from a strategic point of view.

In my work with organizations including NASA's Johnson Space Center, I have developed a framework that can help to pin down agility for strategists and leaders. In 2014 the Johnson Space Center initiated a programme referred to as JSC 2.0 that aims to make the Center "more lean, agile and adaptive to change". I created the SLO framework as a way to spur strategic conversations about what agility might mean and entail.

From the strategist's point of view, agility is about one of the central challenges of organizations: adapting to changing circumstances. Leaders should be able to sense signals, evaluate them and take initiative; re-configure the organization accordingly and in alignment with the strategy, also subject to amendment as needed. Each of the three elements of strategy, leadership and organization (hence the SLO framework) is necessary but not sufficient; only synergy among the three can enable a company to be truly agile.

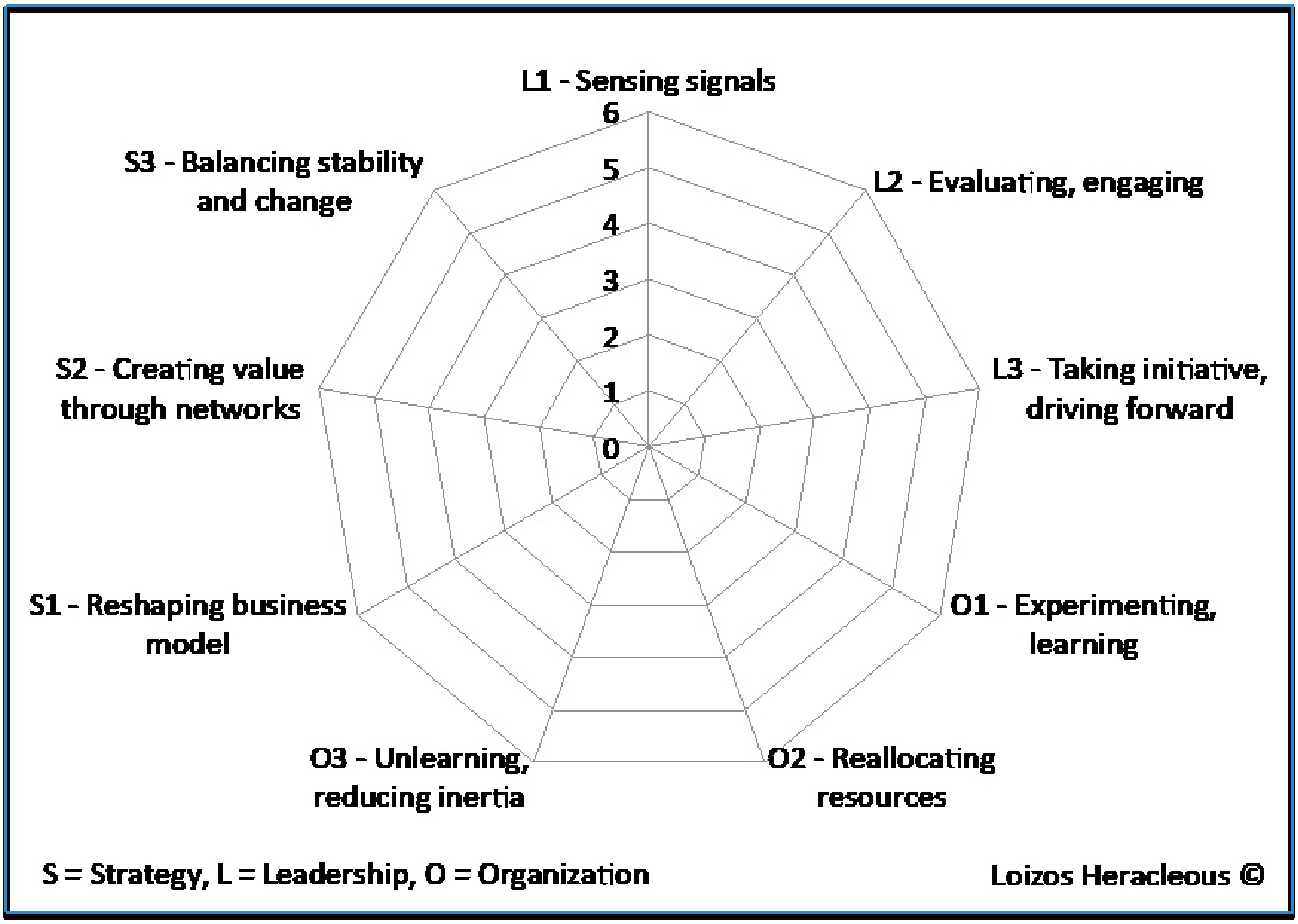
Agile leaders are those who can raise their perspective from the day-to-day, sense signals, reflect on the implications of those signals, and then spur initiatives to drive their organization to do what's needed. A variety of organizational features such as routines, worldviews and sunk costs continuously operate against this process.

In this sense agile leaders are champions of questioning accepted truths. Elon Musk may be the archetype of such a leader. His initiatives in space exploration, electronic vehicles, solar energy and even tunnel-building in cities reveal his ability to read signals of what is needed and what is possible, work out the implications and then lead initiatives to take things forward, doing so in novel ways and surmounting obstacles that would stop others in their tracks.

From a strategic perspective, agile organizations are able to overcome inertia and reshape their business models, balance change and stability, and build inter-organizational networks to push forward learning and influence their environments. Re-shaping business models is most often a long-term task that entails ongoing commitment. IBM's long-term shifts from a hardware producer to a solutions provider and currently to a "cognitive solutions and cloud platform provider" is one example. GE's various strategic shifts over the decades, such as portfolio re-shaping, the move from a manufacturing focus to service businesses, and currently its focus on becoming a digital enterprise, is another. At a strategic level agility does not have to be immediate, and indeed it cannot be for large corporations. It takes time to change the direction of a steamer. Corporations require both periodic strategic changes over time, while at the same time re-configuring their operations to maintain efficiency and responsiveness; one manifestation of the elusive capability of ambidexterity.

Finally, organizational agility requires experimentation, cross-functional collaboration, re-allocation of resources to support exploration, learning, as well as active un-learning of routines and processes that are no longer relevant. Alphabet may be the archetype of an agile organization. A multitude of experiments take place; some fail (Google Glass, Dodgeball), some go on to create new multi-billion dollar markets (Google Search, Google Play), and some are emerging, showing immense promise (DeepMind, that will support a multitude of offerings supported by AI). Alphabet learns and also unlearns, shutting down experiments that don't show results and reallocates resources to those that do. At any time, many flowers are allowed to bloom, and some of those will fill the valley.

The framework below can allow strategists to evaluate their company's agility levels and pinpoint where attention should be focused. The elements of the framework can spur strategic conversations about agility by asking the right questions about essential capabilities. These nine elements fit together like a jigsaw puzzle. Take one out, and the likelihood of achieving agility is diminished. The synergy across these components is what can lead to results. This framework boils down several agility-related concepts to their essence, in a way that can help strategists and leaders pin down what it means, evaluate their organization, and take action.



Loizos Heracleous is a Professor of Strategy at Warwick Business School and an associate fellow at Green Templeton College, University of Oxford. He earned his PhD from the University of Cambridge. He is the author of several books and co-editor of Agility.X (Cambridge University Press, 2018). More information about Loizos can be found at www.heracleous.org and @Strategizing.

The power of judgement

Alessandro di Fiore

What marks the great business leaders apart is not their capacity for hard work. Virtually all work insanely long hours. Nor is it their intelligence. Most CEOs are smart people. Nor is it good fortune. In life and business luck tends to even out over a life or a career.

No, what separates the great from the merely good is the ability to make judgements. Great leaders have the capacity to speedily and decisively reach conclusions and act upon them.

Think of Steve Jobs. When he returned to Apple it was a mess. The emphasis had been on developing more and more products. Apple was selling printers in partnership with Hewlett Packard and making next to no money on them. Focus had been lost and managers were increasingly addicted to elaborate Power Point presentations. Jobs cut the numbers of models and products. He drew a simple two-by-two diagram and said the company needed a product in each quadrant. He banned PowerPoint. When he discovered the realities of the partnership with HP, Jobs left the meeting and called the head of HP to cancel the arrangement.

Steve Jobs was highly resistant to quantitative research. Apple was built on insights rather than analytics.

The capability to generate and apply insights and qualitative judgments to innovation is a key competitive advantage -- or, at least, should be.

The trouble is that most companies use a number-driven approach to innovation. Companies invest heavily in developing analytical skills. In recent years, investments have poured into analytics and big data to increase organizational analytical power. Innovation processes have been re-engineered, or over-engineered, with stage-gate processes equipped with financial evaluation tools to support

the go/no go decisions and the release of resources at each stage. In their search for numbers, analysts look for benchmarks, from which they can extrapolate impressive-looking business cases and forecasts. Before you know it, the decision has been taken and the company committed to a me-too innovation.

The result is that qualitative perceptions don't get an airing. Strategy and innovation should not be a mere exercise of analytical power, but a qualitative process in which the analysis serves insights born out of individual observation and reflection, rather than the other way round.

Why do business leaders struggle so much in incorporating qualitative judgment into their innovation decisions? Our research uncovered two main causes.

First, is what can be called Schumpeter's bias, after the famous economist Joseph Schumpeter theory of creative destruction. We all pay lip service to Schumpeter's vision of the lone and creative entrepreneur. This image is so entrenched that people unconsciously tend to believe that the magic of an insight is not replicable. Many business leaders believe that we depend on "individual" genetic talent. But scientific evidence of the last 30 years proves just the opposite.

A famous study on identical twins aged between 15 and 22 years found that while 80 per cent of IQ differences were attributable to genetics, only around 30 per cent of the performance on creativity tests could be explained that way. Many of the traits we assume to be genetically determined are in fact the product of one's environment. That's a tremendously significant finding in support of the idea that we can work on learning and improving our creativity.

Of course, not every child will be a Leonardo da Vinci, nor will every young manager be a Steve Jobs. But people who point to that fact are missing the one really important truth about creativity: there's two types of creativity. Creativity as in genius (the big C) and creativity as in attitude, thinking ability and mindset (the little c). We tend to muddle these two quite different sorts of creativity.

For example, if you dig into the back-story of Apple, you'll soon realize that it wasn't all about Steve Jobs. He was actually wrong a lot of the times. If it had been entirely up to him, Apple would have never opened the App Store. What made Apple great was the combination of Jobs' genius with the little c of the people he worked with and who weren't afraid to express their own ideas. Jobs understood that as well — not, perhaps, in his first spell at the company, but certainly in his second. When asked what he thought was his most important creation, rather than mentioning the iPod or iPhone, Jobs said it was Apple, the company. He claimed that "making an enduring company was both harder and more important than making a great product."

Arguably, little c creativity is more critical in business than big C.

The second element at work is discomfort with qualitative judgments. Measuring is comforting. Companies, mostly large ones, need to maintain some kind of control over processes, and playing the management-by-numbers-game makes decision makers feel more confident. Moreover, the act of measurement is generally seen as a guarantee of unbiased results. Enraptured by the Holy Grail of quantitative analysis, business leaders are so obsessed by numbers that they rarely question their guidance. Preoccupied with issues such as predictability and control, they have become increasingly suspicious of qualitative perceptions.

However comforting it might be to stick with what you can measure, leadership isn't about feeling comfortable. It's about catching opportunities as they occur, even when the numbers suggest otherwise.

Consider the story of Nespresso by Nestlè, which has become Europe's leading brand of premium-portioned coffee. Nespresso machines brew espresso from coffee aluminum capsules, a type of pre-apportioned single-use container of various high-quality coffees and flavourings. The Nespresso brand took off when it stopped targeting offices and started marketing itself to households. Behavioural evidence on how households would respond to the new concept was poor and suggested that consumers' intentions to purchase did not meet quantitative threshold requirements set by market research protocol at Nestlè. Jean-Paul Gaillard, a young marketing head of Nespresso at the time, believed strongly in the product and thanks to his skillful interpretation of the data convinced the company to take the risk. If he had only listened to quantitative research, the concept would have never got off the ground.

Analysis is useful. No question. But, the reality is that judgement is the driving power behind innovation.

Alessandro Di Fiore is the founder and CEO of the European Centre for Strategic Innovation (www.ecsi-consulting.com) and chairman of Harvard Business Review Italia. He was included in the Thinkers50 Radar in 2016.

The legacy of personal feedback

Guy Arnold and Russell Wood

The more we think about the 5 star rating system the more we fall out with it. We don't like it because it can be hijacked; it can be the views of fame seeking individuals want to be famous for "trashing"; the views expressed can be off the cuff; they can be out of context. In truth, it is the Feedback required by the Needy Box Ticker (NBT) whose deadline for the monthly marketing report is looming.

Can you really benchmark or rely on such subjective responses?
Looking into people's eyes or listening to their tone of voice adds huge value to their feedback. You can assess the truth of their response through their body language, eye contact and the tenor of their voice. It adds a level of certainty. Investing in quality Feedback processes and systems provides your organization with the certainty that the decisions you will make on determining your next "development inches" will be sound.

If we are being genuinely honest with ourselves and the supplier of the product or service, a meaningful response can only be considered Great or Poor. Every rating in-between, whether a number or a word is either an excuse or a justification to ourselves, our peers or the online community. Making the choice of Feedback either Great or Poor challenges the responder to think. It also gives your organization a simpler opportunity to ask why. There's no irrelevant discussion about what" satisfactory" or a score of 7 means. It is the WD40 of marketing, unlocking the truth, searching out the grime, but more importantly creating a situation to free up the responder's ability to be truthful and the questioner's ability to have permission to ask, at the same time.

The route to great Feedback is firstly engagement. Star rated clicked responses do not provide engagement. They are fleeting gestures. The responder can just feel obligated to click and move on with their lives. Yes, they may add a comment, positive or negative, but they are doing it whilst commuting, waiting for the kids or whilst not paying real attention in a meeting, for example.

How can most of this type of Feedback be truly valuable?
Talking to a customer on the phone, or on Skype, Facetime or dare I say face to face, is true engagement. With permission, you can delve a little more, you can establish what we call the Customer's Real Needs.

The people you want to do the delving are ideally your people. Of course, you should seriously consider the assistance of a professional company to help you to set it up and indeed audit it. However, ownership of the process; the sharing of outcomes and the determining of the next development inches are more powerful if they are done by your internal team. As a consequence, they will learn new personal skills, but the biggest win for the organization is that they will get to understand the Customer's Real Needs at first hand.

Your team cannot hide from the truth.
This quality of this type Feedback can lead the customer from a "transactional" relationship to ultimately a "partnership" REALationship. It engenders loyalty in the interaction between customer and organization, and the bedrock of trust is firmly laid down.

In our book, we introduce the notion of FUEL – Feedback Underpins Engagement and Loyalty and it is truly a virtuous circle. A thought through, simple Feedback system with "lead" measures, driven by your team members and independently audited is a powerful but inexpensive entity. It is the energy which drives the consistent effort and evaluation required in a quality Feedback system.

In this blog, we would like to take that thought a step further. Great organizations often create a legacy. It may be the legacy of a product or an invention which has just stood the test of time. It may be the impact that it had on society or a specific user group. A legacy has an impact or benefit. Like the birth of your children you will always remember it.

Our contention is that you do not have to be award-winning, make millions, or create a charitable foundation to create a "legacy" relationship with your customers. By consistently delivering a quality Feedback system and satisfying the Customer's Real Needs you will form a" legacy" REALationship. They will always trust you; be honest with you and share ideas without question, forever! After all, you are allowed to talk to customers more than once!

Throughout our book, we challenge the reader with "Thinkabouts". Here's one for you to consider:

"You cannot leave your legacy online because it lacks your true personality. You can leave your legacy in the mind of a customer with every spoken word you share."

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