

STRATEGY

EVOLUTION

adapting to a new world

**shared
intelligence
from today's
leaders**

Why should you read this?

To help you find a better way to make strategy work – faster, with less risk of derailing and greater resilience - this timely report of leaders’ shared intelligence gives valuable insights into what you can do right now in your own organisation to make your strategy, as one leader put it, ‘safe for the short term and strong for the long term’.

From listening to 45 of today’s leaders at the front line of developing and executing strategy, against the backdrop of deepening economic crisis and market uncertainty, Stanton Marris has uncovered the critical, often hidden, risks that threaten even the best strategies. From these insights, we make recommendations on what you can do to manage these organisational risks.

The leaders we spoke to came from a wide range of market sectors, from organisations that were by no means in meltdown situations; yet all felt jolted by the scale, speed and depth of change and were re-assessing what really mattered to them.

As we listened to these leaders at the front line, we tested what we heard against our knowledge and experience of working with threats to strategy execution over the past ten years. We were surprised to find little evidence of a stronger urge to reduce exposure to risk. Rather, we found a growing awareness of the need to be open to new ideas and the risks that go with them, and to identify and manage the human risks by staying closer to the heart of the business and the people who make it work.

These two factors are feeding a process that continues to move away from the purely rational, sequential and cerebral towards the personal, inclusive and iterative, with a much clearer and more explicit focus on the human, adaptive – even emotional – capabilities of the business.

This doesn’t mean throwing out the traditional models – they’re right for some businesses, and some times. But we suggest that no-one should start to develop or implement strategy – whether ‘strategy’ refers to a new direction, a corporate plan, a change programme or essential business planning - without taking a long, hard look at what these leaders are saying and doing.

If you still want to know why you should read this, remember the popular belief that 50% of strategies fail. There is a better way.

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If you read nothing else...

This report is intelligence from the front line of a testing business environment. It's a new perspective on what counts in making strategy work, discovered in rapidly-changing conditions, but of lasting value.

We set out to discover how leaders were coping with the execution of strategy at a time when the range of possible 'derailers' was taking on a new scale and dimension. Our premise was that when conditions are relatively stable, a degree of internal friction and missed opportunities can be absorbed without fatal results. But when the external threat is substantial and unpredictable, the management of internal, organisational risk moves up the agenda from good practice to a critical factor in survival.

Forty-five Chief Executives and Board-level Directors told us how the strategy landscape has changed for them, and how they have responded by taking a much more active approach to organisational risk. Being stronger and smarter inside the business has emerged as a vital buffer against the storms outside. Yet identifying organisational risks still ranks fairly low when developing and implementing strategy. When turning to risks inside the organisation, most leaders ask, 'Have we got the right skills? The right people?', but fewer directly address covert behavioural risks: 'Who is likely to subvert this strategy? Why? How?' Yet, as external pressures mount, human and emotional factors loom larger. More than ever, instinct wins over process when managing the covert risks to strategy. And instinct has roots in something we have called 'organisational identity'.

'Organisational identity' is about a new emphasis on core purpose as a means to drive commitment to strategy, while retaining the flexibility to make changes to protect the business. In parallel with assessing market opportunity and the ability to exploit it, leaders are asking: how closely does the strategic intent fit with what we stand for as an organisation?

Another way of managing the risks to strategy is to revive the strategy process itself. The traditional approach of dividing strategy from its execution belongs to an old model that separates thinking from doing, brains from brawn. Strategy is now tested for do-ability, capacity for flex and potential to be powered by the energy and belief of those delivering it. This demands a more inclusive, engaging and iterative process right from the start, one that allows leaders to tackle cultural and behavioural issues upfront, lead a continual dialogue and adapt to changing conditions to keep the strategy real and relevant.

Today's leaders put their own behaviour under the spotlight. They recognise the need to demonstrate their core passion and belief in the organisation, individual resilience and team cohesiveness. They support this with a powerful trio of skills based on intuition, the ability to have honest conversations and authentic, personal communication. Together, these qualities give them the confidence to manage covert risks, use the power of organisational identity and lead a more vital strategy process.

We believe that these shifts in emphasis not only give a real-time picture of how strategy works right now, but also highlight new perspectives to help your organisation evolve to be fitter and stronger in the future.



Uncovering the hidden risks to strategy

From knowing the covert risks but not acting on them

To knowing the risks, naming them and taking action to address them



Using the power of organisational identity

From expecting the culture to adjust to fit the strategy

To informing and testing strategy with a clear assessment of the organisation's core identity



Reviving the strategy process

From distant, rational analysis with brilliant yet over-complex thinking cascaded to people charged with delivery

To inclusive, iterative dialogue providing context and realism for the thinking and capacity to flex and adapt fast

Adapting your leadership

From over-reliance on facts and certainties – hiding behind 'messaging'

To calm confidence founded on strong beliefs – skilled in visible and honest conversations

Uncover
the hidden
risks
to strategy





Uncover the hidden risks to strategy

“Overt risks are the terrorists – they’re out there and everyone knows them. The covert risks are like the resistance – you know they’re there, but they’re not very visible.”

Mark Jones,
Managing Partner,
Addleshaw Goddard LLP

What are these hidden risks?

Leaders talked about the common threats to strategy as known risks that they recognise and prepare for as far as they can. Many had now widened their scenario planning exercises to force themselves to think the unthinkable, since the unthinkable had now happened. The area that preoccupied them most were the organisational risks - the internal derailers that threaten even the best strategies – although most admitted that identifying and managing these risks ranks fairly low when developing and implementing strategy.

For some businesses, the more rational of these organisational risks – ‘Have we got the structure right? Have we got the ability to innovate?’ – were still the sole focus of attention. What we have called overt organisational risks - including capability, resourcing, accountability, the talent pipeline - tended to be seen as ‘things you can control and do something about’.

More subtle risks around leadership commitment, culture and managing change presented a tougher challenge: ‘How do you get everyone really engaged and committed to the delivery of the promise when we’re not sure ourselves what’s going to happen?’. While many recognised the risks to strategy posed by human and emotional factors, including attitudes and behaviour – what we have called covert risks – there was little consensus on what to do about them.

Few acted explicitly to surface and challenge them, while acknowledging that existing risk management techniques were inadequate:

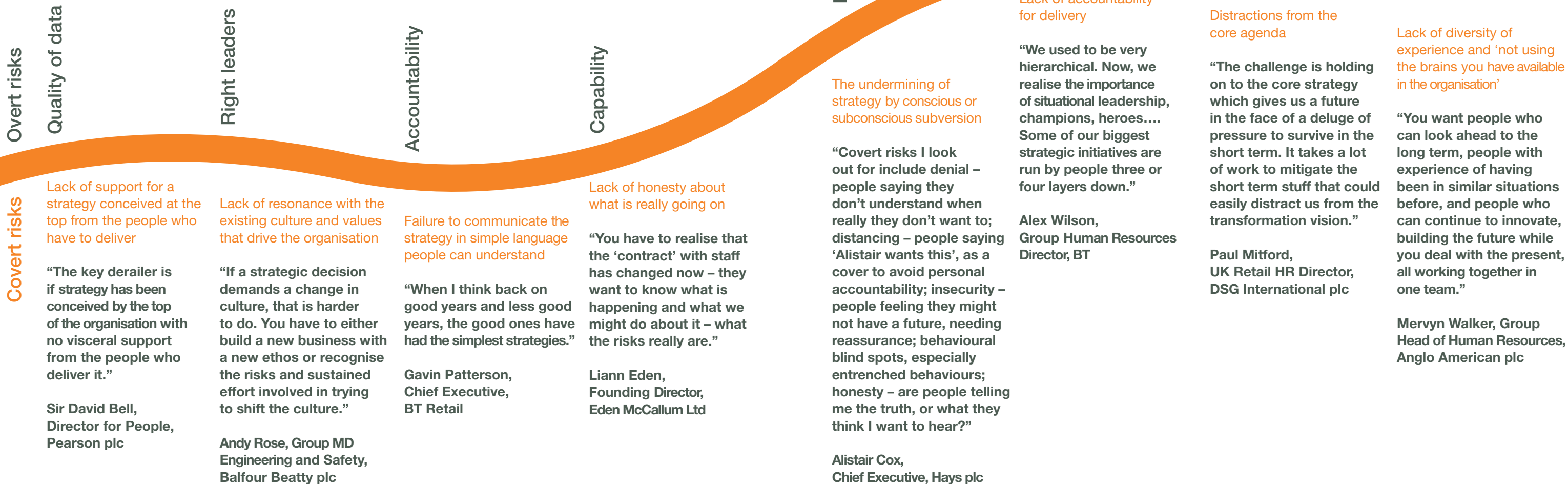
“Winning strategies use risk as a source of competitive advantage by focusing on the ‘good risks’ that you can manage and control better than your competitors.”

Traditional risk management approaches that are separated from the business can lead you to treat all risks in the same way; avoiding all risks can impact business performance as quickly as not properly managing your risks, so we simply have to learn how to manage them.”

**David Craig, Chief Strategy Officer,
Thomson Reuters**

The path from strategy to execution

Here are some of the organisational risks that litter the path towards successful strategy execution



What are today's leaders doing about organisational risk?

“Talking too much about risk breeds self-doubt. Our risk management techniques are highly developed, but we want to encourage a mind-set that is optimistic, forward-moving, ready to grab opportunities.”

David Scott, Chief Executive, Digital UK

Leaders were tackling the wide range of covert risks in different ways, but no-one had developed a complete strategy or plan. The key is learning how to manage risks as a collective organisational priority, rather than try to mitigate them or leaving them to what one leader called ‘the risk of risk departments’. Across the new territory of organisational risk, emerging best practice is focused on five areas:

1. Capability

Emotional aptitude, mindset and character are as important as technical skill. It is vital to know your senior leaders and make sure they both feel and demonstrate strong belief in what you are trying to do. If not, and several leaders made no bones about it: change them.

2. Capacity

People are being asked to deliver faster and under greater pressure. This means thinking about emotional capacities, such as ambition, optimism, coping with ambiguity and resilience, as much as systems and processes. As one leader put it: ‘You need a fierce ambition to survive and thrive.’

3. Commitment

The most forward-thinking leaders are bringing those who have to deliver the strategy into the earliest stages of development - to test it for resonance with the core identity of the organisation and to spot potential delivery risks, including ‘covert’ behaviours. Having involved the right people, they set clear lines of accountability and hold people to their commitments, offering support while visibly tackling performance and behaviour that shows lack of commitment.

4. Control

More frequent testing and challenge sessions are used continually to reassess the risks, in a more flexible process than the time-consuming annual strategic review and planning exercises; ‘quick and visible’ action helps the organisation to keep ahead of the pace of change.

5. Communication

A simpler, more powerful language for strategy directly appeals to what is important to people and cuts through the ‘noise’. More face-to-face, authentic communication gives people the opportunity to test leaders’ conviction against how they actually behave. More dialogue makes strategy iterative and interactive, as well as simple, memorable and linked to the opportunity to be stronger and more competitive. One leader called this need for constant repetition of the key themes ‘the regular drumbeat of strategy’.

Using a simple frame such as these ‘five Cs’ is a good starting point for both identifying the range of hidden risks and for working out what can be done.

It helps leaders to acknowledge them openly as serious issues that will get in the way and points towards doing something differently to manage them proactively.

If you want to be an organisation that will not simply survive, but will thrive and be ready for faster growth when the market conditions pick up, you have to learn how to tackle these very real risks to successful strategy execution.

“The key derailer is if strategy has been conceived by the top of the organisation with no visceral support from the people who deliver it.”

Sir David Bell,
Director for People,
Pearson plc

So what?

Leaders are tackling this increased focus on organisational risk without a 'rule book' and at speed, sometimes needing to interrogate the plan, the process, the priorities and the people on an almost daily basis. The most confident identify covert behavioural risks right at the start of strategy development, remain vigilant throughout, surface them with their Board colleagues and take proactive steps to tackle them head on.

In this report we make sense of what leaders are doing intuitively and distil their shared intelligence into three areas of practical action to help you manage and reduce the hidden risks to strategy: use the power of organisational identity, revive the strategy process and adapt your leadership.



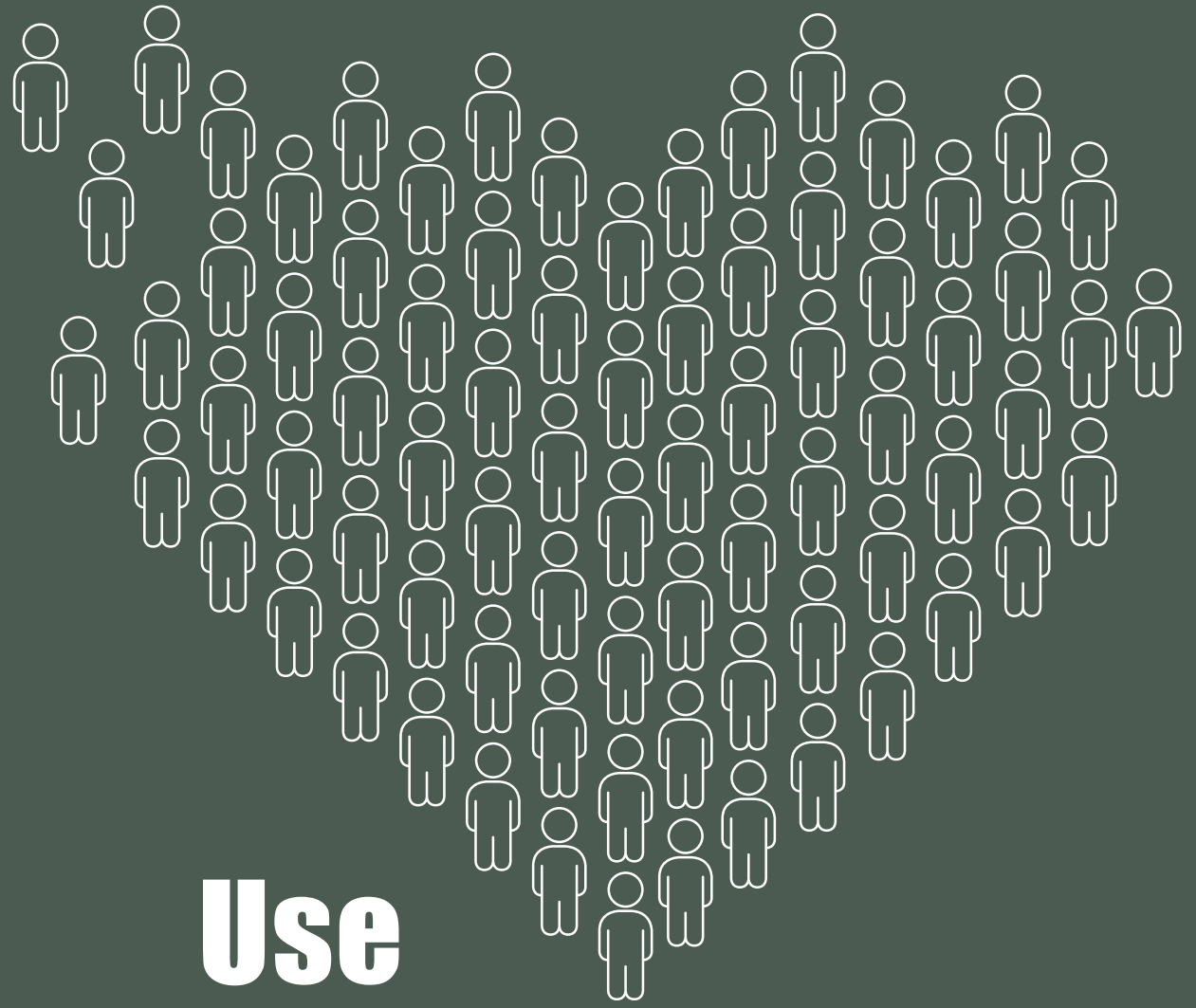
Think about uncovering the risks to your strategy

“Shared responsibility gives people licence to hide behind lack of accountability for delivery. Hence your aim to sharpen up real personal accountability for performance”

Mike Westcott, Global HR Director,
National Grid



02 Use the power of organisational identity



Use the power of organisational identity

“At our strategy days we ask ‘Does that resonate with who we are?’. We seek total alignment between what you see, what you hear and what we do. We know then that our strategy will be motivating and energising for people. Few people are genuinely motivated by the pure financial goals.”

Tony George,
Group Human Resources Director,
Inchcape plc

What is it?

We have used the name ‘organisational identity’ for something that lies at the very heart of the organisation, what Tony George characterises simply as ‘who we are’. Being alive to organisational identity and using it as a moderator and challenger in the development and execution of strategy is a kind of collective self-awareness. It reduces the risk of the organisation setting out on a new course that could conflict with who and what it is.

Again and again, leaders in all sectors told us in different ways that this identity (for some elusive, for others right in the foreground) was an essential foundation of successful strategy.

“Since we invested time and resources into genuine employee engagement initiatives, it has made people realise that they belong to something and the organisation stands for something; the staff engagement index has really shifted.”

Jerry Jarvis, Managing Director,
Edexcel

There is as yet no common lexicon for this idea of ‘belonging to something’. We heard people use many different words – identity, ethos, essence, spirit, purpose, DNA – all expressing something distinctive and meaningful to everyone in the organisation. We chose ‘organisational identity’ as referencing the distinctive personality of each individual business.

Organisational identity is deeper than culture, although culture often grows out of identity. It is alive in the present, but with its roots in the past, encompassing the history of the business and the beliefs of its founders. It is evident in the consistency of what people will say they most value about the business.

“I have been surprised by the depth of emotional feeling about some of these cultural issues – it is passionately felt, not a reasoned analysis.”

David Hathorn, Chief Executive,
Mondi plc

How does it help?

Organisational identity now begins to look like something of a secret weapon in strategy development and execution. When external conditions are more stable, a degree of internal friction or dissonance can be tolerated. When it is harder to predict and manage the uncertain environment, leaders turn their focus internally to find new points of stability and difference. As firms return to their values to underpin strategy, they start to think about the extra leverage of commitment and motivation that engaging people's beliefs and emotions in 'the core story' would bring.

“In the midst of dealing with all the implications of the restructure, it's hard to come back to ‘what's our core story?’ for the group as a whole.”

**Paul Mitford, UK Retail HR Director,
DSG International plc**

Explicitly addressing the need for a strategy to be built on the firm foundations of the organisation's core identity at the beginning, rather than leaving it for later or overlooking it altogether, harnesses energy that is already there and helps to reduce the human risks that cause strategies to fail.

“Employees have to feel the passion of the company in their bones, and that applies to the strategy too. If it isn't built on a bedrock of the beliefs, culture and values of the organisation, you will struggle to meet the strategic objectives.”

**Tony George, Group Human Resources Director,
Inchcape plc**

When leaders uncover their organisational identity - comprised of history, culture, beliefs and real (rather than official) values - and articulate it clearly, it becomes a tool to inform and guide the strategy process.

The key benefits are:

- It makes strategy real for people – by linking into who they are, collectively
- It makes people more personally passionate about making it work – by reflecting their own activity, for example, in the strategic plan
- It creates a point of stability when everything else is changing – for example, by positioning the strategy in the organisation's history, so that it's seen as an evolution, rather than a break
- It helps strategy become a more iterative and responsive process – for example, by drawing in ideas from those in the middle of the business who have the collective memory.

How are today's leaders using it?

For some, the key was not just to make sure the strategy was tested against organisational identity, but to use that identity as the starting point for the strategy itself:

“You have to know the point of difference – the particular DNA of the company – and match that to the business you are in. It's critical to know that point of difference before you even embark on thinking about strategy.”

**Marc Bolland, Chief Executive,
Wm Morrison Supermarkets plc**

Businesses where organisational identity was alive and visible had a higher overall level of self-awareness, and this in itself was a protective factor when it came to risk:

“You can have a reasonable strategy founded on good analysis, but if there is low organisation self-awareness about the capability and commitment needed to deliver it, it will be full of risk.”

**Sue Turner, HR Director UKFS,
Bank of Ireland**

Many leaders were aware of the dangers of a purely rational approach to strategy - organisational identity offers a way to work with the more human features of successful strategy:

“The emotional interplay is key – no-one's going to disagree with logic – but it's not going to inspire people to get up in the morning and come to work. It will be crucial to retain the passion, energy and commitment to execute the logic.”

**David Hathorn, Chief Executive,
Mondi plc**

A merger or acquisition is often the moment when leaders need to define and test their core identity:

“We ask: ‘What do we change in order to enable the cultural fit to work?’. This is our guiding principle for acquisitions and for our people.”

**David Burrows, Managing Director,
Government Solutions Group (worldwide),
Microsoft Corporation**

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How do you discover organisational identity and make it work?

Sometimes it’s through the lens of ‘culture’, but just as often it’s through rigorous self-awareness, an open acknowledgement of ‘who we are’ and our core attributes and strengths:

“Imagine a pier stretching out into the sea amid choppy water. It’s not the stuff on the deck that will make the difference, but the pillars, the fundamental strengths. You need greater self-awareness to dig underneath and think about these fundamental strengths.”

Mervyn Walker, Group Head of Human Resources, Anglo American plc

Self-awareness, knowing who you are as an organisation, means being able to talk openly and honestly about:

- What this organisation is brilliant at – and what it is not
- What people care passionately about
- What the founders believed, and whether that is still alive and relevant in the business today
- What your customers, clients and partners say about you – your ‘point of difference’.

This is not the usual preserve of strategy, and it was perhaps surprising that so much of what today’s leaders said about organisational risk came down to these questions of identity. For some, it was an explicit priority:

“It’s important to prioritise and assess risk and opportunities based on your core purpose for being – that has to be really clear to everyone.”

Liann Eden, Founding Director, Eden McCallum Ltd

Defining organisational identity



So what?

The prize for recognising and using the power of your organisation's core identity as a point of stability in the short term is emerging stronger and more self-aware for the longer term; employees and customers will know who you are and what you stand for, whatever the economic weather. Keeping the strategy well ventilated with the core identity - and the identity refreshed and informed by new strategic directions - is also a way of keeping up with the pace of change without the risk of losing clarity and focus.

The challenge lies in constant vigilance, continually working to achieve 'total alignment between what you see, what you hear and what we do'. That's why many of today's leaders see the opportunity of the current economic pressures to rethink and revive the whole process of strategy in order to harness the power of organisational identity.



Think about using the power of organisational identity

"We got distracted from the core purpose of what our company is. It could have damaged the business if we hadn't recognised that"

Simon Culmer, ISO Sales Director UK & Ireland,
Sun Microsystems Inc



03



Revive
the strategy
process

Revive the strategy process

“The strategy was developed in a traditional manner – the top team going away for a week, then briefing others on the plan. This approach suited the context – a merger, the need for significant, even urgent, performance improvement, a leader with a particular charge and vision for how to achieve it. Now we are approaching our strategy development process in a different way. We’ve tested some thinking with the top 60 and will do so again before having a business-wide conversation. ‘Here’s how we think our future should look. That includes you. What have we missed? What do you think? What does it mean for you?’.”

Simon King,
VP HR, Global Discovery,
AstraZeneca Pharmaceuticals

What’s happening to the process of strategy?

Separating the process of developing strategy from execution makes for the biggest risk of all, because when the moment comes to press the button on the strategy, it’s been tested in the head, but not in the heart of the organisation.

“The more you separate risk (from the business), the more you’re likely to fail – it becomes the responsibility of someone else.”

David Craig, Chief Strategy Officer, Thomson Reuters

Successful strategy development is coming out of the boardroom and into the organisation. To de-risk strategy processes, to increase business adaptability and resilience and to encourage pace and commitment, strategy is becoming more practical. We heard that it’s not just about weighing up rational options in plans, created by an intelligent elite that can be disconnected from the realities of the business. As one leader observed: “Clever people can be dangerous”. The challenge is making it real and relevant.

“The wrong people are making the decisions – they’re too far away. The distance from the shop floor is the distance between success and failure.”

Steve Lewitt, Divisional HR Business Partner, Siemens plc

The seeds of risk have been in the development of strategy itself; even in how the risks to strategy have been calibrated. Historically, the three or ten year strategy process is developed behind closed doors, then communicated to leaders with the assumption – or hope - that it will penetrate the lifeblood of the organisation and be swiftly and efficiently delivered. It’s a model barely changed since the mechanical processes of the industrial revolution.

Why now?

“The value of the traditional strategy process is limited, apart from recording the rapid deviation from a plan. What’s really important is to question the fundamental assumptions on which the business is based. In that sense the recession is a time of opportunity to make some radical challenge.”

Steve Cunningham, Head of Leadership Development and Best Practice, Vodafone Group Services Ltd

A number of leaders talked about the comparative ease of strategy execution when there is an urgent time pressure. In a short term crisis, employees will accept and want their top leaders to make fast and smart decisions, and realise there is no time or place for endless consultation and iteration, as there is a need to regain control of the situation as soon as possible. However, when making decisions for longer term reputation, capability and growth - especially important when external factors are changing daily - leaders still need to stick to simple, long term principles yet make the strategy process more practical and tactically responsive.

“Strategy has to evolve. There’s no longer time for strategic planning exercises. You have to go straight into action – visibly and quickly.”

Jill Ader, Executive Committee Member and Partner, Egon Zehnder International

How will it help?

Leaders have long felt the constraints of a traditional strategy process which leaves little room for flexibility and manoeuvre. They now see the value of designing a better way that:

- Is less reliant on purely rational analysis of market opportunities
- Helps to uncover the covert risks to strategy
- Gives the opportunity to weave the power of organisational identity into the thinking
- Demands more active engagement and commitment of the wider leadership
- Prepares people for change
- Involves people in understanding their role and responsibility for delivery
- Enables the organisation to move quickly and stay ahead of the pace of change
- Offers a channel for continual checking and balancing to make sure the strategy is still on track or provides the stimulus to adapt it for changing conditions.

“If 15,000 people understand their contribution to strategy, that is gold.”

Graham Chipchase, Group Director Plastic Packaging, Rexam plc

Doing it differently

A different kind of strategy process is emerging. It starts with a lively sense of what’s true and right for the business, and what people are likely to believe in and be motivated to deliver.

“It’s not about your vision or control, because it doesn’t succeed unless you take people with you. So you’ve got to think about the people on the receiving end.”

Ron Whatford, Transition Director, Lloyds Banking Group plc

This is supported by close-up, face-to-face communication to engage people and test the strategy against business and organisational realities, allowing a real dialogue across the business.

“To bring people into the tent you have to keep listening and use the data you collect from engagement mechanisms to inform the strategy. It’s neither a linear process, nor a discrete activity that sits between strategy development and execution. It’s iterative and straddles both.”

Stephen Dando, Executive VP and Chief HR Officer, Thomson Reuters

Building in an honest understanding of your organisational identity, allowing time to put strategic thinking into the context of organisational realities, addressing the human issues at the start, not allowing them to emerge as problems along the way – all this preparation of the ground takes time, but it means execution is faster and smoother.

Leaders are taking care to get this right, recognising that the investment of time and effort up front pays dividends further down the line. But engaging people with the strategy is not a one-off stage in the process. Symbolic successes, however small, are publicised and shared to reinforce the interdependence of strategy and execution.

“We make sure we get some early successes, which helps others to start to believe that we have made the right strategic decision.”

Andy Rose, Group MD Engineering and Safety, Balfour Beatty plc

Strategy development and execution is continuing its move away from a single, set process towards a range of tools and techniques, to be drawn on in different combinations to deliver an identified outcome.

Is this very different from the participative, emergent approach to strategy that has been talked about for at least the last ten years? Perhaps not in substance, yet what we heard was that leaders now see both the value and the necessity for this new approach, instead of treating it as a ‘nice to have’ option. A constant cycle of validation, checking, testing, evolving, engaging and adapting characterises a new and more confident approach to strategy – a process that lets go of some of the direct control in order to hold on to the bigger prize of reduced risk and wider, deeper commitment.

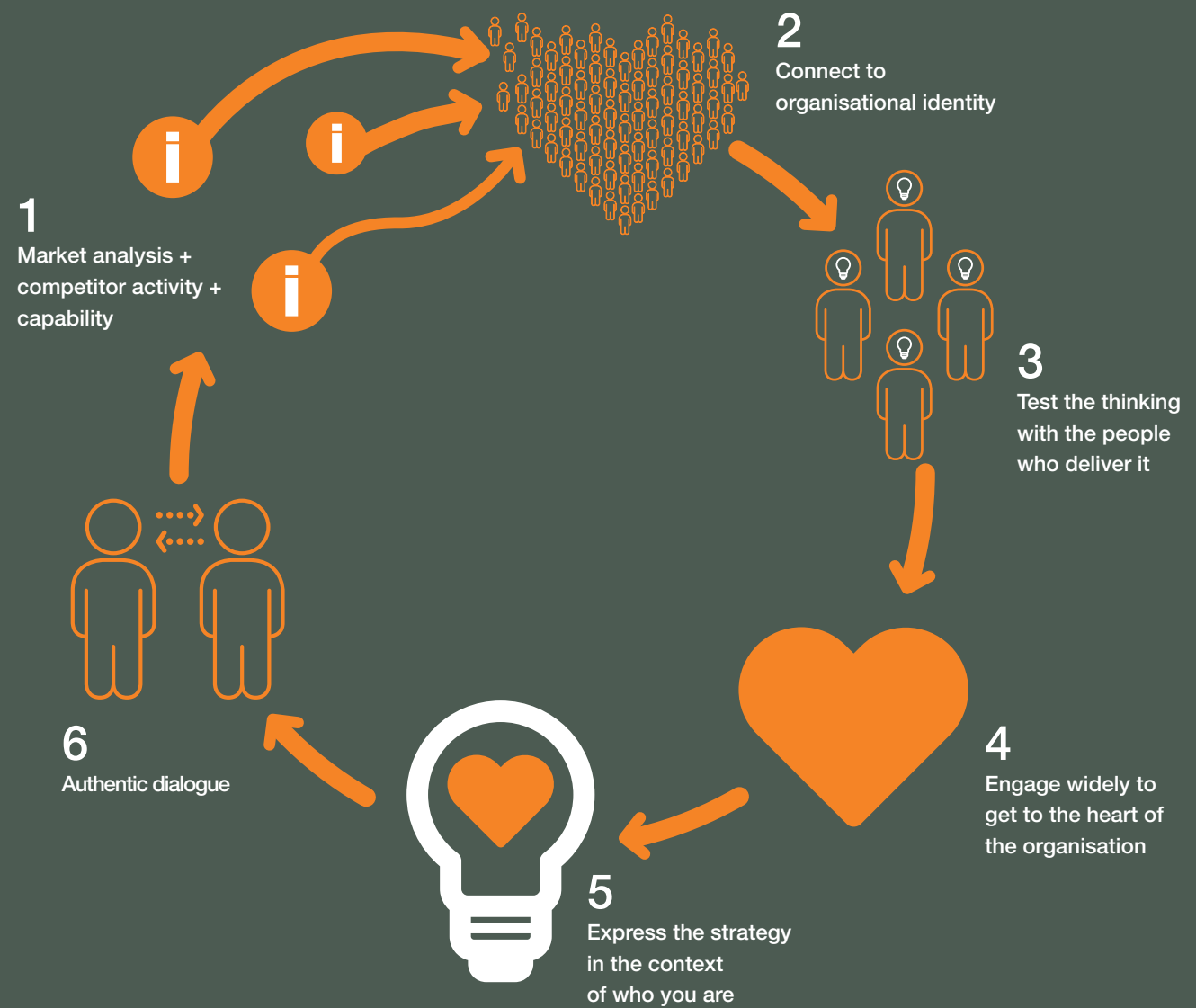
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Stephen Dando, Executive VP and Chief HR Officer, Thomson Reuters

Where the risks occur



How to manage the risks



So what?

If organisations today are more self-aware, as leaders seem to be telling us – more alive to covert risks and willing to tackle them upfront, more conscious of the role of organisational identity and able to harness its power to build credibility and conviction – an iterative strategy process offers a vehicle for addressing both risk and commitment.

But whatever the process, working confidently and quickly with covert risks and organisational identity depends on the adaptive capability that only its own leaders can provide.



Think about reviving your strategy process

“I explicitly insist on cabinet responsibility. However robust our debate, we get behind the decision at the end. That is non-negotiable and I make that clear to everyone”

Alistair Cox, Chief Executive, Hays plc



04



Adapt
leadership **your**

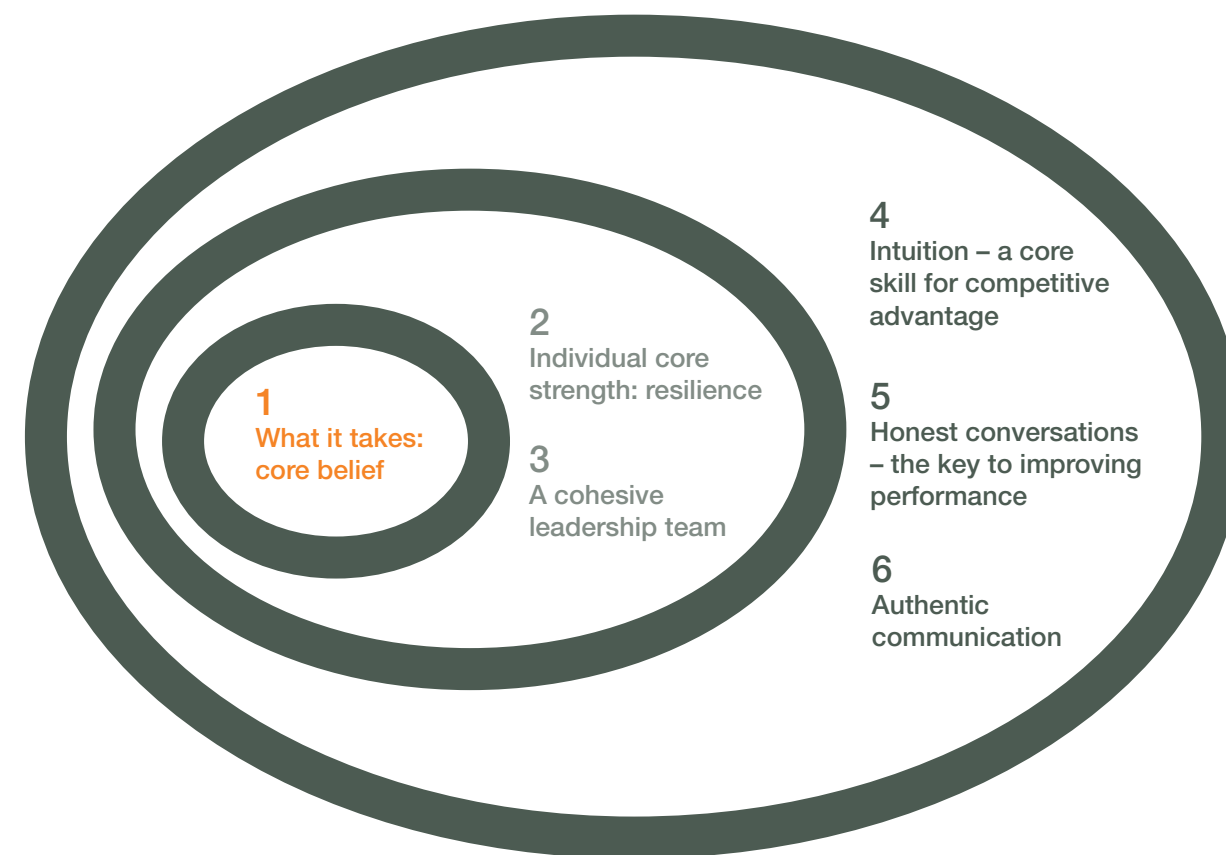
Adapt your leadership

“Leadership is about showing people why it’s worth doing something differently.”

Graham Chipchase,
Group Director Plastic Packaging,
Rexam plc

How leaders need to adapt

Reflecting on the behaviours and skills needed to manage the territory of covert organisational risk, and to lead an inclusive, adaptive strategy process, today’s leaders placed a new emphasis on real-time leadership - a suite of attributes that generate the personal capability to adapt quickly to changing and challenging conditions.



1. What it takes: core belief

The primary challenge is to demonstrate a passionate belief in the organisation, its future, its strategy and its ability to cope with new demands.

“When strategy gets developed you have to wrestle with the thing, create the palpable passion that people need to deliver it. If you ignite their passion and catalyse their energy, they can be passionate in communicating it to others and help break through any organisational inertia.”

Stephen Dando, Executive VP and Chief HR Officer, Thomson Reuters

This ‘wrestling’ is not limited just to those at the very top, but extended to the next few layers of leaders who have the most direct impact on the wider organisation. That means giving a larger number of leaders the opportunity to gain ownership of the strategy and build belief that it is the right thing to do. Leaders made the point that it was difficult to persuade others to believe if they were in any doubt about the strategy themselves.

“Most leaders never believe enough in their own performance – so no-one believes them either...so they and their ideas are doomed to fail.”

Steve Lewitt, Divisional HR Business Partner, Siemens plc

When this core belief is present, leaders are instinctively able to help others make the connections and drive through the execution. In some contexts, this strong connection is what provides the platform for fast and highly disciplined execution.

2. Individual core strength: resilience

The leader’s manner and tone of voice act as a barometer for the outside world. Gestures and throwaway remarks – in themselves insignificant, and often triggered by the leader’s own emotional reactions – can have disproportionate negative impact. One leader told us how a minor outburst of exasperation from a member of his executive team was interpreted as a signal that there were about to be large-scale redundancies, and was reported as such in the next day’s local newspaper. Demonstrating core strength and resilience is likely to help keep the organisation more balanced.

“It’s not the problem but how you respond to it that is key.”

Ian Ogilvie, Head of One HSBC, Global CMB, HSBC Bank

3. A cohesive leadership team

Cohesive behaviour in the top team is often hard to achieve, given the sometimes competing business and personal agendas. Many leaders talked about the necessity of weekly, if not daily, check-ins with each other, not only to make speedy decisions and ensure they stick to them but also to share up-to-date intelligence on what is going on both inside and outside the organisation, and to give mutual support.

“I explicitly insist on cabinet responsibility. However robust our debate, we get behind the decision at the end. That is non-negotiable and I make that clear to everyone.”

Alistair Cox, Chief Executive, Hays plc

Alongside core belief and these individual and team behaviours, leaders described a trio of skills around emotionally intelligent leadership: intuition, the ability to have courageous and honest conversations, and authentic communication.

“We can message all we like – it’s how we behave that matters. When things are unravelling around you, more than ever you need your team to hang together.”

David Hathorn, Chief Executive, Mondi plc

4. Intuition – a core skill for competitive advantage

Leaders have a wealth of experience to draw on when they think and act intuitively in response to changing demands - if they have made sure there is diversity in the top team. When times are tough, you need people with the experience, judgement and wisdom to know what to do and to make decisions fast, for both short term survival and longer term stewardship. These intuitive skills can give valuable competitive advantage, as they enable the organisation to move confidently and at pace.

“Just don’t be afraid to adapt the strategy. Employees feel more confident in the CEO and the senior team if you respond fast, even faster than the market. It’s the role of the CEO; if he sees the need to change, he has to cut the dice. You can explain that ‘I said we would do this 6 months ago, now the market has changed so we will do that,’ and people respect you for that speed of decision making.”

**Marc Bolland, Chief Executive,
Wm Morrison Supermarkets plc**

5. Honest conversations – the key to improving performance

Leaders talked about ‘intellectual honesty’ – openly sharing information about what is really going on in their part of the business, admitting when something isn’t working and enabling the business to take early corrective action. The courage to have difficult and sometimes personal conversations with colleagues was seen as essential to keep people performing at their best. It was a collective challenge for leaders to role model the habit of routinely getting the tough issues on the table.

“We have to be prepared to have the tough conversations to confront the issues with our leaders, be tough if we don’t see the genuine belief in the strategy and act quickly to move the right people in if it isn’t working.”

**Andy Rose, Group MD Engineering and Safety,
Balfour Beatty plc**

6. Authentic communication

Leaders stressed the need to make sure the strategy can be communicated as a compelling set of simple, memorable and human themes. For many, this was about visible leadership and direct engagement, using every opportunity for dialogue, both to reinforce key messages and to listen for reactions in the workforce.

“When the Chief Executive asks for support for strategy, you are asking for a personal commitment from other directors. Everyone needs to sense that you are genuine, real, authentic; it has to be your own voice, tone and words. It’s got to be you they hear, not someone else’s language.”

**Evelyn Bourke, Chief Financial Officer (designate),
Friends Provident plc**

“It’s more important to get feedback rather than drive messages down. We need to create ownership which can only come with facilitated, two-way, honest and open discussions.”

**Ian Ogilvie, Head of One HSBC, Global CMB,
HSBC Bank**

Many leaders will still hide behind formal messages and ‘communication vehicles’ rather than risk being exposed in face-to-face dialogue with the organisation. Shared intelligence suggests that leaders still struggle to master the communication skills required for authentic conversations, and that it is dangerous to assume leaders are confident in dealing with difficult news in particular.

So what?

So what does a different approach to strategy require from leaders? A genuine belief in what the business has committed to; a sharp and honest focus on their own individual and collective behaviours and awareness of the messages these can send; the confidence to trust their intuition, to have difficult conversations and stand face-to-face with the organisation on a daily basis.

Leaders were in no doubt as to how difficult this was. Without leadership of this kind, leaders told us, covert risks go unchallenged, the organisation fails to harness the power of its identity in the service of its strategy, and the strategy process itself will be no more than process. Leaders of conviction who can build trust, demonstrate calm confidence and inspire it in others are the key that unlocks a better way of doing strategy.



Think about adapting your leadership

“It was a personal thing, my confidence in the strategy was belief driven. I was, and had to be, 100% confident as I had to drive it forward”

Cheryl Black, Customer Service Director,
Telefonica O2 UK Limited



So what next?

“The overriding aim is an authentic strategy based on who you are.”

**David Burrows, Managing Director,
Government Solutions Group (worldwide),
Microsoft Corporation**

So have today’s leaders collectively articulated a sea change in the way we think about strategy?

The economic crisis has undoubtedly provided the shock stimulus, but we believe that what we are seeing here is an evolutionary change, from a fixed set of (often purely financial) goals to an evolving, iterative process, and from an impersonal, detached, exclusively rational analysis to one that complements rational thinking with a more inclusive, human, simple and emotionally intelligent approach – one that begins with an honest recognition of the organisation’s distinctive identity. The call for organisational self-awareness is in tune with the demand from employees for a simpler, more realistic and meaningful purpose to which they can relate at a human level.

Organisations need and want to develop the capacity to be adaptive, responsive and authentic. Leaders, in turn, need and want the resilience, capability and commitment to stay in control of the pace of change, and keep talented people fully engaged with both immediate delivery of results and longer term ambition.

These things have always been important, but perhaps not urgent. Shared intelligence from today’s leaders confirms that the evolution of strategy has become a critical strategy in itself.

From the sum of our conversations with today’s leaders, we see a set of simple principles aimed at making strategy work better:

1. Expose the covert risks in the business - the things that everyone knows are there but no-one has addressed, the behaviour that goes unchallenged, the ‘orphan’ issues that fall between job descriptions and cause corrosion - and manage them for advantage
2. Bring heart into the strategy. Ground the strategic thinking in the context of what the organisation stands for, its core identity. Don’t leave it just to the strategy team, and don’t let anyone overcomplicate it
3. Bring the strategy into the heart of the organisation. From the very beginning, talk to people right across the business about ideas. Harvest suggestions and contributions widely, engage people on a personal level on what really works – which parts of the current strategy actually gear in to daily activity, and which parts fail to connect. Make it a real conversation – not lip-service to consultation
4. Keep interrogating the process, the plan, the priorities with feedback from the front line, and keep delivery alive with the commitments made in the strategy. Adapt the plan to keep ahead of the pace of change
5. Support leaders at all levels to build their personal belief and ownership of the strategy, adapt their behaviour and develop the key skills to inspire the commitment and confidence of employees, customers and investors.

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If you want to know more

If you would like to learn more, please contact us for a no-commitment conversation where we would be happy to explore with you how to integrate these insights into your own 'strategy evolution' process. We also provide a set of practical 'prompt cards' – insights and actions to use with your leadership teams – to apply the ideas in each section. Please contact virginiamerritt@stantonmarris.com for more information.

We offer a bespoke one-day workshop, *Leading in tough times*. It is designed to help leaders develop resilience and adapt the way they lead to maintain stability and strength under pressure and build a stronger organisation.

For details of this workshop, or if you would like to share any feedback on 'Strategy evolution: adapting to a new world' please go to www.strategyevolution.net where you can keep in touch with all the latest developments.

About Stanton Marris

At Stanton Marris we have over ten years' experience in helping organisations in both the private and public sectors to make strategy work. Our consulting team has expertise in leadership, organisation development and engaging people with strategy.

Stanton Marris combines strategy and people expertise in a completely different kind of consultancy - the only one of its kind focused purely on making strategy work. By working with the politics, personalities, behaviours and processes, we help our clients clear the path to sustained growth.

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