right lane review

December 2014

Good. Better. Best.

Rethink your approach to strategy, growth and organisation to deliver the best possible result in 2015

The five articles in this edition of Right Lane Review traverse our three practice areas: strategy, growth and organisation.

There are articles on strategy and growth that explore the impact of digital in those disciplines. The article on digital strategy is the first in a series of planned Right Lane Review articles covering topics such as digital strategy frameworks, organising for digital, and questions for senior executives.

There is an article on different 'entry points to strategy'. We've recently found it helpful to explore strategy with executive teams and boards through multiple lenses, from drivers of change to industry analysis and from strategic intentions to generic competitive strategies. By developing and interrogating strategy in this multifaceted way, our clients get more robust results, and they are more deeply engaged in the process.

In this edition we also discuss management teams, the pervasive but not always productive meetings of direct reports to a CEO's direct reports. As always, we engage with the issues and challenges and suggest practical resolutions.

This edition includes an article on meeting effectiveness, a topic that seems humdrum on the surface, but is of great interest to many of our clients who believe they are chewing through valuable capacity. We describe practical ways to improve the productivity of your meetings.

We hope that the articles in this edition of Right Lane Review pique your interest.

Have a restful and happy holiday season.

In this issue

digital directions:

themes from the management literature

'Digitisation is re-writing the rules of competition, with incumbent companies most at risk of being left-behind' (Hirt & Willmott 2014).

'If your company doesn't offer a great digital experience, many customers, particularly younger people, will move to industry competitors or do more with companies ... that offer great customer experiences digitally ...' (Weill & Woerner 2014).

Intimidating quotes like these abound in the literature on digital strategy. As do startling performance data like these:

'Those businesses in our study that had a strong Digital IQ ... were 2.2 times more likely to be top performers in revenue growth, profitability and innovation' (PwC 2014).

At Right Lane, we've been grappling with these questions: What are the major emergent themes in the quality management literature on digital? Do the dominant strategy frameworks work in the digital economy? How should our clients engage with digital disruption? What should they do? What are the major opportunities presented by digital? What questions should executives ask their internal teams about their digital initiatives? What governance and organisation models are appropriate? What tools can clients use to help navigate the digital future?

We plan to include our perspectives on these different questions in this and forthcoming issues of Right Lane Review, along with insights gained from our recent 'digital economy' study tour to the US, including a three-day intensive at Boston's Massachusetts Institute of Technology (MIT). In this issue we focus on common themes in the literature; we have identified seven of them, ranging from rates of adoption to digital marketing. We start

Right thinking

- Digital strategy is an increasingly important agenda item for most organisations
- The quality literature suggests that organisations should have a 'house view' on seven major themes:
  1. Competitive rivalry
  2. Rates of adoption
  3. Big data
  4. Cost reduction
  5. Complexity
  6. Organisation
  7. Digital marketing models

with one of the biggest themes: How does digital impact a classic model of competitive rivalry?

Competitive rivalry

'Smart, connected products will substantially affect structure in many industries, as did previous waves of internet-enabled IT' (Porter & Heppelmann 2014).

Michael Porter, author of the Five Forces model of competitive rivalry, wrote recently that digitisation has the capacity to fundamentally reshape industry structure. Dramatically expanded opportunities for product differentiation, changes in the relative power of supply chain participants, changes in the mix of fixed and variable costs, and changes to traditional industry boundaries all contribute to a rich and challenging set of new strategic choices for firms in industries from aviation, to agriculture, sporting goods, financial services, energy, fast moving consumer goods and others.

Porter's case is that the rules of competition have not changed – internal rivalry, threat of new entrants, buyer power, threat of substitutes and supplier power remain the key drivers of industry structure. However, changing product possibilities and shifting economics of production are changing the dynamics within industries and the definition and boundaries of many industries.

Porter's analysis neatly encapsulates the challenge for many of Right Lane's clients, whom we are assisting to not only digitise their own internal businesses operations and customer interactions, but also to look at how digitisation will change the structure of their industries and their competitive positioning both now and in the years ahead.

With more and better data, our clients are working on improving the way they gather and use data to support strategic thinking and strategic planning right across their organisations.

Rates of adoption

'Today many industries - all moving at different rates - are shifting towards a digital world of "space: more intangible, more service-based and oriented toward customer experience" ... Industries will follow - at different paces, driven in part by issues such as regulation, product complexity and how amenable the products are to digitisation' (Weill & Woerner 2014).

We are seeing materially different rates of adoption across the different clients and sectors we serve, driven as much by consumer behaviour and competitive intensity as the factors referred to in the quote above. In financial services and healthcare, for example, some incumbents have found it challenging to reimagine the customer experience, and many attackers have found it difficult to disrupt powerful legacy distribution systems. It seems to us like we are close to tipping points in both sectors and this is exercising the minds of our clients. How long will trusty sales and marketing methods predominate? How should they allocate resources between (proven but diminishing) wholesale and (highly prospective and emerging) retail distribution, when it is challenging to predict the impact of the latter?

We are recommending to clients carefully constructed experiments for new channels and more dynamic initiative prioritisation and resource allocation.

Big data

'The digital technologies underlying their competitive thrusts may not (all) be new, but they are being used to new effect. Staggering amounts of information (is) accessible as never before, from proprietary big data to new public sources of open data. Analytical and processing capabilities have made similar leaps....' (Hirt & Willmott 2014).

Our clients are rapidly evolving their business intelligence (BI) functions to drive more business value. BI teams' roles have been transitioning for some time – from internal reporting on operational trends and the competitive environment to more sophisticated marketing applications that anticipate existing and prospective customers' behaviour. This trend is intensifying as the tools improve and organisations get a better sense of where big data can add the most value.

Big data is not all about BI functions obviously. With more and better data, our clients are working on improving the way they gather and use data to support strategic thinking and strategic planning right across their organisations. For example, they are identifying 'weak' environmental signals that might validate or invalidate their key business assumptions or predict favourable or unfavourable movements in important business drivers. Clients are also improving the way they organise around data. This has been too fragmented and inconsistent in our experience and that is changing.

Cost reduction

'Digitisation transforms global flows by vastly reducing marginal production and distribution costs in three ways: ... (creating) purely digital goods ... (enhancing) the value of physical flows by the use of "digital wrappers" that pack information around goods ..., (and) creating online platforms that bring efficiency and speed to production and cross-border exchanges' (Bughin, Manyika & Nottebohm 2014).

A client said to me recently that in his sector, the legacy service model was a horse and cart racing a new economy sports car. The way customers want to be engaged (less face to face, more digital) was evolving quickly, and he wanted to accelerate the attendant service model changes and bank the efficiencies. But the team was naturally reluctant to make the transition. The old model had been highly valued by customers and had driven good business outcomes. Of course there was a level of anxiety about what the new business model might mean for their jobs and those of some of their colleagues.

This is far from an isolated case. It highlights some of the complications in transitioning business models, and the metaphor underscores the potential consequences of not doing so.

Complexity

'... Many companies are stumbling as they try to turn their digital agendas into new business and operating models ... digital transformation is uniquely challenging, touching every function and business unit while also demanding the development of new skills and investments that are very different from business as usual' (Olanrewaja, Smaje & Wilmott 2014).

Digital business models can be blissfully simple, but more frequently in our experience they can be complex and challenging, particularly for incumbents. Many of our incumbent clients are struggling with where they should focus their efforts – product, service or marketing – and how they can engage customers to help direct their choices. Digital is burning a hole in budgets, sometimes supported by a great leap of faith about prospective impact.

How can this risk be mitigated? We recommend asking some of the following questions of senior officers with responsibility for digital:

- How will digital impact our existing business model? What is our digital business model? Are the two things the same?
- How does our organisation create value digitally now – through content, customer experience and/or platform? Which of these three do you expect to be most important in three years time (Weill & Woerner 2014)?
- What should we prioritise, considering – for example – the relative importance of goals relating to revenue creation, customer experience, efficiency and flexibility?

We plan to return to the topic of questions for executive managers in a later edition of Right Lane Review.

Organisation

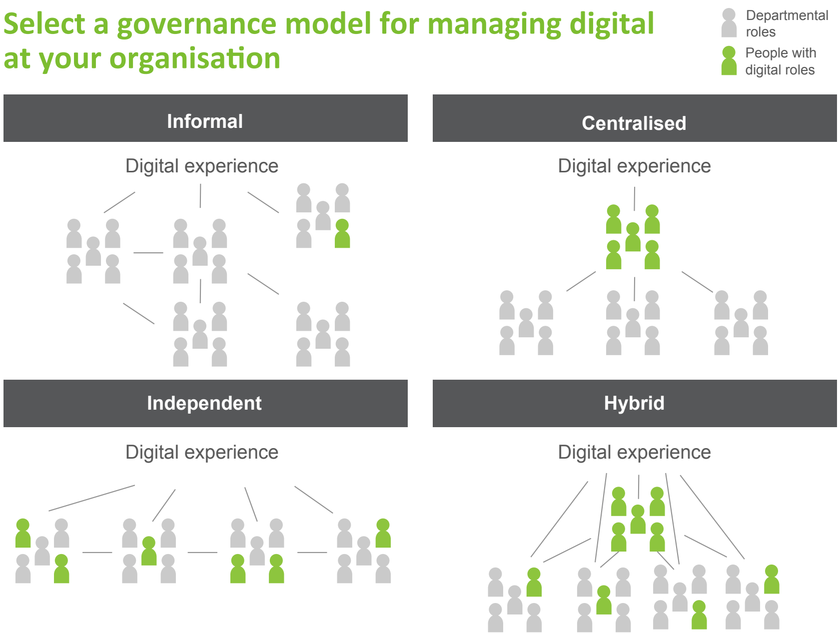
'The most progressive organisations are learning to be like the web - they distribute digital staff across key departments, with a core group of experts that lead key initiatives, set up frameworks, and connect the dots while supporting others to lead' (Mogus, Silberman & Roy 2011).

How should we organise for digital, where and how should this new capability report? We have seen the emergence of several models, well reflected in the following chart (Mogus, Silberman & Roy 2011), delivering varying degrees of success.

Another organisation challenge occupying the minds of our clients is, 'Which positions to fill first?' Many of these positions have new names, and the knowledge, skills and abilities to make a success of them are different from conventional positions: digital strategists, experts in mobile customer technology, social media specialists, content developers, omnichannel marketers, CDOs, user experience designers, data scientists and so on. Which roles will be most important for your organisation and in what sequence? Will you consider 'acqui-hiring'?

Many of our incumbent clients are struggling with where they should focus their efforts - product, service or marketing - and how they can engage customers to help direct their choices. Digital is burning a hole in budgets, sometimes supported by a great leap of faith about prospective impact.

Select a governance model for managing digital at your organisation



Source: Adapted by Right Lane Consulting from Mogus, J, Silberman, M & Roy, C, 2011, 'Four models for managing digital at your organisation', SSIR, accessed at www.ssireview.org on 1 July 2014

Digital marketing models

'There are four equally successful digital marketing models: digital branders (focus on building and renewing brand equity and deeper consumer engagement); customer experience designers; demand generators; and product innovators (use digital to build new products and services)' (Egol, Peterson & Stroh 2014).

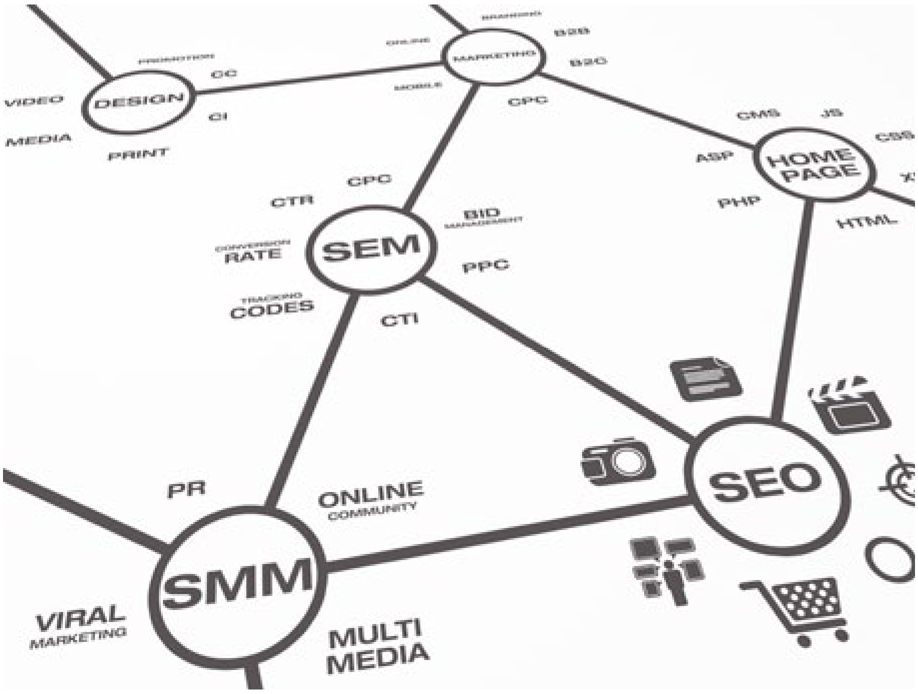
The typology referred to in the quote appears comprehensive. However, in our view, customer acquisition (demand generation) and activation are key skills for all organisations, and are generally given insufficient focus in the digital literature. A 'build it and they will come' attitude is (usually) misguided; that is, there is not much content that is so compelling nor many digital experiences that are so captivating that customers flock to them without demand stimulation.

We've found that the customer acquisition and activation dimensions of digital marketing are far too frequently overlooked, or deemphasised, when – as in most business domains – they are the most important factor. And digital marketing is a completely new marketing competency. We know great marketers, steeped in old economy demand creation experience, who are at sea in the digital economy. It's a different language, with different tools and approaches: a solid theory on what drives the Google algorithm is as important as insight about the allocation of resources across the marketing mix.

Digital does appear to be changing almost every industry and we trust we can continue to share insights with our clients that help them navigate this new terrain.

* * *

Please let us know if you would like a copy of our digital knowledge module by emailing lauren@rightlane.com.au.



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A 'build it and they will come' attitude is (usually) misguided; that is, there is not much content that is so compelling nor many digital experiences that are so captivating that customers flock to them without demand stimulation.

want to know more?

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growth in a digital world

by brad McSwain & julia bentley

Digital experiences and solutions are redefining the competitive environment and how organisations grow.

Customers increasingly prefer online platforms, with today's customers being more aware than ever of their purchasing options, and the majority even completing the buying process, before coming into contact with sales representatives. From the vendor's perspective, digital tools can facilitate deeper customer engagement and the opportunity to deliver to new markets—and make it easier for new entrants to quickly gain share in traditional markets.

With the changes being brought about by new digital solutions and customer behaviours, many organisations cannot continue to operate in the same way and expect historic growth to persist. As a result, those organisations are adapting their growth strategies to focus on anticipating the future needs of the customer and improving the digital customer experience. And this has proven to be a successful strategy, with organisations rated in the top third of digital customer experience having 8.5 percent higher net margins and 7.8 percent higher revenue growth than their industry competitors (Weill & Woerner 2014).

Earlier in 2014 and in collaboration with David Ednie, CEO of SalesChannel Europe, we presented to clients ways to adopt digital solutions as part of a growth strategy. We believe every organisation should take the time to rethink growth in the digital age of the customer, develop an integrated approach to managing growth and create a growth culture.

Rethinking growth in the digital age of the customer

'Old thinking X new technology = fail' says David Ednie, CEO of SalesChannel Europe.

Traditional growth strategies typically begin with an assessment of whether an organisation is ahead or behind the growth curve within its market. For many, this assessment has been done periodically but generally infrequently; there has been neither the need nor the ability to assess more frequently. However, with the rapid rise of the digital customer in those markets, many organisations are quickly finding themselves behind the growth curve and, in an effort to keep up, are applying new technologies and solutions without considering how this fits into their overall growth strategy.

David points to five ways to rethink growth in this age of the digital customer.

1. Develop a growth mindset

A growth mindset in this digital age requires an ability to anticipate future changes in customers' needs and preferences. Introducing new technologies for the sake of it is a wasted investment if customers will not engage. Instead of focusing on what new technologies can be applied to current services and products, organisations should first identify tomorrow's customers – who they are and what they will want for the next 6 months, 6-12 months and 12-36 months. New technologies should only be introduced if they will improve engagement with tomorrow's customers.

Right thinking

- Digital experiences are changing the competitive landscape
- Organisations that anticipate the future needs of their customers and improve the digital customer experience outperform their competitors
- To adapt a growth strategy for the digital world organisations should:
  1. Rethink growth in the digital age
  2. Develop an integrated approach to managing growth
  3. Create a growth culture

2. Differentiate or die

While product superiority is still an important factor for attracting customers, organisations need to spend more energy on developing tailored solutions for customers and then educate customers on why their service or product is more valuable than competitors'. This is particularly important in the digital age where customers can easily turn to online search engines to research and compare a range of services and products. To be clear on why and how it is different to competitors in terms of its service or product category, an organisation can differentiate three levels:

i. Basic product/service: technology, price performance, product/service quality

ii. Support services: levels of support; quality of service, systems and processes

iii. End-to-end customer experience: people, perceived value, high touch, exceed customer expectations, delight and astound customers.

3. Review the customer adoption cycle

In considering the needs of tomorrow's customers, organisations also need to consider their purchasing behaviours. A CEB study of more than 1,400 customers found that today's customers are completing 57% of a buying cycle before ever coming into contact with a sales representative (Adamson, Dixon & Toman 2012). The internet and mobile devices enable customers to search, find, qualify and try products and services before contacting a vendor and making a decision.

This means that, for many organisations, a new customer adoption cycle is required for their business. This new cycle aligns sales, marketing and customer interactions, moving away from traditional view of the buying process as a process of 'awareness', 'consideration', 'decision' and then 'purchase', which is too simplistic and does not take into account the multiple factors that can influence a buyer's decision.

4. Disrupt the status quo

'Fire your sales force' says Tiffani Bova, Vice President and distinguished analyst responsible for IT sales and channel strategies at Gartner Research (2014).

The old golden rule in sales was: find out what your customers want and give it to them. The new rule is: give your customers the ability to do what they can't currently do but would want to if they only knew it was possible. Bova argues that implementing this new rule requires a different capability to a sales force: the ability to understand and capture customers' imaginations, particularly in the digital age where we are only beginning to understand the opportunities presented by technology. As Keven Roberts (2012), CEO of Saatchi & Saatchi Worldwide has said 'reasons lead to conclusions; emotions lead to actions'. People will make decisions when they are faced with immediate negative consequences. The new rule requires sales and marketing teams to take the customer out of the comfort and complacency of the status quo and let them 'wallow' in the negative future without your service or product.

> **Give your customers the ability to do what they can't currently do but would want to if they only knew it was possible.**
>
> **Daniel Burrus, 2014**

5. Tip the funnel

'Tip the funnel' and convert your customers into your unpaid and more effective sales team. Recommendations from customers to their personal contacts have an 88 percent conversion rate compared to 4 percent for cold calling and 44 percent for external recommendations (Ednie 2014). For this reason, many organisations have tapped into social media such as Facebook, Twitter and YouTube as a method of encouraging customers to promote products and services to friends online.

Diagnose	Lay the foundation	Extend
• How well do we understand the opportunities and challenges presented by digital?	• Increase our understanding of digital and its impact on growth	• Reflect digital responses in our growth strategy
• How well integrated is our approach to managing our growth strategy?	• Establish core elements of an integrated approach	• Lead and manage the program
• Which of our ways of working help and hinder our growth success?	• Establish a program that informs the team of the required ways of working	• Change our ways of working

Source: Right Lane Consulting, 2014

Taking an integrated approach to managing your growth strategy

Amidst this digital disruption and in an increasingly competitive environment, it is more important than ever for organisations to take a structured and integrated approach to managing a growth strategy. A clear plan for achieving growth enables organisations to have a better idea of what is working and what can be improved.

An integrated growth strategy includes five dimensions.

1. Articulate a clear growth aspiration

The clarity of an organisation's growth aspiration and the levers that will be pulled are critical to the success of a growth strategy. Without this, an organisation's ability to manage and lead will be undermined.

Key questions that organisations should ask when articulating a growth aspiration include:

- Have we been sufficiently granular on where we will grow?
- Do we know the 'sizes of the pies', and will they realistically get us to our aspiration?
- Have we considered what our competitive advantages will need to be, or what will make us distinctive?
- What is the context within which we will grow? What is happening in our industry? Are our customers changing?
- Have we translated these into 'levers' that are readily understood within our business?

2. Align resources with your strategy

Resources should be directed at the levers that are most likely to drive growth. Assess the current allocation of growth resources, prioritise the levers that are likely to have the greatest impact on the growth aspiration and propose to redirect resources to these priority levers.

3. Actively lead the program

Organisations implementing a new growth strategy can learn from effective change management, where contributors to success include active and visible executive sponsorship and frequent and open communications about the need for change. There needs to be a structured management approach, backed by dedicated resources and funding and supported by employee engagement and participation.

4. Adopt effective disciplines to manage the program

Setting up an operating rhythm that focuses management's time on measuring, monitoring and review ensures regular tracking of progress against the growth strategy. Calling on a fact base to track which levers are contributing to growth can help an organisation to monitor progress and make decisions about which levers should be continued or discontinued.

5. Build and maintain a fact base

Compiling and maintaining a fact base enables organisations to make informed decisions. This fact base should include the data required to track performance and the desired targets over time as well as a regular assessment of the external environment, particularly in an increasingly changing growth environment.

Creating a growth culture and ways of working

Organisations don't change, people do. So how do organisations get their team onboard with a new growth mindset? David Ednie believes it comes down to personal accountability. Leaders need to own the change if they are going to drive organisation-wide change.

In particular, David points to five ways that leaders can create a growth culture.

1. Be future focused

Look forward. Let go of the past and take a higher level view to anticipate the next 'wave'.

2. Shift your mindset

A new mindset precedes new results. A fixed mindset assumes that intelligence is static, leads to a desire to look smart and a tendency to avoid challenges and ignore useful feedback. Conversely a growth mindset assumes that intelligence can be developed and leads to a desire to learn, embrace challenges, persist despite obstacles, learn from criticism and be inspired by others' success (Dweck 2006).

Amidst this digital disruption and in an increasingly competitive environment, it is important as ever for organisations to take a structured and integrated approach to managing a growth strategy.

3. Manage two businesses

Managing growth requires agility and asymmetrical thinking. Organisations should consider lessons from the different techniques in rafting and rowing. Row boats are structured and only suitable for travelling down calm and flat rivers. On the other hand, raft boats allow one to adapt to the environment and travel down changing and challenging waters. Organisations can often fall into the trap of travelling down flat rivers and having a predictive mindset. Be future focused and set up like a raft to be agile in a changing environment.

4. Develop ambidextrous thinking

Organisations need to develop ambidextrous thinking – how to use 'AND Thinking' as a tool to discover new solutions, approaches and ideas that fly in the face of the established way of doing things. On hearing a new idea, try responding with AND rather than BUT.

5. Have an experimental mindset

Organisations should embrace the certainty of failure using a 'disciplined experiment' mindset. Gamify the thinking and the business.

Immediate steps to getting started on a growth strategy

The digital age may seem daunting as the competitive environment changes; however, there are some simple steps that have been covered here that organisations can take to get started on their growth strategies. Regardless of whether an organisation chooses to focus on digital technologies, start by diagnosing the situation and developing a better understanding of the current environment; then lay the foundations to establish core elements of the integrated approach; and finally extend the growth strategy into the organisation.

The importance of customer acquisition and activation - and knowing the digital tools that will help

Most organisations' growth objective will be to increase customers or 'share of wallet'. In a world where much depends on customers engaging with your organisation, improving customer engagement and experience is required but not sufficient to deliver this growth — 'if you build it' does not mean 'they will come'. Customers must be acquired and activated (as has always been the case) by using marketing technologies that focus on lead generation, conversion and, ultimately, growth through activation.

Louis Gudema (2014) puts forward 7 *Marketing Technologies Every Company Must Use* synergistically:

1. Analytics
2. Conversion optimisation
3. Email
4. Search engine marketing
5. Remarketing
6. Mobile
7. Marketing automation.

Social media, while important for engagement and content promotion, is not considered by Gudema to be a strong technology for lead generation.

Gudema found in his research of 351 companies that, other than those in the software industry, companies are using a median of just two of these technologies, wasting their opportunity to grow.

How many marketing technologies is your organising using?

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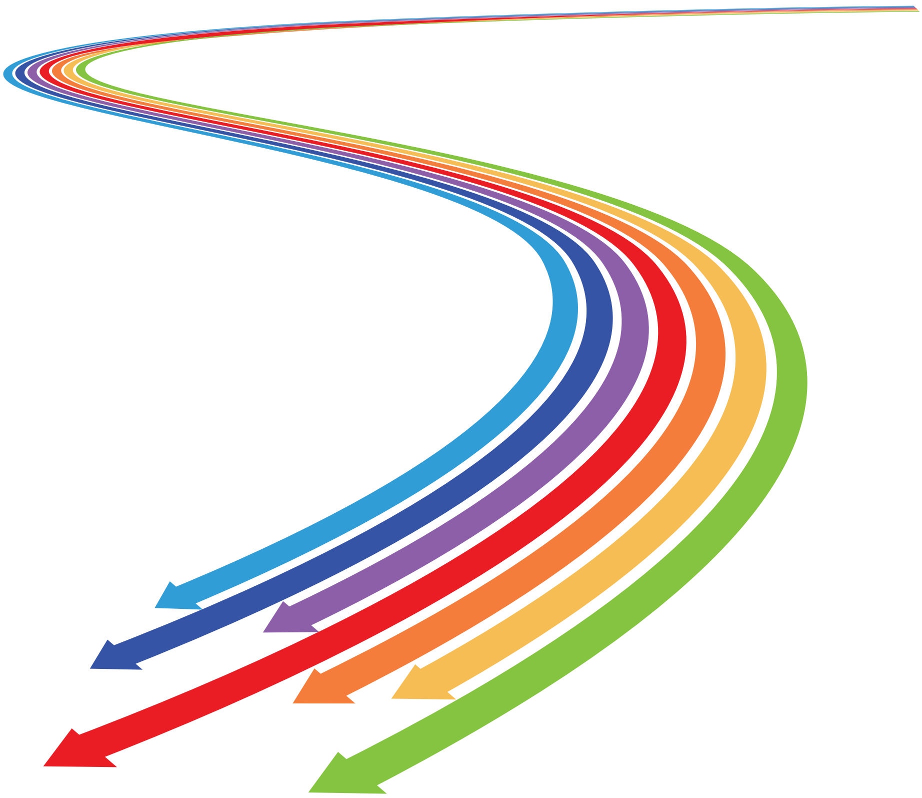
entry points to strategy:

A means of engaging boards and executives



by brad McSwain & marc levy

Right thinking

- There are numerous entry points that can be used to develop strategy and to test its robustness over time
- When deciding on which entry points to use, there are a number of factors that should be considered, including certainty of the organisation's future, timing in the strategy cycle, and the experience and expertise of directors and executives

It is rare in business that there is the opportunity to develop a completely new strategy, from scratch. Start-ups have this advantage, but for all other organisations there will already be some form of strategy, documented or not, in place.

In Right Lane's experience, there is no blueprint to developing or refreshing a strategy within an established organisation. Instead, we recognise that there are numerous 'entry points' to strategy — and that each of these will offer an opportunity to engage boards and executives on strategy in order to generate robust and progressive thinking, discussion, alignment and outcomes.

What are the possible entry points to strategy?

There are many approaches and frameworks available to develop and refine strategy. These can be broadly categorised into the following entry points:

- **Generic competitive strategies** allow for consideration of how to compete within a chosen market (e.g. low cost, differentiation, focus).
- **Industrial organisation economics** considers the broader industry in which an organisation is situated, the conduct of the major players within that industry and what that means for how to perform and succeed.
- **Corporate strategy frameworks** adopt structured and widely understood approaches to articulating strategy such as strategy maps and balanced scorecards.

- **Aspirations and intentions** engage stakeholders in thinking about and envisioning a desired future.
- **Forces at work and drivers of change** consider how to find and generate value within the changing internal and external environments.
- **Strategic questions** provide a straight-to-the-point assessment of a strategy's completeness and robustness.
- **Operating performance and financial trajectories** identify and test a small number of growth or efficiency pathways, particularly useful where funding stakeholders are involved (e.g. a defined benefit super fund).
- **Capabilities and the resource based view of the firm** focus on an organisation's assets and how these can be applied to deliver success.

Examples of frameworks within each of these categories is provided in the exhibit *Entry points to strategy* below.

Why is it important to think about entry points to strategy?

The importance of strategy to the success of an organisation is widely understood. The clear articulation of an aspiration, where and how to compete, and the capabilities and resources required to do so are all essential components of a well-designed strategy.

But how can we be confident that a well-designed strategy will also be successful? By testing the robustness of the strategy from different angles and perspectives over time, and not by using the same entry point and the same approach.

Thinking carefully about the right entry points to strategy, and using these to test and refine strategy, also has the benefit of engaging participants such as directors and executives. Their contribution of knowledge and expertise via engagement in the strategy development process will help ensure the right strategy is in place.

> **Thinking carefully about the right entry points to strategy, and using these to test and refine strategy, also has the best benefit of engaging participants such as directors and executives.**

Entry points to strategy

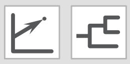
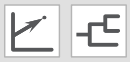
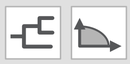
 A clear enough future

 A range of futures

 Alternative futures

 True ambiguity

Timing in strategy cycle
E – M – L
Early Mid Late

Entry point	Example frameworks	When it might be best used
Generic competitive strategies	• Value discipline model (operational excellence, product leadership, customer intimacy) (Treacy & Wiersma) • Competitive advantage matrix (degree of differentiation v. relative costs) (Porter)	 E M L
Industrial organisation economics	• Structure, conduct, performance (Mason & Bain) • Five forces (Porter) • Dynamic SCP (Stuckey)	 E
Corporate strategy frameworks	• Strategy maps and balanced scorecards (Kaplan & Norton) • 'Can you say what your strategy is?' (Collis & Rukstad) • Multi-business strategy (Lewis, Morkel & Hubbard)	 E M
Aspirations and intentions	• Core ideology, envisioned future (Collins)	 E
Forces at work/drivers of change	• Finding and using sources of power (Rumelt) • Strategy under uncertainty (Courtney) • Five forces (Porter)	 E M
Strategic questions	• 'Playing to win' (Lafley & Martin) • Ten timeless tests for strategy (Bradley, Hirt & Smit) • Winning moves (Welch)	 E M L
Operating performance and financial trajectories	• Growth and efficiency paths (Levy & McSwain)	 E M L
Capabilities and resourcing	• Core competencies (Hamel & Prahalad) • Resource-based view of the firm (Collins, Collis)	 E M L

Source: Right Lane 2014; Courtney, H 2001, *20/20 foresight: crafting strategy in an uncertain world*, Harvard Business School Press, Boston, MA.

What factors should be considered in deciding on entry points to strategy?

Deciding how best to enter a strategy discussion will also depend on factors such as the certainty of the organisation's future, where you are in the strategy cycle and the experience of the participants.

In *20/20 foresight: crafting strategy in an uncertain world*, Hugh Courtney describes four levels of certainty, from a relatively clear future through alternative or a range of futures to true ambiguity. The most effective entry points to strategy will be influenced by the view of the organisation's future on this spectrum. For example, corporate strategy frameworks may work best where the future is relatively clear, whereas timeless questions such as Jack Welch's 'what's your winning move?' may be suited to a more uncertain world.

The timing of the strategy review and discussion is also important when deciding on entry points to strategy. Aspirations and intentions are generally used early in the cycle, perhaps with a new CEO or in a first refresh for five years or more, and will be less suited in years two or three of a cycle. Other entry points will have a place at any time, such as generic competitive strategies and capabilities and resources.

The experiences of the board and executive must be assessed when considering the best entry points for strategy. This experience will be twofold:

1. What has been seen in action and what has worked: Directors and executives will generally bring vast experience in developing strategy. They will have seen and used different approaches and frameworks and will know which of these have worked and why. Understanding these experiences can be a valuable input into deciding which entry points will engage these important stakeholders.
2. The expertise of the participants: In *'Tapping the strategic potential of boards'* (Bhagat et al, 2013) an expertise gap is put forward to explain why some directors demonstrate only limited engagement in strategy. For example only 10 percent of the directors surveyed by the authors felt that they fully understood the industry dynamics in which their companies operated and, as a result, only 21 percent of them claimed to have a complete understanding of the current strategy. Understanding such expertise gaps within a board or executive will help to understand which entry points will have the best chances of generating the necessary levels of engagement of the participants in strategy discussions.

How will you enter your next strategy review?

Many organisations take an annual approach to developing or refreshing their strategy, with involvement of the board and executive team being important to a successful process. In Right Lane's experience, it is critical to take the time upfront to develop a strategy process that will engage participants as well as lead to the outcomes that are suited to the current needs of the board and executive.

So, the next time you are developing or refreshing your strategy:

- Reflect on your organisation's current situation and challenges
- Understand the levels of certainty you face and where you are in your strategy cycle
- Engage early with your board and executive to understand their expectations and gain their input
- Select the entry points that are best suited to delivering the outcomes you need now.

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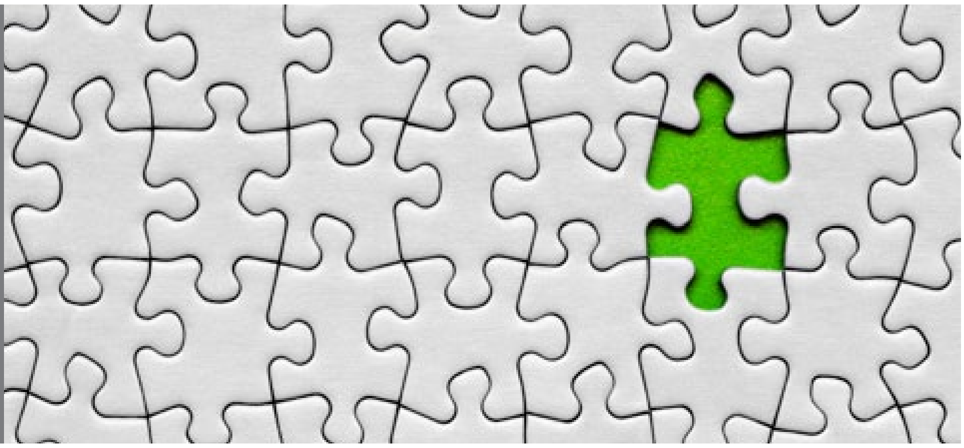

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Bhagat, C, Hirt, M & Kehoe, C 2013, *Tapping the strategic potential of boards*, McKinsey Quarterly, February

Courtney, H 2001, *20/20 foresight: crafting strategy in an uncertain world*, Harvard Business School Press, Boston, MA

want to know more?

If you would like Right Lane to help you select the entry points that are best suited to delivering the outcomes you need now, contact **Brad McSwain:**

brad@rightlane.com.au

top teams

off beam?

Engaging the 'all officers group'

by marc levy

Right thinking

- All officers groups, or senior leadership teams, are common organisational constructs
- Getting the most out of an all officers group means giving them direction and focus
- All officers groups can be particularly useful for brainstorming, alignment and communications, and building capabilities

Bob Frisch's book, *Who's in the room* (2012), talks about three senior teams with quite distinct roles: the kitchen cabinet (a few executives drawn together by a CEO to make decisions), an executive team, and an 'all officers group' (for the next layer of leaders). We have seen this structure at work in most of our clients, and we've seen these groups operating with differing levels of success.

In most of the organisations we work with the role of the executive team could be sharpened for greater impact, but in this article the focus is on what Bob calls the 'all officers group'. In our clients, this group is more commonly referred to as the senior leadership team (SLT) or the senior manager/management group (SMG), although there are numerous names for it.

There are similarities and differences in the ways that the organisations we've worked with have set up their all officers groups. Most of these groups are similar in size, say, 20-30, although they can be much larger in our big clients; they frequently include the executive team members' direct reports; they mostly have alignment to strategy as part of their remit. But other aspects of the way clients engage all officers groups are widely divergent. Some clients use them to accelerate strategy execution, or iron out strategy execution barriers; others use them for leadership development; some use them for brainstorming and idea generation relating to business or process problems; frequently they are predominantly a communications vehicle or conduit to the middle layers of an organisation and below. Organisations have their all officers group meet as rarely as annually and as frequently as monthly.

In our experience, most organisations, and most officers, are dissatisfied with the all officers group. They frequently feel patronised by being used as a communication channel, disconnected from the real strategic decision-making; they believe that their views should be heard and acted upon. Top teams tend to chop and change what they want from the all officers group and alter the composition of it, sometimes without explaining why. We've see instances of organisations oscillating between different qualifications for membership – first by place in the hierarchy, then by whether officers are on an emerging talent list, and then back to hierarchy but with a screen based on the number of direct reports officers have (some technical managers with few reports have been excluded).

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Our prescription for a successful officers group is simple: Work out what you want it to do and who is going to be involved and stick to that for a defined period, say 2-3 years. Engage the group in developing its own remit. Negotiate a remit that adds value for the organisation and is exciting and challenging for the officers. The remit should have two to three main themes, but it shouldn't be too circumscribed. Part of the benefit to the organisation is to see how its members cope with the ambiguity of defining and negotiating their own scope and taking responsibility to deliver something valuable. We agree with Bob Frisch that an all officers group can be very helpful for brainstorming and idea generation, and in our view it is also an ideal site for capability building and bottom up renewal.

Take it seriously too: give it some power and autonomy; encourage it to take risks and initiate change; give it the resources and support it needs; put proper governance around it; have it agree clear measures of success. Then, most importantly, put the acid on it to deliver something to a timetable, with full visibility to the executive team (pitching sessions to the executive can work well), and embed an evaluation of its results in the performance management system.

All officers groups want to, and frequently need to, build their capabilities in strategic thinking, strategic planning and strategic management (Heracleous 1998; Liedtka, 1998). These topics help prepare them for leadership and should also deliver immediate value to the organisation in terms of better businesses cases, more well conceived business plans and budgets, and a better understanding of the context of their and their teams' work. We suggest to some of our clients that they invest in a number of intensive sessions with the all officers group covering: forces at work in the external environment; envisioning alternative futures; discovering disruptive strategies; operationalising strategic thinking in plans; prioritising and integrating initiatives; resource allocation; managing dependencies; aligning the team; and measurement, monitoring and review.

Some organisations we know have abandoned all officers groups altogether. This is probably a sensible step in some cases, but if organisations are prepared to get behind them to make them work – more pointedly, to give them what they need and ask the officers themselves to make them work – then they can be very valuable forums.

* * *

Right Lane is collaborating with Boston-based Strategic Offsites Group, where Bob Frisch is the Managing Partner, on knowledge sharing and professional development initiatives.

We agree with Bob Frisch that an all officers group can be very helpful for brainstorming and idea generation, and it is an ideal site for capability building and bottom up renewal.

How to harness the 'all officers' group

1. Determine what you want the group to do
2. Determine the process for who should be included
3. Allow the group to develop their own remit in relation to their purpose
4. Stick with it for 2-3 years

Source: Right Lane 2014

References

Frisch, B 2012, *Who's in the room? How great leaders structure and manage the teams around them*, Jossey-Bass, San Francisco CA

Heracleous, L 1998, 'Strategic thinking or strategic planning', *Long Range Planning*, vol. 31, no. 3, 481-487

Liedtka, J 1998, 'Linking strategic thinking with strategic planning', '*Strategy and Leadership*', vol. 1, 120-129

want to know more?

If you would like Right Lane to help you engage the all officers group of your organisation more effectively, contact **Marc Levy:**

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‘we spend way too much time in meetings’: Liberate resources by running meetings more effectively

by marc levy

Right thinking

- Ineffective meetings are a source of pain for many organisations
- By applying ‘5 P’s’ to every meeting, organisations can increase the effectiveness of their interactions
- Successful organisations use meetings to get real work done together, not as a distraction from their real work

The title of this article is a refrain we frequently hear from our clients. Meetings are too long. The right people aren’t in the room. More people are invited to attend than necessary. There is no agenda. Roles are unclear and there is no moderator of the discussion. Outcomes are opaque. The minutes or actions arising are distributed too late. Actions don’t get followed up.

Having facilitated 500 executive teams and board offsites, we are practiced at meetings. And while our consulting work is typically in strategy and planning, quant marketing projects, and organisation and alignment, we’ve found that clients are increasingly looking to us for help to improve the effectiveness of their meetings.

In a tight budgetary climate, when it can be challenging to have executive teams and boards approve new headcount, freeing up capacity to get more done, or new things done, is vital – as is, of course, initiative prioritisation and resource allocation effectiveness, topics canvassed in previous editions of Right Lane Review.

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Meeting effectiveness projects can have a very high efficiency dividend. One of our senior clients estimates that he spends 60-80% of his working day in meetings and that 30% of that time is wasted. Improving meeting effectiveness can liberate between 50 and 100 hours per week of top team time, and many hundreds of hours for the CEO+2, or all officers, group.

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We help clients improve their meeting effectiveness by: observing their meetings, recommending new policies and practices, training their people in the new approach, and observing, and further embedding the required changes. We do diary analysis at the start and end of the projects to quantify the potential savings.

One practice that we frequently recommend relates to 'the Ps' of meeting effectiveness. There are various lists of between five and eight Ps (see, for example, Schuman 2005). Different lists work in different contexts. Our own Right Lane five Ps are: purpose, product, perspective, people and process. We expect meetings to have an agreed purpose, a clear process and end product, and so on. In consulting we want our people, particularly our analysts and junior consultants, to have a perspective. Participants in our meetings are expected to have a view on the issues to be raised in the meeting and to 'get in the game', which means be heard and have an impact in meetings.

One of our most successful clients spends a high proportion of their time in meetings, and they have a different attitude to this investment in time than many of our other clients. They get 'real work done together' in meetings; they don't see meetings as a distraction from their real work or what they have to get done. There are several reasons for this, but one of the most important is that their meetings are well run and the usual frustrations that accompany meetings are largely absent.

Let's fix meetings so that they can be the powerful site of action and collaboration that they should be.

In consulting we want our people, particularly our analysts and junior consultants, to have a perspective. Participants in our meetings are expected to have a view on the issues to be raised in the meeting and to 'get in the game', which means be heard and have an impact in meetings.

We help clients improve their meeting effectiveness by: observing their meetings, recommending new policies and practices, training their people in the new approach, and observing, and further embedding, the required changes.

The 5 Ps ...

1. PURPOSE	**Why are we having this meeting?**	To develop an approach to completing this year's business plan.
2. PRODUCT	**What do we want to get out of it?**	A clear timeline and next steps in the process.
3. PERSPECTIVE	**How should we best gather the input of those present and those unable to attend?**	Have everyone express their views to a consistent format. Require a consultative process for interested stakeholders.
4. PEOPLE	**Who should be in the room and what roles should they play?**	Project team members and executive leaders. Facilitated by project manager.
5. PROCESS	**What is our agenda? How will we have the conversation?**	Welcome and introduction, complete project on a page, confirm key milestones.

Reference

Schuman, S (ed) 2005, *The IAF handbook of group facilitation*, Jossey-Bass, San Francisco

want to know more?

If you would like Right Lane to help you run your meetings more effectively, contact **Marc Levy:**

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About Right Lane

Right Lane is an Australian management consulting firm that specialises in moderating executive team and board workshops and facilitating strategy and planning processes for midsized organisations.

Right Lane was established in 1997 to help private, not for profit and public sector clients to clarify and accelerate their future plans. Over the past 17 years, we have helped the executive teams and boards of nearly 100 organisations to define and adapt their direction and strategy, identify and clarify their priorities, align their efforts with their aspirations, get their major projects started and finished, and measure and improve their performance.

In 2011, Right Lane became, to our knowledge, Australia's first 'for benefit' management consulting firm. This means, for example, that we have capped our return on shareholder funds at reasonable levels, rather than seeking to maximise financial returns, which allows us to concentrate on our mission of contributing to society by helping organisations that do good do better.

Our areas of focus

- Developing and managing strategy and planning processes for clients
- Implementing strategy through aligning and engaging the organisation, and measuring and monitoring performance
- Leading strategic projects, such as pre-merger analysis, pricing, new product feasibility, marketing expenditure effectiveness and growth options evaluation
- Facilitating clients' board and executive team workshops

For more information

If you would like to discuss any aspect of this paper in further detail, please contact:

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