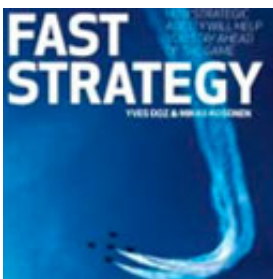


Fast Strategy: staying ahead of the game

How can you make sure your company not only keeps its edge over its competitors, but also seizes new opportunities? In a new book called *Fast Strategy: How strategic agility will help you stay ahead of the game*, INSEAD professor Yves Doz and co-author Mikko Kosonen, a former senior Nokia executive, say the best way to do this is by making the most of what they call 'strategic agility'.



Kosonen says he faced the challenges of strategic agility for years in his roles with the Finnish telecoms firm as head of strategy and chief information officer. At Nokia he became familiar with two dimensions of strategic agility, he says, namely strategic sensitivity – that is, the way in which an organisation views the world and whether it is 'open-minded' and attentive enough to sense new opportunities and discontinuities– and secondly, 'resource fluidity' which relates to whether companies can redeploy resources rapidly enough to quickly exploit emerging opportunities in a complex and fast-changing environment.



"I personally experienced how Nokia, as a leading company, gradually lost some of its strategic sensitivity and resource fluidity as a result of successful growth," Kosonen says. "In the early '90s it won over Ericsson and Motorola because of its strategic agility. But then over the years, some of these capabilities began to deteriorate and, when we tried to change, it became really difficult."

Outlining how the study came about, Kosonen says he approached INSEAD Professor of Strategy Yves Doz to find out more about strategic renewal. The two then launched a study into strategic agility involving some 150 interviews with a dozen companies and focusing mainly on six high-tech incumbent firms: IBM, HP, Cisco, SAP, Intel and, of course, Nokia, which had allowed Kosonen to take a sabbatical.



“When Mikko knocked on my door, I was intrigued at first and then I got really interested,” Doz says, adding that he’d originally expected to oversee the research project in much the same way as supervising doctoral students. Instead, Doz and Kosonen ended up working together as co-researchers.

“When you look at this work, it’s fuelled, fed by the experience of Mikko and Nokia on the one side, plus all of these other studies we did at IBM, Intel and so on, and the work of other researchers on strategic renewal. It’s been a constant interplay between theoretical contributions – what I bring from the academic side – and what Nokia and these companies we researched ... bring from the practical side,” Doz says. This led to a series of ‘long and endless’ retreats in northern Finland, Brittany in France and Boston and Palo Alto in the US. “We had these long and soul-searching week-long meetings where we were trying to bring theory and practical evidence together,” Doz says.

Among the main findings of the study: companies need to be agile and flexible, both in terms of their thinking and their organisational processes. This calls for specific leadership skills.

“What we’re arguing is that you need mental and cognitive agility, which we call strategic sensitivity, but basically be very open to the world, and very alert, and make sense of developing situations as they occur,” Doz says. “I think one of the critical changes is that it used to be that companies could ‘do’ strategy as a periodic planning exercise and then go into implementing strategy for five to ten years and then think again ‘what are we going to do next?’ or wait for a crisis to call their strategy into question. I think today’s very different.”

“So you have this constant alertness, awareness of

what’s going on around you, this constant mental sensitivity and agility, this constant questioning. At the same time that would remain completely useless unless you also have the ability to redeploy resources fast and that’s where we come into the fluidity of resources as a core capability. It encompasses the ability to invest, divest, to build businesses, provide infrastructure, to have new businesses up and running in a few days and also be able, if it doesn’t work, to withdraw at limited cost and do something else.”

Doz says there’s a third key dimension to strategic agility: leadership unity or the collective commitments needed for top management teams to make courageous collective decisions, and to work together to get things done, rather than be pulled apart by the constant tensions of decentralisation and delegation of business units (or functions) on the one hand, and the search for unity of the organisation on the other.

“That’s probably, to me at least, the biggest finding and learning from our research, and certainly one of the main contributions from the book: this whole notion of leadership unity and its critical importance, and how companies really need to pay deep attention to the mechanisms that sustain leadership unity,” Kosonen says. The financial markets like companies which have a ‘clear value creation logic’, he adds, but at the same time “they don’t like companies that are only single business companies. So you need to have a portfolio of businesses, but that needs to be integrated, and that’s hard.”

Nowadays it’s strategic integration that drives corporate value, Kosonen says, and that’s “very difficult for most business leaders who are trained to be autonomous ‘hero-leaders’ who are running their own fiefdoms and for CEOs who manage them on a one-to-one basis.” But if companies are to be able to thrive on integration, they need to work as a team and that’s tough, he adds.

Collective decisions become difficult for two reasons, Doz says. First, when “people take a responsibility and identity of their own ... they’re not very receptive to any ideas of change that would force them into participating in a collective process.” Second, even if they did, they would remain “very much committed to the success of their subunit.”

“So we need to create some form of collegiate responsibility at the top, where the top team is collectively responsible for adding value to what the collection of businesses within the company could achieve on their own,” Doz says. But, Kosonen points out, collective responsibility does not mean a lack of accountability.

Fast Strategy does not just look at the political and organisational aspects of building teams, but also explores how leaders use emotions to energize teams. “Managers and researchers are focused on organisational and interpersonal levers,” Doz says, “and in some ways they tend to miss the emotional dimension of commitment. I think Nokia – probably because it was led by a team of young, very ambitious people – was a very emotionally-energised organisation in the early ‘90s when the growth in mobile phone exploded. And second what we also found is the real importance of how people think about opportunities and, again, the danger of established companies having blinders put on their ability to perceive the outside world ... and the more challenging and disruptive the cognitive perceptions you can have, the better off you are.”



The more successful you become, the co-authors say, the greater the risk of losing your ‘strategic agility.’ “Your vision starts to become more and more tunnel-like,” Kosonen says. “You just repeat the success formula and your resources become trapped in different organisational silos, and then your leadership unity also starts deteriorating, everyone is busy with operational growth ... There’s not the cabinet, collective responsibility and commitment for further developing the corporation.” That’s a trap the authors hope business leaders will be able to avoid.

While Fast Strategy explores mainly high-tech companies, the authors say strategic agility is also relevant to other industries. “It’s really amazing how widely our findings can be applied, and how applicable they are beyond the ICT (information and communication technology) industry,” Kosonen says, “because the same phenomenon that is taking place in the ICT industry is taking place elsewhere. Not only is the speed of change increasing, but the nature of change is also becoming more complex, more systemic, less predictable, (and) that’s where you need strategic agility most.”

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Yves Doz teaches in the following Executive Education programme: Managing Partnerships and Strategic Alliances

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