

# A New Dawn for Business Strategy

*Business leaders are experimenting with more emergent strategies in response to the disruptions taking place in their markets. Criticleye finds out how strategy is becoming more dynamic*

A shift in strategic thinking is underway as boards come to realise that they must respond faster to the changes shaping the global marketplace. The old notion of a set five-year plan has been transformed by the use of more emergent strategies, where assumptions about the future are tested more frequently and, if a new direction is needed, the business is fluid enough to be able to adapt quickly.

“I am seeing a change taking place where the top-down, long-term view needs to be supplemented by more focus and agility in recognition of how you are going to achieve it, so the building blocks within corporate strategy are definitely becoming more dynamic,” says **Ruth Cairnie**, Non-executive Director of the

FTSE 250 engineering firm, Keller Group, and former Executive Vice-President for Strategy & Planning at Shell.

**Rebecca Lythe**, Chief Compliance Officer at retailer Asda, comments: “Technology is moving so quickly and the landscape has changed in terms of how easy it is to do something quite disruptive, so mature businesses have to learn to be a lot more agile. It is still important to set a strategic direction looking some years ahead, but it’s how you get there, the time horizons within it and how you keep your strategy up-to-date which have all accelerated.”

The pace of change knows no bounds. **Kevin Craven**, CEO of the Services division at infrastructure provider

Balfour Beatty, says: “You only have to look at what’s happened in the telecoms industry, where miles and miles of cables and wires in the ground have been replaced by mobile phones and masts. The entire economic model just shifted dramatically...”

“No market is free from disruptive influences, so you clearly have to be monitoring your world and your customers and think about how you might respond to those shifts.”

Leadership teams must be better prepared when a disruptive shift does occur. “You should have at least envisaged the tough questions and how you might answer them, otherwise you’re not providing ▶

genuine value to your shareholders,” says **Kevin**. “One of the answers might be to say: ‘We need to close our doors.’ Another could be to sell to the innovator that’s tearing up your marketplace... [and] if you don’t want to go to those lengths then at least be prepared to be radical.”

## BIG DECISIONS

If CEOs delude themselves about the need to adapt, strategies will fail. **Roger Martin**, Criticaleye Thought Leader and Academic Director of the Martin Prosperity Institute at Rotman School of Management, comments: “The most common thing to do in the world of strategy in business these days is to complain about the VUCA world we live in – so everything is volatile, uncertain, complex and ambiguous – and then say that because of this it’s impossible to do strategy.

“But if an organisation doesn’t understand it has to make choices about where to play and how to win, it might as well not do strategy. That’s why more than eighty per cent of all strategic plans are pretty much useless.”

**Peter Shore**, Chairman of Arqiva, the UK’s national provider of TV and radio broadcast infrastructure, says: “Once a year we go offline for two days... to look at our individual industry segments from the bottom up. We look at where we are, assess our strengths and weaknesses, then from the top-down we try and assess where the big technical shifts or the big industry or customer shifts are going to be in our markets, and therefore where the big opportunities are for us to push our next investments.”

The board-level strategy has to be clear but the roll-out for a global business

“No market is free from disruptive influences”

will not necessarily be homogenous, which does present some risks. **Simon Dawson**, Associate at leadership and organisational change consultancy Transcend, comments: “Emergent strategies are fine so long as there is connection across the organisation and rules to operate by. The danger is that people fall into a state of ‘self assembly’, whereby they go off and do their own thing believing they’re contributing to the whole strategy but, in reality, different parts of the organisation are moving in different directions.

“For example, when I worked in a telecoms business that was supposed to use emergent strategies, things were fine until the board got rid of the CEO as a result of the business underperforming. Then it quickly became clear that [the business] was just formed of little silos of people doing their own thing, none of which really connected.”

Communication must be frequent so that the vision remains relevant. **Roger** says: “As a business grows larger, the delusion of believing you can have uni-directional strategy set from the top just becomes more and more far-fetched.

“What you have to do is lay out a strategy direction from the top then say to the business units: ‘Here’s what we’re trying

to accomplish as an organisation, please try and make something consistent with that.’ It’s then a process of going back and forth between the top and the bottom, which hones, refines, tightens and aligns your strategy.”

**Ruth** comments: “You need constant communication so that the view from the HQ about what the world is like, and whether the strategy can be implemented, is constantly up to date. You mustn’t be in the position where your assumptions are out of date, so it’s about constantly testing whether your assumptions are still valid and whether you are delivering on the strategy you set out; if not, an adjustment may be needed.” ■

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### Featuring Commentary From:



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