

# **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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## 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**

## 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

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