Strategic Agility
– for Continuous Renewal

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The Strategic Agility imperative

Most Companies die not because they do the Wrong Things, but because they keep doing what used to be the Right Things for too Long…
Where is Strategic Agility most needed?

Strategic Agility

Operational Excellence

Entrepreneurial Insight and Flexibility

Growth

Time

What is Strategic Agility?

Strategic Sensitivity:
Seeing and framing opportunities and threats in a fresh way – as they emerge

Leadership Unity:
Collective decision making and commitment

Resource Fluidity:
Fast and efficient resource mobilization and redeployment
The Curse of Momentum

Strategic Sensitivity
- Tunnel Vision
- Tyranny of the core business
- Strategic Myopia
- Dominance mindset
- Snap judgment and intellectual laziness

Resource Fluidity
- Imprisoned resources
- Business system rigidity
- Ties that bind
- Management mediocrity and competence traps

Leadership
- Management divergence
- Heady charm of fame and power
- ‘Expert’ management
- Emotional apathy

Unity
- Tunnel Vision
- Tyranny of the core business
- Strategic Myopia
- Dominance mindset
- Snap judgment and intellectual laziness

Single-minded attention to ‘clear direction’ leads to...

<table>
<thead>
<tr>
<th>Driver</th>
<th>Consequence</th>
<th>Toxic side-effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear vision for the future of our core business</td>
<td>Considering everything outside the core as non-relevant</td>
<td>Tunnel vision</td>
</tr>
<tr>
<td>Sustained effort at maximally leveraging our core business</td>
<td>Framing everything in the light of the core business</td>
<td>Tyranny of the core business</td>
</tr>
<tr>
<td>Tight focus on continuous improvement</td>
<td>Short term internal orientation</td>
<td>Strategic myopia</td>
</tr>
<tr>
<td>Leadership position in everything we do</td>
<td>Reluctance to open collaboration and experimentation</td>
<td>Dominance mindset</td>
</tr>
<tr>
<td>High action orientation and self-confidence</td>
<td>Action hero syndrome, no time and interest for alternatives</td>
<td>Snap judgment and intellectual laziness</td>
</tr>
</tbody>
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### Single-minded attention to ‘autonomy’ leads to...

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<th>Driver</th>
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<tr>
<td>• Clear charters for all organizational units</td>
<td>• Declining intensity of dialogue and decreasing need for collective commitments</td>
<td>• Management divergence</td>
</tr>
<tr>
<td>• Strong leaders with proven track-record</td>
<td>• Inflated egos, overly bold commitments, implicit pecking order</td>
<td>• Heady charm of fame and power</td>
</tr>
<tr>
<td>• Strong specialized expertise</td>
<td>• Decisions elevating to the top team; decisions made by the ‘same’ leaders</td>
<td>• Expert management</td>
</tr>
<tr>
<td>• Long tenured leaders</td>
<td>• Tired hero syndrome; future opportunities looking less thrilling than past experiences</td>
<td>• Emotional apathy</td>
</tr>
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### Single-minded attention to ‘high efficiency’ leads to...

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</tr>
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<tr>
<td>• Strong business units with sufficient autonomy as they grow</td>
<td>• Core business managers ‘sitting on their resources’</td>
<td>• Resource imprisonment</td>
</tr>
<tr>
<td>• Highly efficient business systems and processes</td>
<td>• Increasingly differentiated and specialized (‘fit for purpose’) activity systems</td>
<td>• Activity system rigidification</td>
</tr>
<tr>
<td>• Deep collaborative relationships with key customers and partners</td>
<td>• Customer &amp; partner ‘lock in’ and decreasing strategic freedom</td>
<td>• Ties that Bind</td>
</tr>
<tr>
<td>• Learning by doing and building on experience</td>
<td>• Forgiven and hidden misbehavior and shortcomings</td>
<td>• Management mediocrity and competence gaps</td>
</tr>
</tbody>
</table>
The Curse of Success
Strategic Agility easily Turns into Strategic Paralysis Over Time …

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Leadership
Unity

Key Capabilities enabling Strategic Agility

Strategic Sensitivity
- Open Strategy Process
- Heightened Strategic Alertness
- High Quality Internal Dialogue

Resource Fluidity
- Dissociating business results from resource ownership
- Values driven leadership and management
- Modular business processes and systems

Leadership
Unity
Drivers of Strategic Sensitivity

- Co-strategizing with multiple stakeholders
- Experimentation
- Stretched and Contradictory goals
- Open business definition
- Factual and conceptual richness

Drivers of Leadership Unity

- Shared agenda & incentives
- Corporate roles
- Interdependent structures
- Embracing conflict + dialogue
- CEO First among peers

Mutual dependency
Top team collaboration
Leadership style of the CEO

Leadership Unity

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Business Groups
- Mobile Phones
- Multimedia
- Enterprise Solutions
- Networks

Horizontal Groups
- Customer and Market Operations
- Technology Platforms
- Brand and design
- Developer support
- Research and venturing

Corporate Functions

Drivers of Leadership Unity
- Mutual dependency
- Top team collaboration
- Leadership style of the CEO

LEADERSHIP UNITY

Drivers of Leadership Unity
- Shared agenda & incentives
- Corporate roles
- Interdependent structures
- Embracing conflict + dialogue
- CEO First among peers

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Embracing Conflict and Dialogue

Conflict + Dialogue
- From genuine visible personal dissent to...
  - ...Collective agreement
- Energized action

Consensus + Debate
- From soft personal disagreement to...
  - ...Public agreement, private dissent
- Passive sabotage

Drivers of Leadership Unity

- Shared agenda & incentives
- Corporate roles
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- Embracing conflict + dialogue
- CEO First among peers

Mutual dependency
Top team collaboration
Leadership style of the CEO
LEADERSHIPUNITY

This calls for a New Deal at the Top!
Drivers of Resource Fluidity

- Dissociating business results from resource ownership
- Assumption based planning
- Institutionalized job rotation
- Values based Management System
- ‘Plug and Play’ modular structures

Mobilizing Capital Resources
Mobilizing People and Knowledge
Creating Modular Structures

‘Plug and Play’ modular structures - case Nokia

Rapidly changing markets
Reconfigurable business systems
Modular business infrastructure

Market opportunities

FIT

Business system 1
Business system 2
Business system 3

Combining Economies of scale and Flexibility

Processes
Apps & Data
IT Platforms

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- Leadership style of the CEO

Unity

Forthcoming Book:
In European Bookstores from December 6, 2007
Strategic Agility workshops:
January 15 in London, UK
February 5 in New York, US
February 7 in Silicon Valley, US

For more information on Strategic Agility please contact:
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THANK YOU

Strategic Agility calls for increasing integration across synergistic businesses

Value from Integration

Performance

Value from Autonomy

Single business company

Portfolio of Businesses

Danger Zone
The Healthy Tension between Strategic Agility and Operational Excellence

- Corporate Entrepreneurship
- Strategic Planning
- Focus on Operational Excellence
- Strategic Agility

Speed of Change: Fast to Slow
Nature of Change: Simple/Linear to Complex/Systemic
Operational Performance