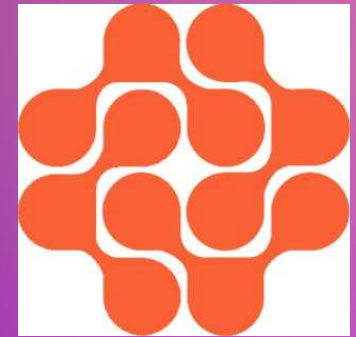


Welcome to “Open Strategy”



BOYE 23, AARHUS

Iben Stjerne (Ph.d.), Associate Professor in Leadership and Organizational Psychology, Founder of Stjerne Consulting



Morten Elvang (Ph.d.), European Lead, Business Agility, Accenture



#openstrategy

www.openstrategy.works

Version 07-November-2023 – can be freely distributed – updates at www.openstrategy.works/open-books

Join Iben & Morten for an interactive 3-hour workshop on open strategy!

Why open strategy?

As Iben puts it

"Unlike traditional approaches that often end up gathering dust, open strategy thrives by involving more people and fostering transparency, amplifying the impact of your strategy".

It encourages alignment, invites creative input, and cultivates stronger commitment and credibility, revitalizing your strategic planning and execution.

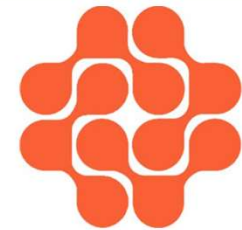
Wondering how this affects you?

Morten sheds light on the frustration stemming from organizational opacity, emphasizing the concept of the 'black market for common sense,' prevalent in systems that lack coherence.

In today's rapidly changing world, industries grapple with constant disruption, underscoring the necessity for a fresh approach.

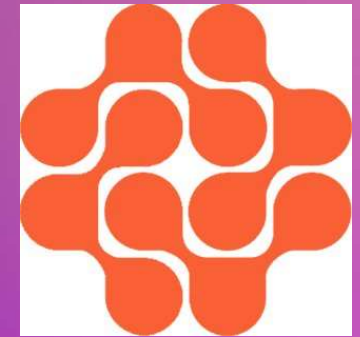
As Morten emphasizes, a lack of openness results in critical information being overlooked, leading to subpar decisions. In any leadership position, this is unacceptable.

Join us to uncover how openness can fuel your strategy and steer you toward success.



BOYE 23, AARHUS

Increasing economic and moral pressures demand an open and emergent approach to strategy



BOYE 23, AARHUS

Welcome to “Open Strategy”

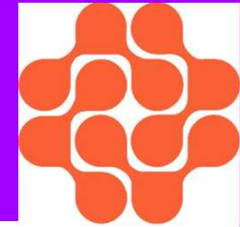
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TODAYS PRESENTER



BOYE 23, AARHUS

15.15 - 16.00

How to Thrive in a Turbulent and Demanding World: The Open and Emergent Approach to Strategy

Imagine you are the CEO of a company that is facing a major disruption in your industry. You have a well-crafted strategy that was developed by your top management team and approved by your board of directors. But as the situation changes rapidly, you realize that your strategy is no longer relevant or effective. What do you do?

You could stick to your plan and hope for the best, or you could adopt an open and emergent approach to strategy. This approach is based on the idea that change is not a linear or predictable process, but a continuous, open-ended, and cumulative one. It requires you to be flexible, innovative, and collaborative, and to constantly align and re-align your organization to its changing environment.

In this presentation, I will explain what an open and emergent approach to strategy is, why it is needed in today's complex and uncertain world, and how you can implement it in your own organisation. I will also share some examples of specific tools you can use.

If you are interested in learning how to create a more open, adaptive, and resilient organisation, join me for this exciting and informative session!



Morten Elvang (DK)
European Business Agility Lead at
Accenture

The saddest act ...



Who gets the
brownie?

Agenda

- Welcome
- Agenda
- Why Open Strategy?
- What is (Open) Strategy?
- How is this different?
- What can you do?
- Options
- Opportunity cost
- The promise of Open Strategy
- Read more
- Wrap

We offer a pathway
...

You can
get going
in a few
weeks!

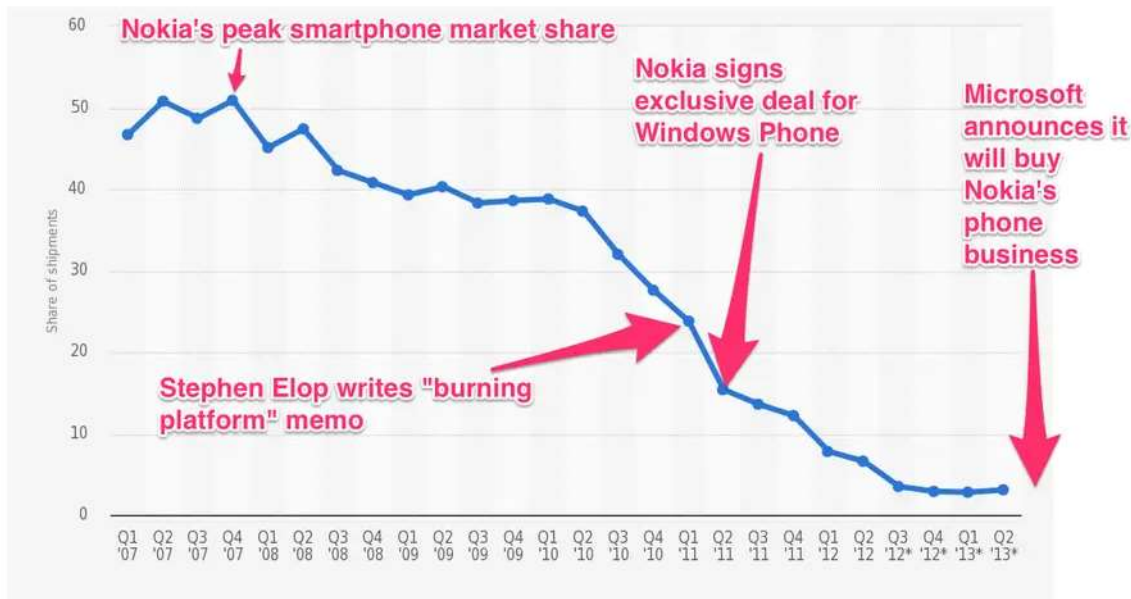
With 5
concrete
ideas of
what you
can do!

Why Open Strategy?

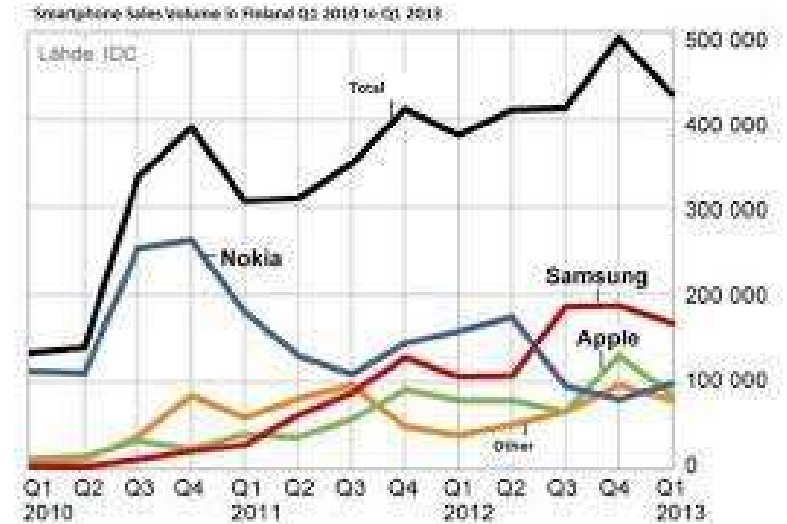
What happened here?

Microsoft Spent \$9.4 Billion on a Sinking Ship

Nokia Smartphone Market Share



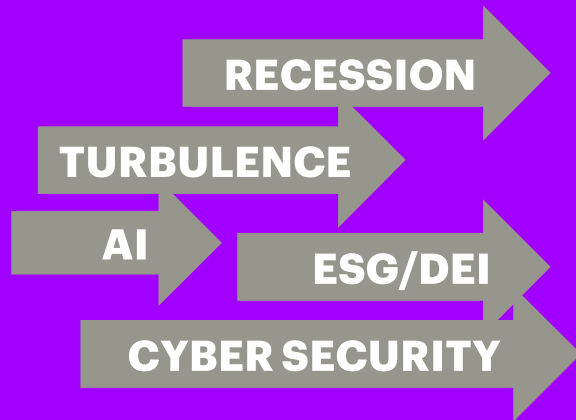
GLOBAL 2007-2013



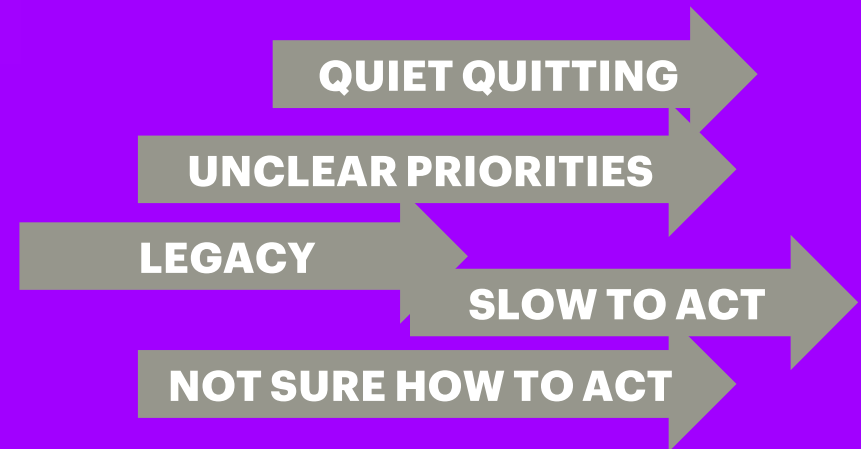
FINLAND 2010-2013

When was the iPhone introduced?

From <https://www.statista.com/chart/3626/nokias-smartphone-market-share/>
<https://www.businessinsider.com/microsoft-nokia-deal-came-way-too-late-2015-7?r=US&IR=T>
<https://mspoweruser.com/nokia-lumia-had-around-23-smartphone-market-share-in-finland-in-q1-2013/>



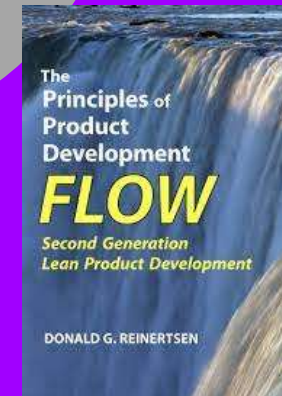
What are the external and internal factors influencing strategy today?



Decision makers tend to make risky and suboptimal decisions – overlooking how bad it can go when it goes bad – some talk about **blind risk taking**



Most larger organizations tend to have too many initiatives in flight – overlooking that **overload** increases both frustration, risk, and cost



The strategy dilemma: You want, but you cannot!

Want to pivot

New opportunity emerge at increasing intensity

Sometimes as 'nasty surprises' – with a risk of you becoming someone else's opportunity

Increasing need to quickly and effectively shift resources across different parts of the organization

Confused

Not clear what to do

Too many priorities

Unclear what initiatives are in progress and what value they contribute

Internal constraints limits capability/willingness to act and respond

Lack of transparency/ high risk level/ slow to respond

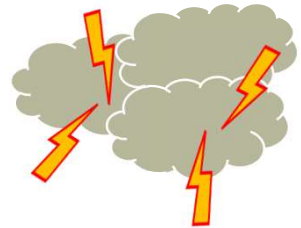
Shackled up

3x

95%

50%

85%



What are the potential consequences?



HIGHER RISK

OPPORTUNITY LOSS

PEOPLE SUFFER



LOSS OF CAREER

BANKRUPTCY



SITUATION: There is something dysfunctional around strategy – and it bites harder and harder

5, 4, 3, 4/5, 4, 8, 2, 4, 5

What do
you think
this is?

How
many
people
'get'
strategy?

Problems
created by
strategy are
impossible to
fix or
compensate
any where
else!

NEW SITUATION: When things are changing you need to be **ABLE TO ACT and to **AVOID** bad consequences**

The dream is to catch things in time and respond swiftly and coordinated across the entire organization

The reality for many is that unnecessary closedness and slowness to respond bring resilience at risk

What is (Open) Strategy?

Strategy is ...

A process of concentrating force at your opponent's weakest point – sustainably and repeatedly while dynamically adapting to evolving situations

Your best plan for survival and future prosperity

(our definition)

The central rule of a framework, designed to unify all decisions and actions around busting the bottleneck to achieving aspirations (Peter Compo)

A cohesive response to an important challenge (Richard Rumelt)

An integrated set of choices that positions the firm in its industry so as to generate superior financial returns over the long run (Roger L Martin)

**... the ultimate job of
open strategy is to
AVOID doing the
WRONG THINGS
when you could have
known better**

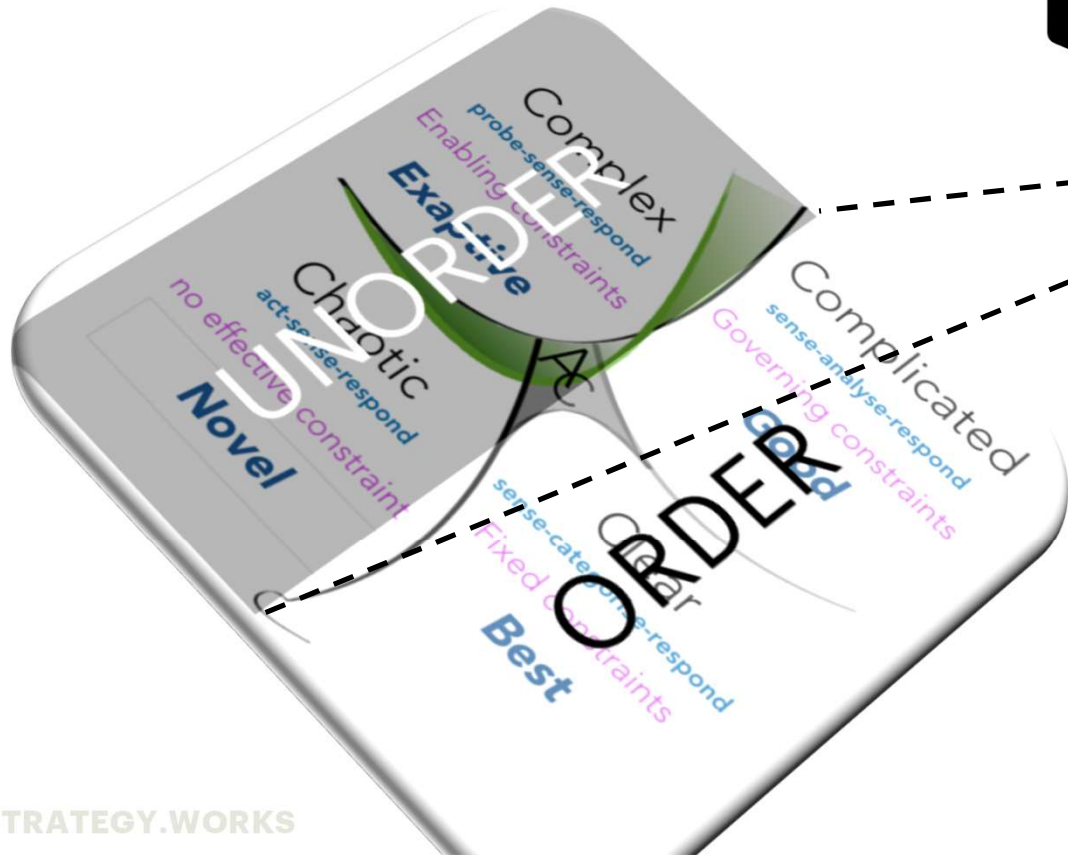
Keep options
open and
reassess as
reality emerge

Dual approach for survival and prosperity

What have we overlooked?
ADJUST?



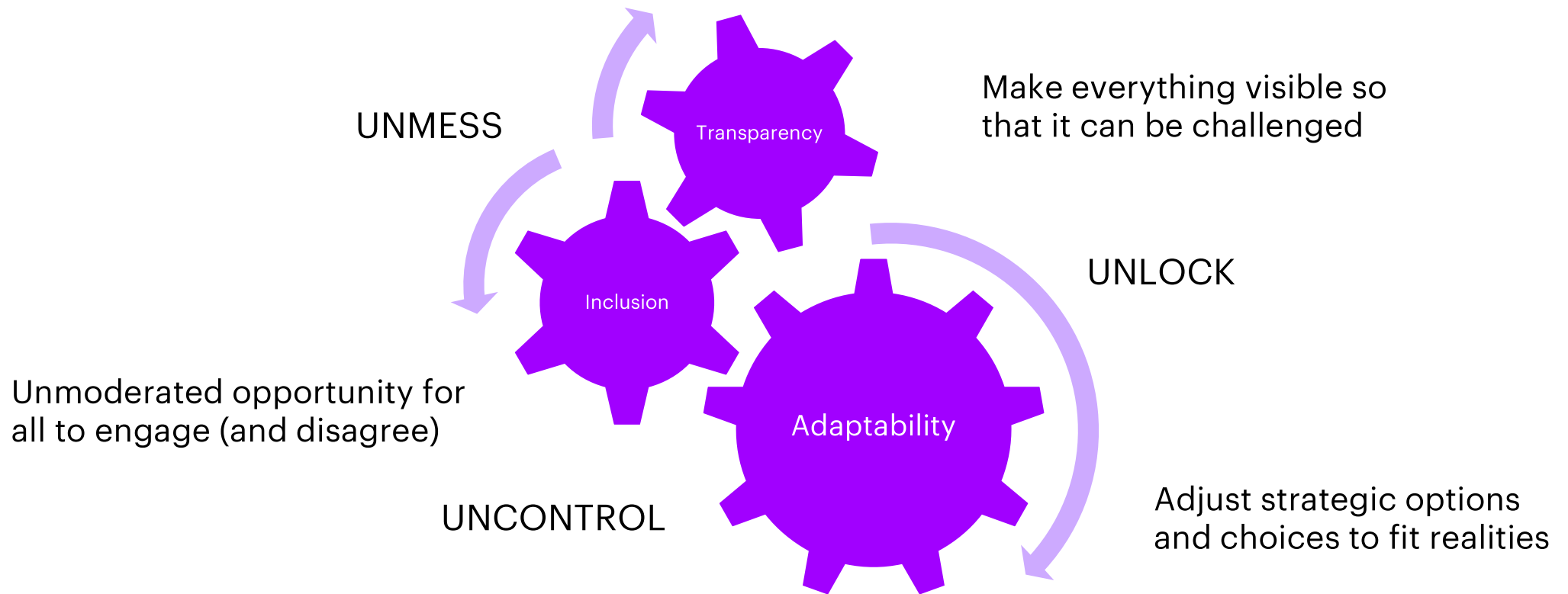
What should we do?
PRIORITIZE!



(It rarely works to look for weak signals and prioritize if you are in a mess; UNMESS before wearing)



Open Strategy is about actively involving people outside top management in the strategy process



How is this different?

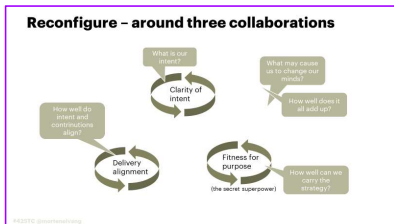
New demands call for an entirely different approach

Reinvent your organization to naturally stay aligned and respond



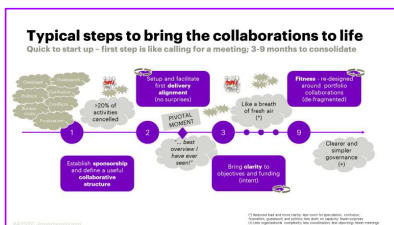
Shifts needed:

- ➔ Broader involvement of people (UNCONTROL – less bureaucracy)
- ➔ De-fragment governance (UNMESS – reduced load)
- ➔ More frequent adjustments (UNLOCK – increased clarity)
- ➔ Foundational openness (Transparency, Inclusion, Adaptability)



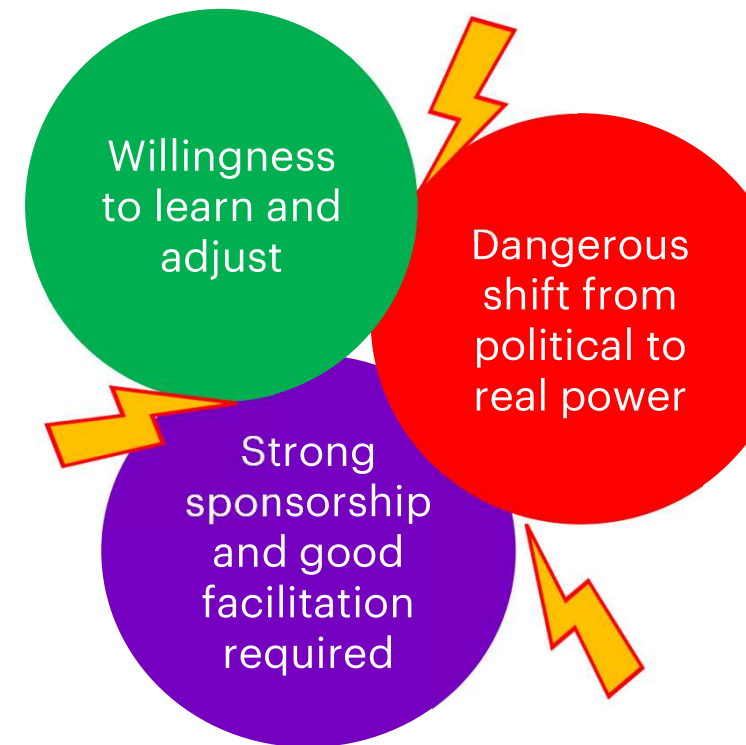
Repurpose (not reinvent) centered around dynamic collaborations

- ➔ Clarity of intent
- ➔ Alignment of contributions with intent (a monthly meeting?)
- ➔ Fitness for purpose to deliver intent

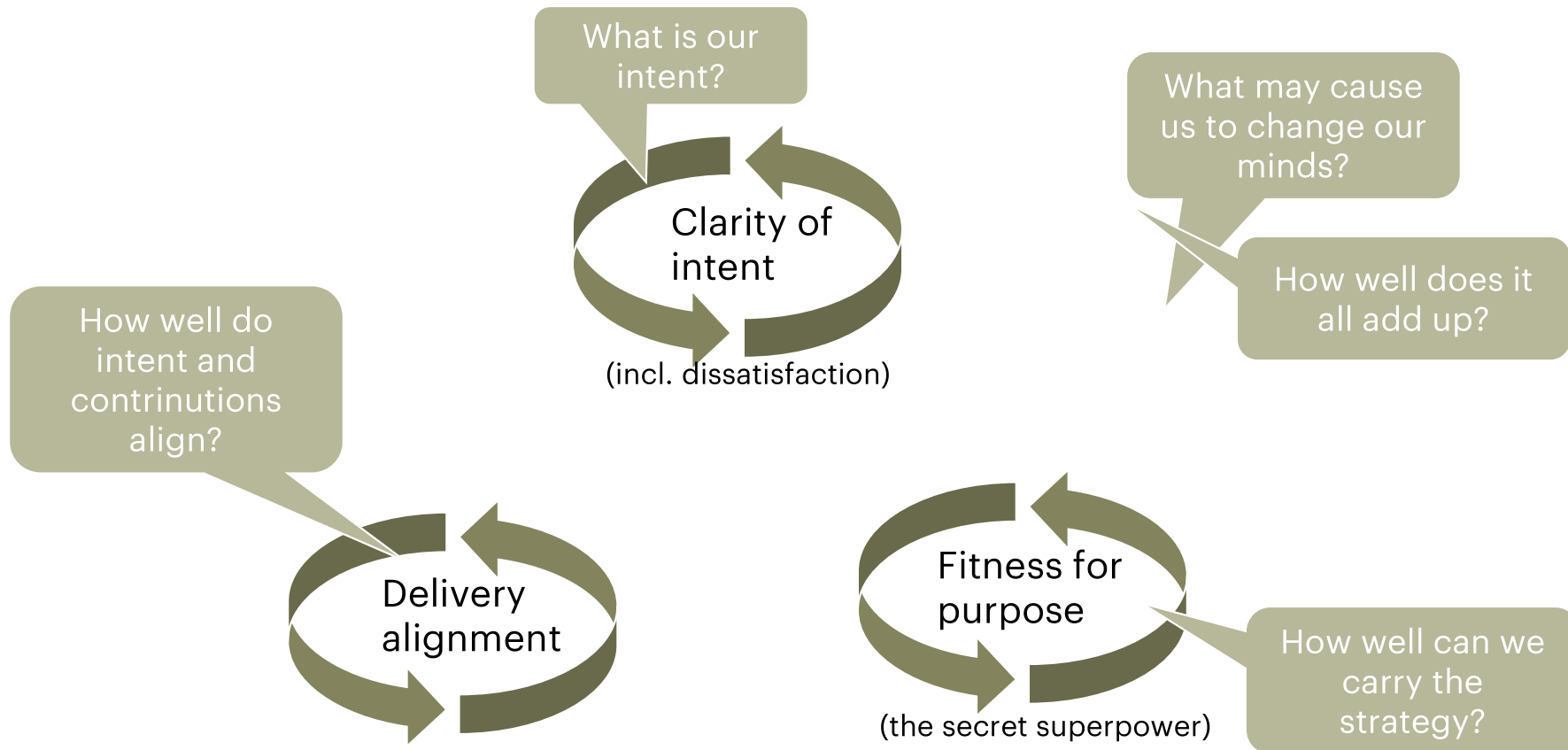


Start by:

- ➔ Establish sponsorship and find a facilitator
- ➔ Confirm a useful collaborative structure (your execution!)
- ➔ Document intent (your strategy! Incl dissatisfaction)
- ➔ Align intent with contribution
- ➔ Establish fitness at all levels
- ➔ **Subordinate** other governance elements ... and keep going

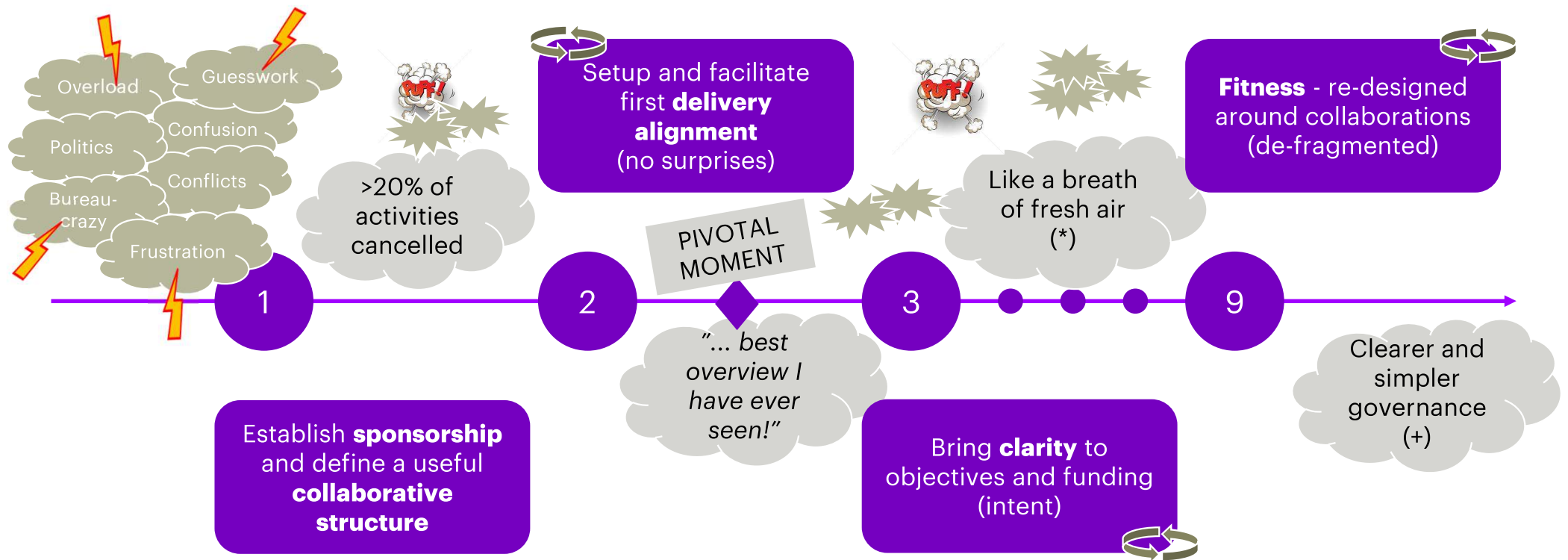


Configure around three collaborations



Typical steps to bring the collaborations to life

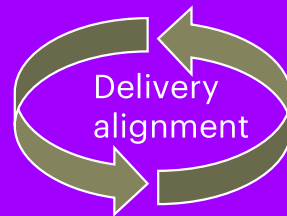
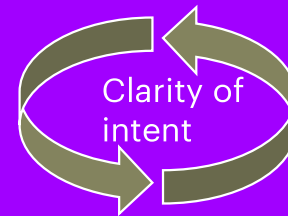
Quick to start up – first step is like calling for a meeting; 3-9 months to consolidate



(*) Reduced load and more clarity; less room for speculation, confusion, frustration, guesswork and politics; less drain on capacity; fewer surprises
(+) Less organizational complexity; less coordination; less reporting; fewer meetings

What can you do?

What is
your
challenge?



What is your strategy?

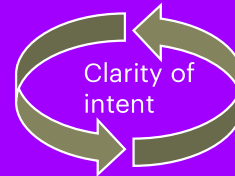


		Strategy Alternative Matrix for: _____		
Aspiration				
Bottleneck				
Strategy				
Fitness Criteria	1	Assessment	Assessment	Assessment
	2	Assessment	Assessment	Assessment

Source Peter Compo, www.emergentapproach.com
OPENSTRATEGY.WORKS

1. What is your aspiration?
2. How do you evaluate success?
3. What limitations are you facing?
4. What is your strategy?
5. What alternatives do you have?
6. Is there anything you need to reconsider?
7. How could a more open process help?
8. How do strategizing and execution co-exist? What is the flow?

(Columns represent alternatives)



Assessment of our approach to strategy



Give a number between 0 and 10

Discuss as a group

Individually please rate our current approach to strategy with a number between 0 and 10, 10 being the highest!

What is our approach to strategy?

Do not reveal your number, but write it down on a sticky note.

What are the things we need to figure out?

How could you become more open?

Write a short sentence answering the question: Why did you pick this number?

Everyone shows their number at the same time. Share your why.

How useful is our collaborative structure for articulating and realizing our strategy?



What does that mean? To have a 'useful collaborative structure' (define criteria)?

How are you currently doing against these criteria?

What is your level of openness?

"Would you buy this used car? How do you decide?"



Design "Delivery Alignment" for you

A meeting - monthly works well - face-to-face - over 1-2 days



Business and strategy updates (**clarity of intent**)

Delivery alignment (accountable updates from contributors; no surprises)

Bazaar time (everyone joins to reflect on findings)

Useful collaborative structure (**fitness for purpose**)

- The event starts with useful updates and context setting
- Intent versus contribution conversation in the form of delivery updates
 - How are objectives understood?
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 - Anything else worth knowing?
- Other participants listen and ask a few questions for clarification
- Longer conversations at the Bazaar
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 - Demos/mini-workshops

Make your own agenda



Exercise: Earthquake levels



- 1) Design your own earthquake scale 1-5
- 2) Think back on your history, what kind of major earthquakes have you had?
- 3) When were they realized vs when could they have been realized?
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Level	Impacts
1/Minor	A small delay in product delivery or a minor customer complaint.
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5/Existential	A major lawsuit or a significant loss of market share.



About options

Exercise: Head or Tail?

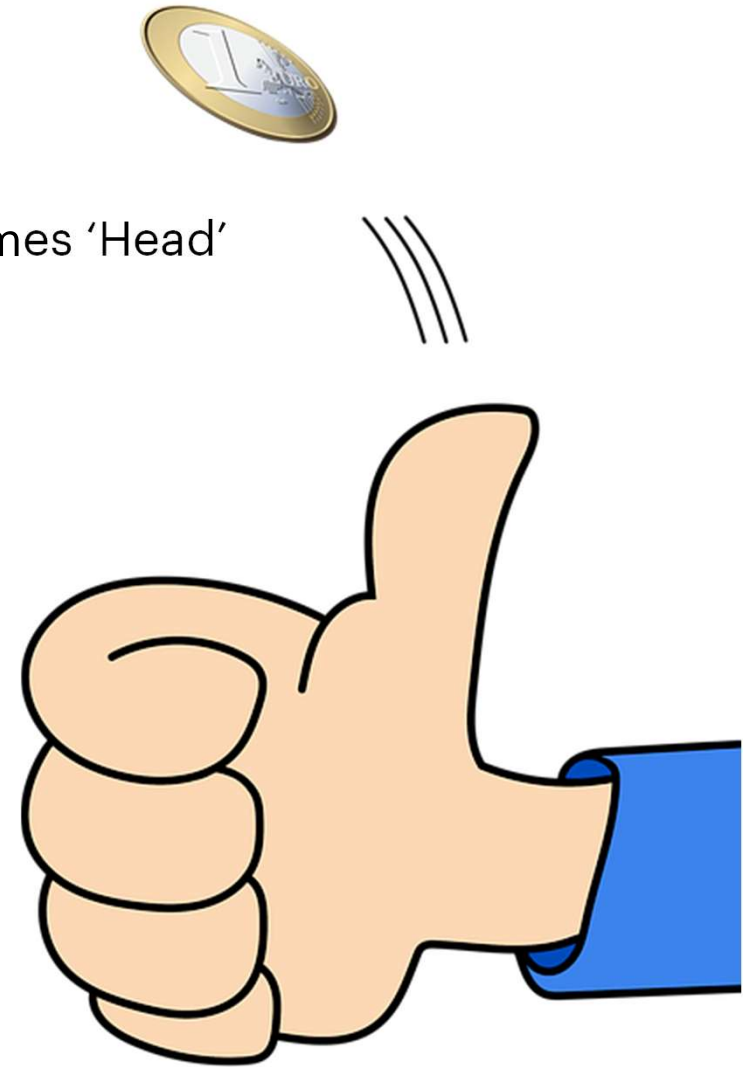
Imagine a game of flipping a coin

For a bet of 20€ you are offered a price of 80€ if you get 2 times 'Head'

What is the average payoff for an infinite number of games?

Now, assume that you can pay 10€ for the first toss and then decide if you want to pay 10€ for the second toss

How will that change the pay-off?



Exercise - results

BET	First throw	Second throw	# combina	WIN		
20 HEAD	HEAD		1	80	BETS	80
20 HEAD	TAIL		1	0	WINS	80
20 TAIL	X		2	0		
Payoff 1:1						
BET	First throw	Second throw	# combina	WIN		
20 HEAD	HEAD		1	80	BETS	60
20 HEAD	TAIL		1	0	WINS	80
10 TAIL	X		2	0		
Payoff 1:1.3						
1,333333						

In the 1st scenario we have a zero-sum game with a 1:1 payoff

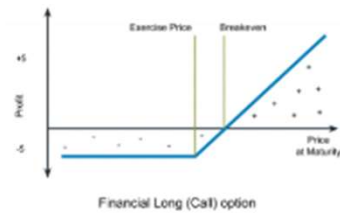
If you can opt out after 1st toss the pay-off changes to 1:1.3

This is an example of how you can change the luck in your favour by 'exercising options'
(Freely after Donald Reinertsen)

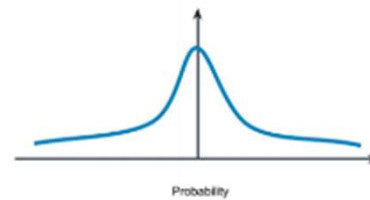
Value is in RISK ... not certainty

See: <http://blackswanfarming.com/product-development-payoff-asymmetry/>

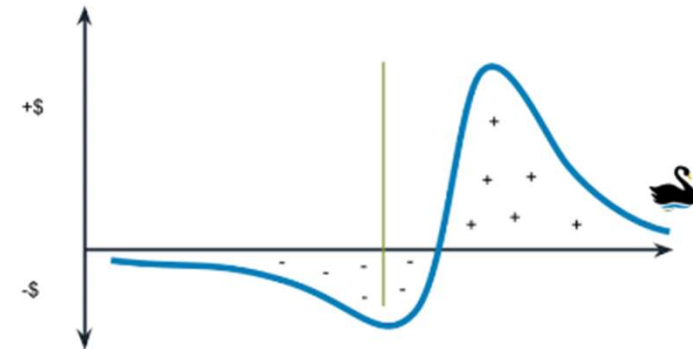
Asymmetric Payoff



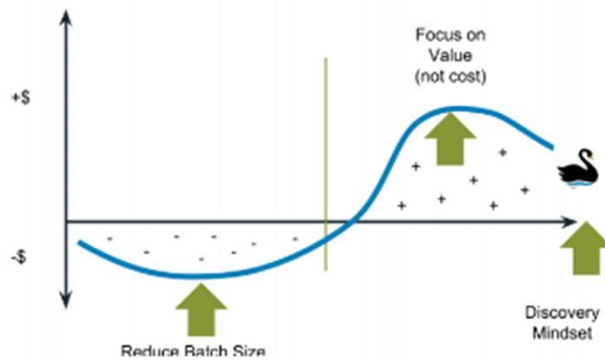
X



=



Tilting the playing field



Asymmetry in technology development is about reducing the cost of negative outcomes in favour of leaving more room for positive outcomes ... just like when throwing the coin!

About opportunity cost

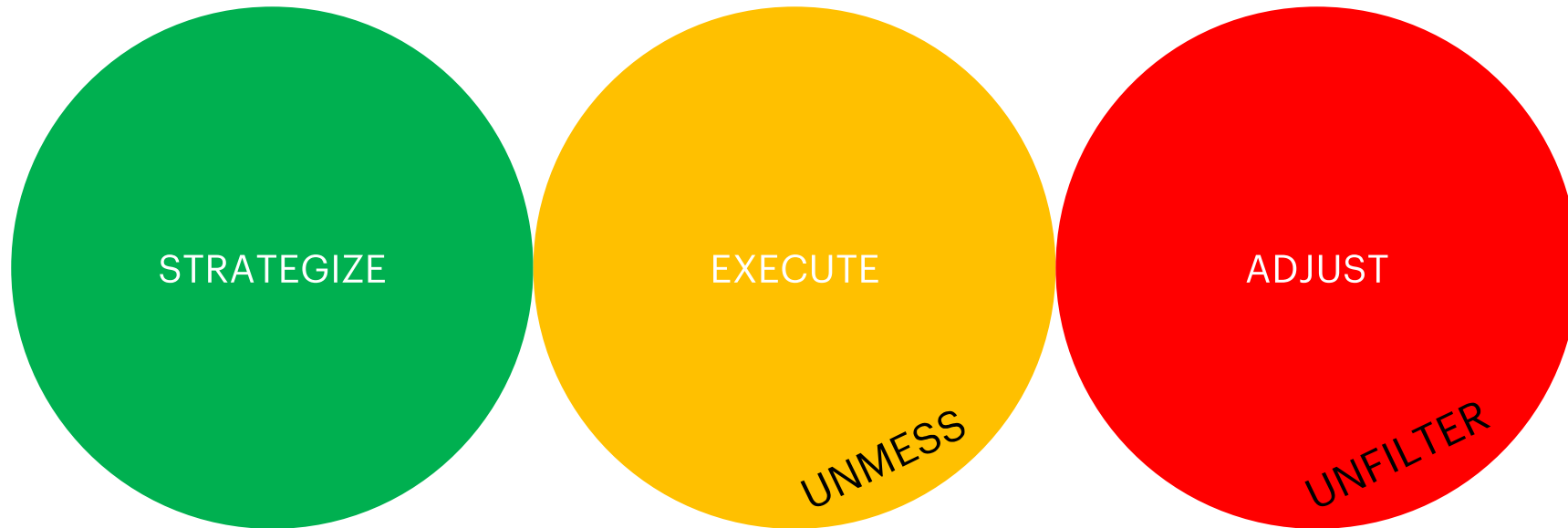
Beer or ice cream



On a warm summer day, you walk hand in hand with two small kids towards the ice cream stand. You have promised ice cream. It is a rather long walk for the kids. They are excited. You brought a five dollar note and hope it is enough. When you get there, you see that ice cream is two dollars. They also sell cold beer. It is hot. You look at the beer tap. The beer is four and a half dollars. You look at the kids. The kids look at the ice cream. What do you do?

Where to put focus: Coherence and Openness

Everything is made visible so that it can be challenged (opportunity cost)



Why coherence and openness?

- Pricing opportunity cost
- Sharing information that is relevant for others to price opportunity cost (BringNoSurprises)

The promise of Open Strategy

- People know strategy better when actively contributing
- When regularly aligning, the value of contributions become known
- Facilitates an ongoing stakeholder conversation
- Fitness for purpose defuses dysfunction and limits overload
- It is more likely that you get to know what you need before it is too late
- People love working in open cultures

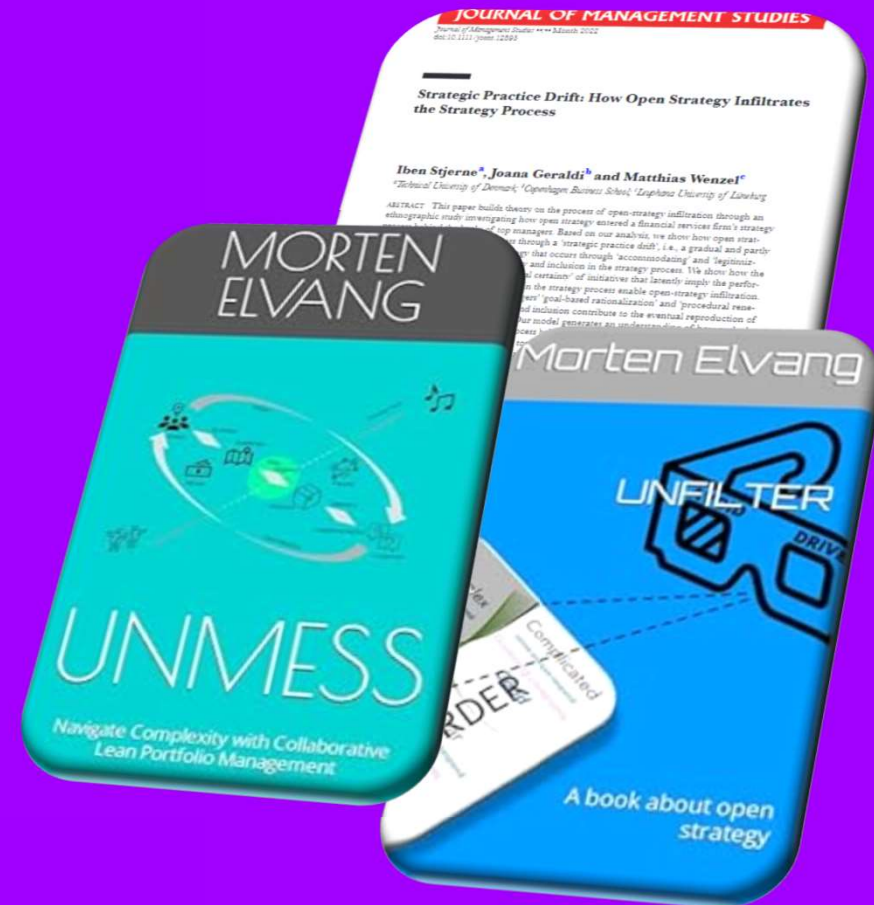
You can
get going
in a few
weeks!

READ MORE

Strategic practice drift offers a process model for opening strategy based on an 18-month ethnographic study ([link](#)).

UNMESS is the story on how to ignite the strategy dance and conversation by forming a new set of collaborations across the organization ([link](#)).

UNFILTER explores the need of an open and emergent approach to strategy and the role of UNMESS in getting there ([link](#)).



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Share your 'why's.

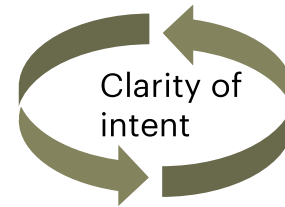
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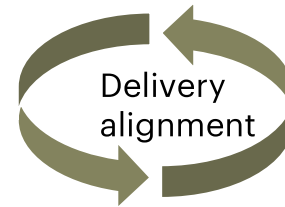
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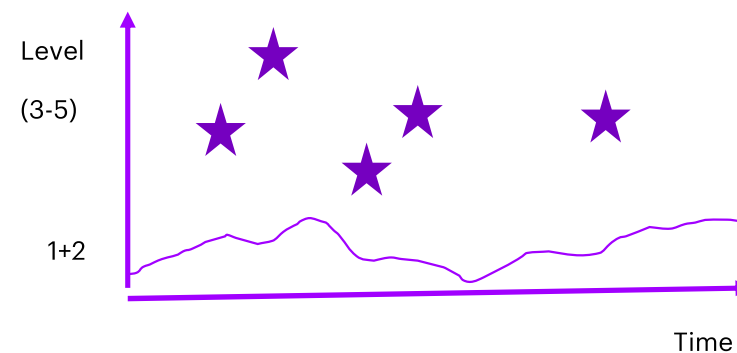
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THANK YOU!

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Morten Elvang (Ph.d.), European Lead, Business Agility, Accenture



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