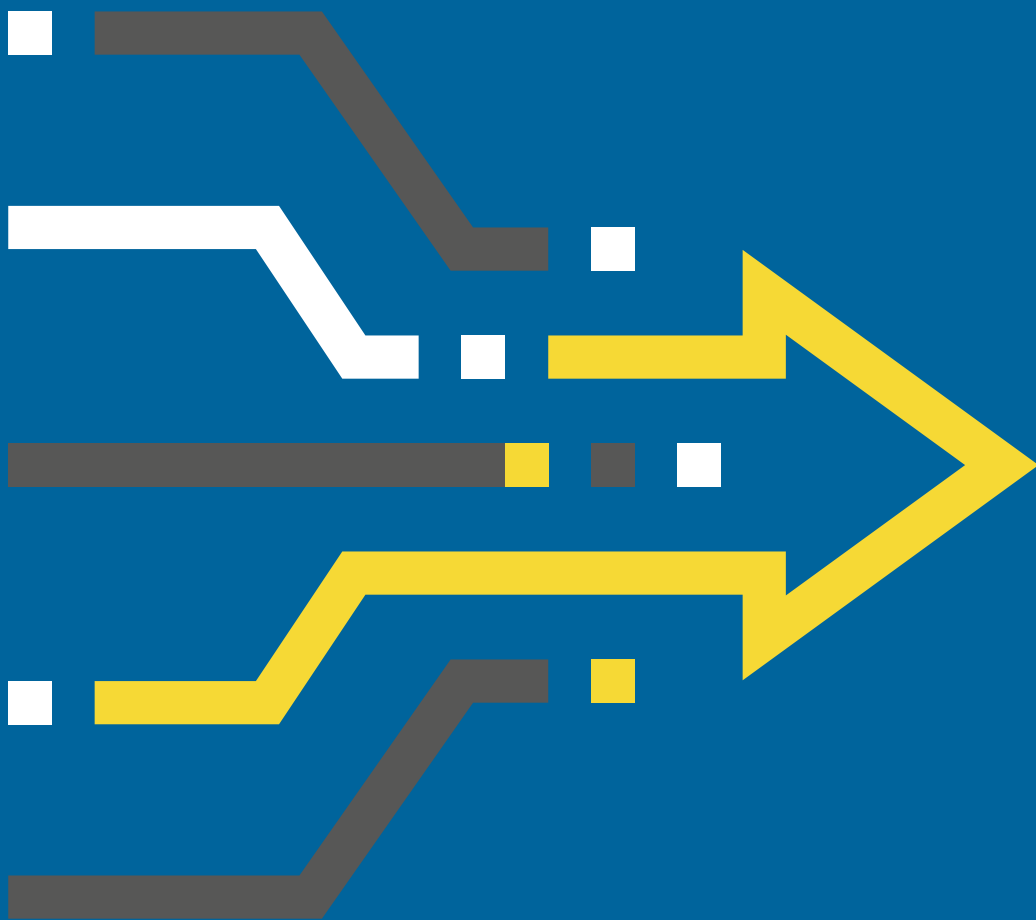


CHAPTER 10

Managing transitions

Responding to a new reality



INTRODUCTION

In our previous articles on Strategy, Leadership, and Culture, we have been discussing the different approaches to strategy and their consequences for leadership, and the influence of corporate culture to turn the strategy into success. Despite the many models, companies often choose the same approach when changing their core strategy, in which strategy design and implementation are separated from each other, where the chosen strategy process does not match the business environment of the company. Both mismatches reinforce each other and will only lead to disappointment.

Timely response to the new reality

Changing strategies is more than just an operational shift. It is a fundamental change that will influence the entire organization. To choose an appropriate strategy approach, a leader needs to assess three things:

1. Know your business environment

In times of major change it is all about timing. If your market becomes disrupted, do you know what to do and is the leadership in your company able to take the appropriate and possibly difficult decisions? Increasingly robust competition makes it essential for companies to know when market conditions require a departure from current strategy, as many companies have encountered a strategic failure when they have departed too early or too late in order for their migration to be successful. A deep knowledge of your market developments, customer demands, and changes in competition is required to decide what to change and when to act.

2. Migrate your strategy to an approach that matches with the environment.

First of all, the company must reassess which business environment is most suitable for the company and which strategic approach is appropriate. Again, a mismatch between this process and the business environment can be a threat. If a company migrates from a classical to an adapting approach, the strategic process will also have to be organized differently. It will have to become more experimental and less focused on rigid long-term planning. This approach provides more space for multi-faceted approaches to reviewing, selecting, and executing the different strategic options. However, holding onto a classic transition will quickly lead to obsolete plans.

“Companies tend to repeat what has worked for them in the past. To succeed, managers have to learn when and how to abandon the strategies they have grown up with.”¹

3. Prepare and execute your strategy according to your strategy approach.

Not only your strategy should adapt to the new situation, but the way you execute that strategy should also change. When you have chosen for an adaptive strategy approach in a market where customer demands change quickly, a classical plan-and-execute process will not work. Instead, an experimental approach and linking strategy design to execution will be more appropriate.

When embarking on a strategic migration, it is critical for companies to involve everyone that has a role in the transition process while simultaneously communicating between parties as clearly as possible. People must be able to understand where they are going to, why a

new strategy is chosen, which role they have to play, and what management expects them to do. Leadership must primarily focus on delivering strategic results and achieving a successful transformation. Their role is to select the right people in their organization to lead initiatives which are particularly important for strategic success. Properly navigating the migratory process will help your company arrive at the right place - and at the right time - for marketplace success.

Linking up the strategy approach and the execution process is not easy. Despite everything, companies often stick to their ingrained patterns. The decisive step for success is the ability to mobilize the expertise and commitment of your people and to guide your employees in the right direction.

Measuring your position

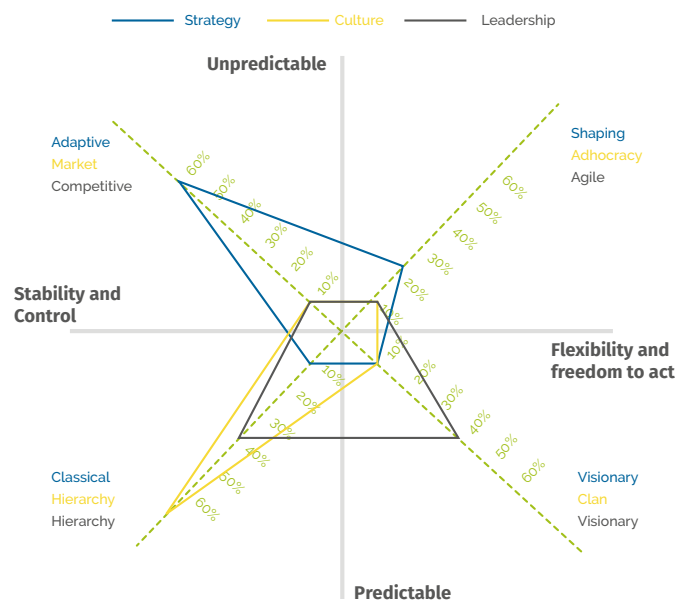
Once an organization has identified the right strategic approach, it needs to understand which organizational culture and leadership are required to successfully execute their strategy. To start this alignment exercise, you have to assess which type of strategic approach you have chosen first, followed by the assessment of the current Organizational culture and Leadership style.

Based on the outcome of these assessments, an alignment plan can be developed to adjust the Organizational culture and Leadership style in such manner that successfully execution is better secured.

Example of assessment

In the example in illustration 1 it is shown that this organization has a strategy with a strong Adaptive approach. On the other side, the Organizational Culture is mainly Adhocracy, the Leadership style is Hierarchical with a strong Visionary Leadership element.

Illustration 1: Example SLC Radar



Alignment of Culture and Leadership following a change of a Strategic approach

The focus in the adjustment of Culture and Leadership are the values of a company. These values which are normally spoken explicitly articulated and serve as a moral function for members of organizations. The values should create a supportive fundament of behaviors (Artifacts) for successful implementation of organization's strategy. We dedicated chapter four to the impact organizational culture and leadership have on successful implementation of a strategy.

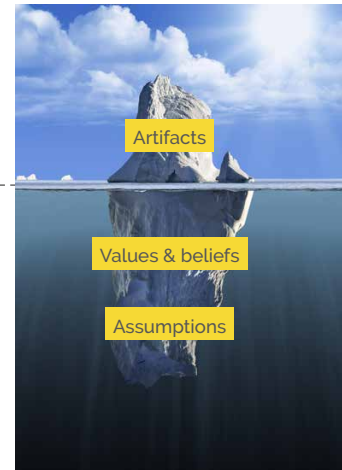


Illustration 2: levels of culture

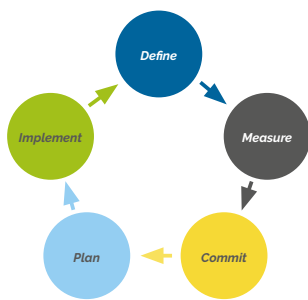


Illustration 3: Phases of change of Culture and/or Leadership

In most situations, there are two sets of values available in an organization: Organizational values and Leadership principles.

In illustration 3 we have stipulated the essential phases of such a cultural- and/or leadership- change.

Change of Culture and Leadership

PHASE	CULTURE	LEADERSHIP
DEFINE	Define values linked to target culture	Define Leadership principles
MEASURE	Collect data to gain insight in current culture	Create a picture of the current leadership characteristics
COMMIT	Secure commitment from top management to desired culture	Communicate the new leadership principles to all people
PLAN	Develop your culture development Plan how to change	Prepare a leadership development plan
IMPLEMENT	Help people to rethink their believes and values	Make the new leadership principles known and bring them alive

The cultural change process needs to be support by:

- Communication;** the different phases of the cultural change should be accompanied with open and transparent communication to the people in the organization. The tone of voice should from the start be aligned with the targeted culture.
- Leadership;** the senior leadership is intensively involved in the cultural change and it is crucial they are walking the talk. Until there is visible change at this level you need to be careful with rolling

out further steps, as it will give other leaders also the confidence to change their behaviours. For functional teams, like, HR, finance, planning, risk and legal, leadership should work on redesigning those processes so they reflect the desired culture.

- Learning programmes;** in order to integrate the culture in an organization it is essential that within learning programs the opportunity is used to communicate the culture all over again, but also to search for a dialogue about the values behind.

Interested in a further conversation?

Transitions demand a lot of management and their companies. Especially when answers need to be found how to match with the new reality. New business models must be prepared as we experience during the Covid-19 crisis. Leaders need to swith from their recovery mode to future thinking.

Strategia Business Consulting and The Amsterdam Leadership Academy have a strong background in supporting companies where these types of questions arise. Interested to share ideas en receive our feedback? We will be happy to join you to have a good discussion about your Strategy & Leadership challenges.

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¹ When to change a winning strategy, Laurence Capron and will Mitchell, Harvard Business Review 2012

² Six Principles for Strategic Migrations, MITSloan Management Review, Jeff S. Johnson 2018