

THE WAY TO AN INSPIRING COMPANY

Strategies used to be rigid. Today, that no longer works. Silicon Valley expert **Andrea Kates** explains in five steps and with the help of three rooms which tools can be used in developing successful strategies – and how their strengths can be combined to find the formula for growth.



1 ROOM A



THE RULES OF STRATEGY used to be written with a strong bias toward what we've always done, married with a projection of where today might take us ... next.

In that world, the world I call Room A, the tools that served us best were SWOT analysis (strengths, weaknesses, opportunities, threats), competitive assessments, risk curves, financial models, and customer profiles. For incumbent companies, those tools provided a brilliant way to develop strategy. We could look at our competition, evaluate our customer preferences, project the coming forces in the market from today's point of view, and build solid paths to growth. The age of innovation made us realize that not all paths to growth would emerge organically from where we stand today. The limitations of our approach and our tools became clear as too many incumbents lost market share to companies outside of their line of sight.

The increased competitive pressures combined with the pace of innovation coming from other industries not on our SWOT diagrams led to forces taking us by surprise.

As a result, we were left without strategic tools to deal with shifts that were all around us:

- Traditional automotive companies were blindsided when new forms of mobility came onto the scene.
- Hospitals were caught behind the times as digital, personalized health appeared on the healthcare scene.
- Banks had to reconsider their sources of competitive advantage as unconventional payment options landed at their feet.
- We all had to learn how to flex new capability muscles to operate outside of traditional business models. Gradually we came to understand that the Room A approach to a consolidated strategy — as a singular process — was dead.

ANDREA KATES is a Silicon Valley-based expert at moving innovation to revenue. For 20 years, she has led bold initiatives in virtually every sector and every geography that help companies figure out where to place their bets on emerging products, services and technologies and to scale dynamic business models. She works with leaders to discover their best future with a practical set of steps: **Get to Next.** www.suma.com

2 ROOM B



WE REALIZED WE NEEDED ROOM B, where innovation could rule without the anchoring of today as the ball and chain weighing down on our strategies. In Room B, we equipped ourselves with new tools — whiteboards, design thinking, stickies, collaboration, co-creation, customer empathy — to structure our consideration of what might come next in our corporate strategies.

The problem with Room B as a singular strategic approach is that all too often, it leaves people out. If they're not considered "creative", they might not be included in the process to reimagine the next strategy. When it comes time to execute or when new realities come quickly, the right people aren't in the room to change course or to help the ideas grow to scale.

3 ROOM C

AT THE SAME TIME, many of us adopted what I call Room C. A place to explore the future. Some companies called it "horizon 3 thinking" or an "exponential mindset". This is where we assigned talent to a new breed of R&D that integrated future thinking and scenario building. Unfortunately, all too often, the Room C mindset stayed in the realm of science fiction, and the thinking in that room wasn't integrated into today's consolidated strategy effectively.

If the future is always on a faraway horizon, why change what we're doing today?

"WE CAN'T AFFORD TO MAKE INNOVATION A SECOND-CLASS CITIZEN. OR CORDON OFF FUTURISTS IN AN IVORY TOWER."

5 RULES TO GET TO NEXT

WE CAN'T LET RETURN ON INVESTMENT DOMINATE EVERY STRATEGY CONVERSATION. We can't afford to make innovation a second-class citizen. We can't cordon off futurists in an ivory tower. For a company to thrive today, there's a new formula for growth based on simultaneous mastery of three talents:

- Room A: Lead today. Make sure today's business thrives
- Room B: Build tomorrow. Get ahead of emerging opportunities
- Room C: Bolder impact. Imagine and drive bold initiatives that serve people and organizations beyond ourselves

SELF-DISRUPTION SHOULD BE BUILT INTO A COHESIVE STRATEGY. The most inspiring organizations in today's environment build their strategies for "next" with self-disruption skillfully engineered into strategy.

A MAXIMUM-VALUE ECOSYSTEM MINDSET should replace the traditional competitive mindset. For example, U.S. hospital operator Mayo and healthcare companies Kaiser Permanente, Baxter and Cardinal Health have invested in the "Medically Home" joint venture to advance a novel "maximum value ecosystem" that brings advanced care, typically only available within a hospital, into patient homes. This allows new stakeholders — patients, families, health care providers, startups, insurance companies, communities, and government — to benefit and have impact.

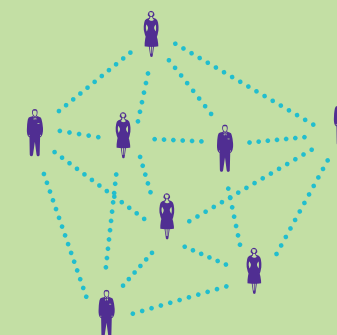
GAIN "HEARTS AND MINDS COMMITMENT" from diverse corners of your organization. For a cohesive strategy to take hold, people have to be included, feel heard, and be encouraged to apply their unique talents to the company's next opportunity.

4 WHAT WE NEED TODAY IS ABC



THE GOOD NEWS, IF ANY, about the Covid-19 pandemic is that the wake-up call came quickly, alerting us that our strategies needed some dose of Room A, with a grounding in growth from today's strengths, combined with a strong influx of Room B that would accelerate the pace and urgency of **DISRUPTING OURSELVES**. And we realized that as the future was coming at us so fast, we would need to invite the Room C mindset to the strategy room to integrate technologies, future societal needs, and new ecosystems into our strategy, today.

ABC bridges the gaps that have prevented innovative strategy from getting across the finish line at scale. By knocking down the walls that separate the rooms and bringing together people with well-informed but diverse perspectives on growth, we can forge a consolidated strategy that equips us to not only **THINK** about a bolder future, but actually prepares us to **ACT** on innovative possibilities with full commitment.



We need to encourage everyone whose lives we touch today or could touch tomorrow to contribute to, collaborate with and co-create our future strategies. Gaining buy-in from a broad spectrum of talented people is the best way for us to envision the future with a spirit of fresh opportunity and to activate the skills necessary to make the path to "next" a reality.

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