THE QUEST FOR RESILIENCE -

Encounters and Learnings in Strategy and Innovation

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SUMMARY
My background

• Work History
  – Helsinki School of Economics, 2007-
  – (London Business School)
  – Woodside Institute & Strategos (California)
  – Stanford University & SRI International
  – Keio Graduate School of Business (Japan)
  – IMD (Switzerland)

• Current Research Interests
  – Creeping strategic commitments
  – 'Engagement' in virtual and distributed teams
  – Resource scarcity as an innovation catalyst
  – Ideas as encounters
  – The role of humor in strategy

• Innovation Democracy, Inc.
  – Entrepreneurship and innovation in extreme conditions
Not good enough:

"A turnaround is a transformation tragically delayed."

Hamel and Valikangas,
The Quest for Resilience, Harvard Business Review,
September 2003
The world is becoming turbulent faster than we are becoming resilient.
Why is strategic innovation so often crisis-driven?
Have but don’t need:

‘You seek to create a new business with revenues of $1bn a year. I make $1bn in profit every quarter. Why don’t you just focus on Job 1.’

Andy Grove to an Intel manager in charge of corporate venturing

Need but don’t have:

“I wish we had not cut so deeply.”

A lament by a Silicon Valley CEO [after a financial crisis in search of new growth opportunities]

Innovation is a distraction until it pays off.™
Our managerial DNA:

1. **Specialization**
   - **Principles**
   - **Toxic side effects**
     - Limits cross-boundary learning and circumscribes opportunities

2. **Standardization**
   - **Principles**
   - **Toxic side effects**
     - Forgoes innovation in favor of conformance

3. **Hierarchy**
   - **Principles**
   - **Toxic side effects**
     - Over-values experience and under-values new thinking

4. **Planning & control**
   - **Principles**
   - **Toxic side effects**
     - Creates a dangerous illusion of extrapolation-based predictability

5. **Extrinsic rewards**
   - **Principles**
   - **Toxic side effects**
     - Discounts the power of self-organization and passion
Google: Try everything, or it is better to be wrong than late
Resilience defined:

Frequency and magnitude of strategic transformation

Time, expense trauma
Which quadrant best fits your company?

I
A lot of change with little trauma

II
A lot of change with a lot of trauma

III
Little change with little trauma

IV
Little change with a lot of trauma
Changing the way we change:

Programmatic
- CEO-led
- Mandatory
- "Experts"
- Programmed
- Detailed SOPs
- Roll out
- Episodic

Evolved
- Passion-led
- Voluntary
- "Users"
- Emergent
- Simple rules
- Roll up
- Continuous
From “The Future and Its Enemies”, by Virginia Postrel:

“...unplanned, open-ended trial and error - not conformity to one central vision - is the key to human betterment. Thus, the true enemies of humanity's future are those who insist on prescribing outcomes in advance, circumventing the process of competition and experiment in favor of their own preconceptions and prejudices.”
From road to resilience:

I. Cognitive
   Escaping the denial trap

II. Strategic
   Generating new strategic options

III. Political
   Accelerating resource realignment
The road to resilience:

I. Cognitive

Escaping the denial trap
Success is a self-correcting phenomenon.
They don’t live in our world. We live in theirs.

If you think about it, there isn’t much in existence you can claim ownership for. This world we live in, with its ever-accelerated marvels and tried-and-true-tested institutions, is pretty much the produce of other people’s minds.

The ability of each generation to produce and implement new thinking determines the degree to which the world evolves.

Ours is the age of innovation. Ideas are the currency of the modern economy. Entire new industries and many existing ones have turned from creating products to producing ideas.

The stars of the 21st century are the pioneers, catalysts and builders of new ideas. The world belongs to them.

The Ideas People.
The road to resilience:

I. Cognitive
   Escaping the denial trap

II. Strategic
   Generating new strategic options
**humbitious** adj.
- a state that combines the humility to recognize that one does not know everything with the ambition to be bold in fulfillment of one’s mission

**ignorance map** n.
- a map that charts the critical information of which a company is ignorant

**magic feathers** n pl.
- implicitly and intentionally indefinable concepts that companies believe are necessary for success. Offering a “magic feather” as a solution stops all useful strategic discussion.

**stratlets** n. pl.
- hallway or elevator strategies; small pieces of strategy with the potential to grow into something larger

Source: The ODDster at AT&T (Muller and Valikangas, 2003)
The road to resilience:

I. Cognitive
   - Escaping the denial trap

II. Strategic
   - Generating new strategic options

III. Political
   - Realigning talent and capital
I. Cognitive

Escaping the denial trap

II. Strategic

Generating new strategic options

III. Political

Realigning talent and capital

The renewal cycle

The road to resilience: