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STRATEGY REINCARNATED

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WILL THERE STILL BE STRATEGY DEPARTMENTS
IN 2025?

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With the unfailing support of **Florent Pons**, Manager



PREFACE

What is becoming of business strategy? Who is responsible for it? Long gone are the times when strategy cascaded from headquarters ready to be poured over operational units. Technological developments, opening markets and changing customer demands are pushing strategy outside the walls and outside planning time.

The think tank 'Quart d'Heure d'Avance Stratégie', driven by Kea & Partners, explored current practices in strategy, which not only link times and places, but also dispense strategic intuition more widely within the organisation. By using multiple case studies illustrating these recent changes, a portrait of business strategy has been drawn, with recognisable lines and new expressions.

So, 'open strategy' seeks to combat short-sightedness and habits, which force directors to see signs of the past reassuringly in the present and future, but leaves out trends ready to overturn these operating principles, which are too well established. 'Upgradeable strategy' repositions thoughts onto competitive advantage. Beyond its purely financial aspect, this approach makes operational and human aspects more inclusive, feeding it from differences observed here and there, and shines a light on the blind spots of successes and failures, to better continue the synchronisation of multiple strategic temporalities. Finally, consistency between the strategic statement and its incarnation by directors – responsible for proclaiming it, implementing it and translating it into everyday actions – is a fundamental aspect of operational alignment and a measure of the organisation's resilience.

Will there be strategy departments in 2025? We want to answer by cocking a snook at this question. Yes, more than ever. The strategy department is about to disappear as a centralised function, drawing up the flight plan and piloting the organisation as well. As a result, the job of strategy is shared, and yes, for each business, there won't be a centralised strategy department, but strategy departments like so many strategic functions deployed in human resources, finance and many other functions, depending on the footprint and position occupied by the business. More than ever, one of the facets of a director's role will be to be able to integrate these multiple strategy departments, like so many points of view, projections and directions given to the business.

To see the more distant and broader picture, to synchronise multiple times and embody the future of the organisation as a group, in an increasingly uncertain world: this is the rationale for business strategy, today and tomorrow.

Rodolphe Durand
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WILL THERE STILL BE STRATEGY DEPARTMENTS IN 2025?

Are strategy departments a vanishing species? Is the 'creative destruction' process at work, programming the forthcoming death of strategy as a business function? And to be reborn as what? These questions are being asked today and affect Strategists as the way they do their job is being radically transformed. The last two decades have seen the forms and practices of developing strategy multiply: normative approaches, and their numerous charts, have been disputed and enhanced by diverse visions¹. Strategy is becoming an emerging process, an instrument to generate retrospective models and to outline prospects, if possible unique rather than mimicking others.

THE ROLE OF STRATEGY

Métier [role] n.m.— (18th century French, based on popular Latin *misterium*, from classical Latin *ministerium*: service, perhaps influenced by *mysterium*, mystery)

- Social activity defined by its purpose or techniques: *the job someone does*
- Profession characterised by specialised knowledge requiring experience to be gained and conducted within a legal framework: *one leaves universities without a profession, the technical skill that brings experience, practising a professional activity; to have a profession after twenty years' experience*
- Permanent function possessing certain characteristics of a profession (practice, experience, responsibility, etc.): *the role of parent*

In addition, new forms of organisation and new challenges asked of businesses – blurring of boundaries between competitive sectors and fields, globalisation, shortened planning, decision-making and investment cycles, roles of mergers/acquisitions and finance, etc. – **question the scope of strategy** and have integrated techniques borrowed from other disciplines and presumed to give it a new lease of life. Artificial intelligence and the availability of vast data reservoirs are also going to upset the practices and question the added value of functions and activities, including strategic analysis.

¹ Cf. 'Strategy Safari by Henry Mintzberg – The Free Press, 1998

Reflecting these changes, business leaders have increased the number of structures and means of organising strategy to adopt new practices. They also often choose to subcontract all or part of it: internally, by creating strategy management functions with frequently variable and sometimes vague outlines and roles; externally, by bringing in consultancies but also experts, merchant bankers, *think tanks*, gurus, etc. at the risk of taking the possibility of contributing to and developing strategy away from operational managers.

The basics of the role remain valid and necessary: the tools and concepts developed in the second half of the 20th century to think about the environment, model options and help businesses to select their winning strategy[-ies] remain an integral part of the job and the strategy management function, when they exist.

However, implementing strategy has to be reconsidered and enhanced to remain relevant.

That's why Kea & Partners has driven this think tank forward;

for nearly a year (autumn 2016 - summer 2017), about fifteen members have met, strategy practitioners who hold or have occupied strategy management functions, in different businesses and sectors, to consider all the changes in the role and function. These discussions have identified the pre-eminent questions and areas of action that can be implemented rapidly within existing organisations: hence Fifteen Minutes Ahead and not an hour ahead.

The ideas that follow reflect the outcome of this joint work.

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NO MORE STRATEGIC MYOPIA: GOOD USE OF FUTURE STUDIES

1. Define your timescale
2. Make the 'Choice of King or Queen'
3. Take a future-looking attitude
4. Model your future before experiencing it
 - > Ubisoft Lab, a future-looking *Think & Act Tank*
 - > Air Liquide and hydrogen: can we force destiny?

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THE PLATFORM ECONOMY, THE STRATEGIST'S NEW OPPORTUNITY

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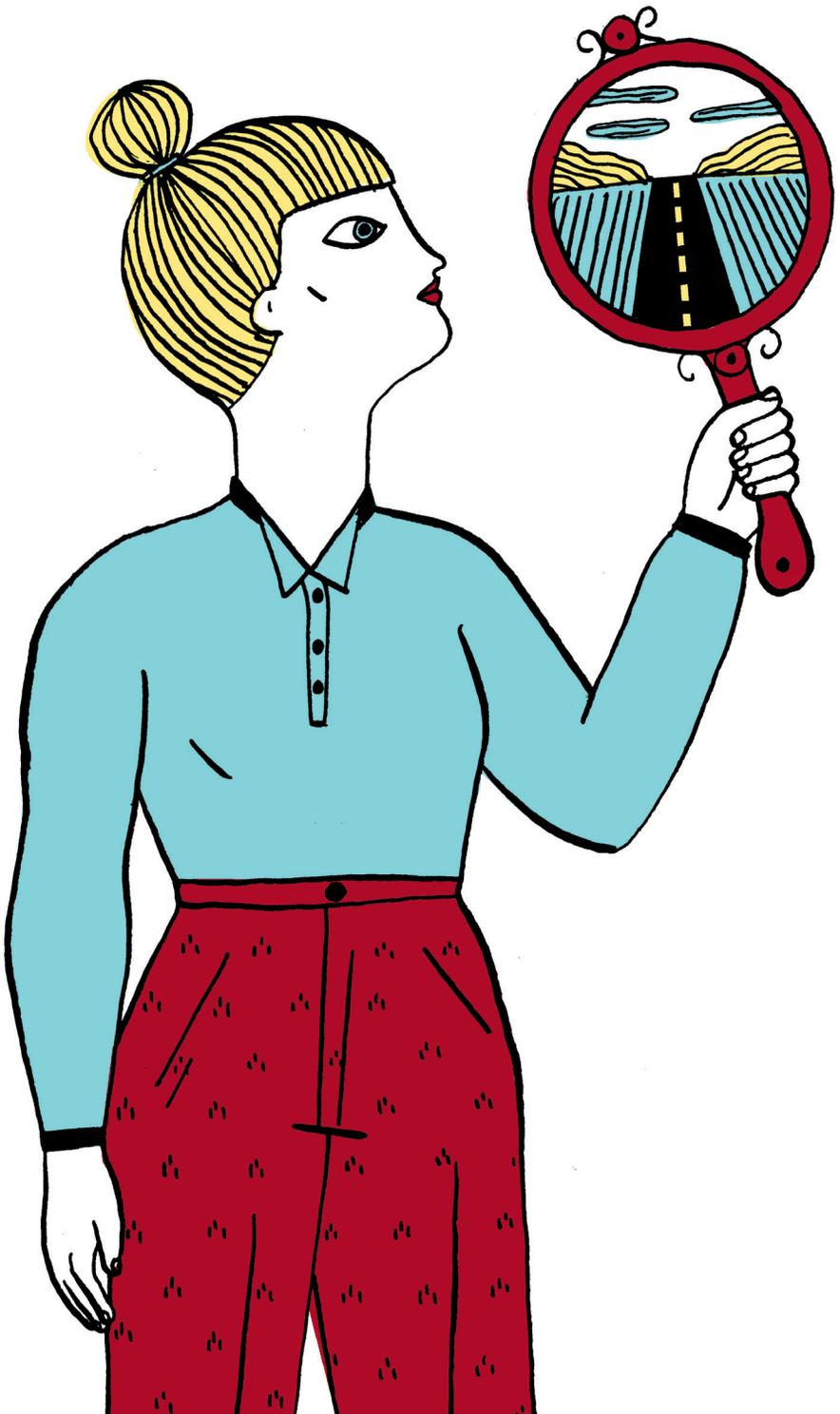
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INCARNATIONS AND REINCARNATIONS OF STRATEGY

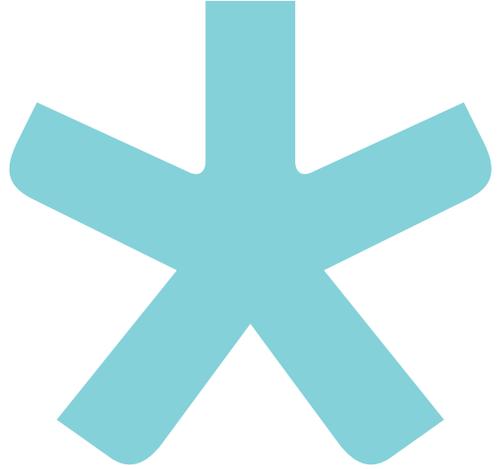
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CONCLUSION: THE KEYS TO REINVENTION



01

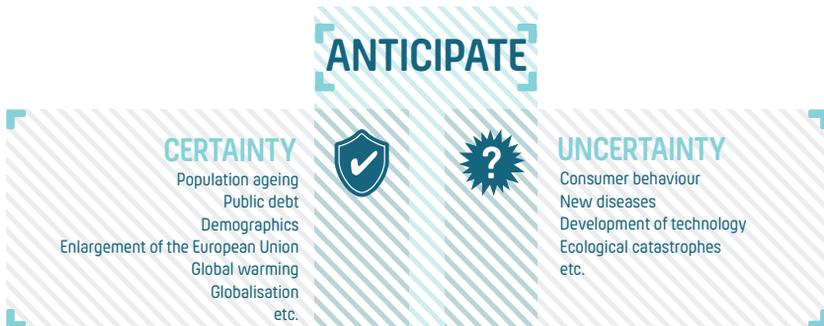


NO MORE
STRATEGIC MYOPIA:
GOOD USE
OF FUTURE-LOOKING



The future is fashionable: in a world ruled by uncertainties and anxieties of permanent disruption and being unable to predict the future, we call upon strategy to help ourselves prepare as well as possible to avoid the first form of strategic myopia - not anticipating. In this way, future-looking is becoming part of the role.

Nothing new in that: future-looking as a strategic discipline was born in the middle of the 20th century. Its aim: to inform strategic planning by picking up strong and weak signals, with variable levels of certainty and uncertainty – what's more, this is how it differs from the concept of forecasting.



PREPARE CHANGES: FUTURE-LOOKING AND FORECASTING

A future-looking approach can also be used to identify, decipher, question and adopt potential trends and changes to influence strategic directions and put them into medium-/long-term forward planning. The exercise is all the more interesting as it calls on specialities and various sources of inspiration, stretching from anthropology to neurosciences, taking in technology, geopolitics or, more conventionally, consumer trends.

And yet, while future-looking, in its content and form, is a seductive exercise, it can also prove relatively pointless, as its practical use and relationship with strategy are complex.

Such an approach usually results in developing scenarios, more or less futuristic and more or less (too often rather less) breaking away from the current situation, with the aim of taking options for the future. Beside the scenarios, a wide variety of tools and methods are used, such as visualisation, *what ifs*, *storytelling*, utopias or dystopias, to **put the strategic thought process and the people developing it off-balance**. These methods are often distractions and even recreational for business leaders who lack opportunities to think and breathe. And yet, what is their real impact? **How do you ensure that future-looking actually corrects strategic myopia?**

The “Quart d’Heure d’Avance Stratégie” proposes four responses and recommendations:

1/ Define your time horizon

The starting point is the decision about the right forward-planning timescale. Not too far, not too close, it should support trends, signs of which are already evident in the present but their strengthening could lead to breaking out of the current situation. Furthermore, all business sectors do not perceive time in the same way: investment and innovation cycles are varied and the returns on investment sought are different. Ubisoft and Air Liquide are perfect illustrations: in the video games sector, characterised by relatively short investment cycles, and consumers and technological platforms that change rapidly, the right forward-planning timescale is about 3-5 years. However, in the energy sector, you have to think in the long term. Between the two, in the equipment industry, forward planning tends to be over 10-15 years. Nonetheless, there is no choice but to accept that, in all sectors, time accelerates and brings the future nearer – and therefore the corresponding forward-planning timescale.

2/ Make the 'Choice of King or Queen'

One of the virtues of the future-looking exercise is that it opens doors and generates uncertainty. One of its potential perverse effects is that it reveals a broad scope of possibilities, in many different fields, too big to be properly explored and, possibly, too open to focus on and make choices – even so, it's one of the key functions of the strategic role. There is no choice but to accept that the 'Choice of King or Queen',

i.e. arbitrary and deliberate selection of fields to be explored by those directors who look most to the future, most frequently proves to be the best solution. By the way, asking these directors in advance to choose themes for future-looking makes it subsequently easier to take positions on strategic options.

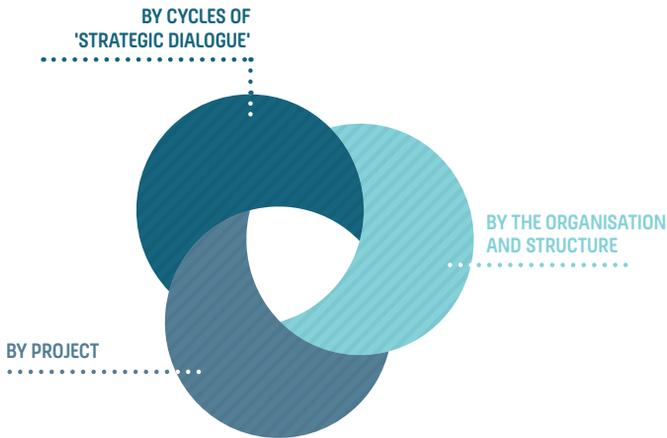
3/ Take a future-looking attitude

Whether or not it is part of the Strategy team, whether it is in-house or outsourced, it is essential to clarify the role of the Forward-Planning team, in its relationship with strategy and in its way of circulating the future-looking exercise within the organisation. Thus, a leadership attitude will be focused on coordinating the forward-planning activity and its contribution to strategic planning. Conversely, a deliberate attitude as 'idea stirrer' or 'itching powder' will encourage contradiction and promote new and sometimes thought-provoking ideas. Finally, the future-looking attitude is also embodied in its positioning within the organisation.

Three instances emerge:

1. Permanent resources responsible for forward planning and assigned to the strategy department
2. Often, in the absence of a strategy department, the Forward Planning team exists entirely separately and reports to Senior Management (as at Ubisoft)
3. The most frequent situation, where internal or external forward planning resources have *ad hoc* input to specific projects (e.g. innovation projects) or 'strategic dialogue' cycles.

SEVERAL WAYS OF ORGANISING THE MEETING BETWEEN FORWARD PLANNERS AND STRATEGIST-DECISION-MAKERS



Very often, it's not so much bringing content as its integration in the strategy and its coordination with operations that pose problems. Many people contribute to forward planning but only one clear attitude allows best advantage to be drawn from it.

4/ Model your future before experiencing it

One of the pitfalls of the exercise would be to believe that the future is an external given that is imposed and dictates the present. Thus, forward planning would predict the future and would impose obvious strategic choices today. Such a perception leads, at best, to accurate anticipation of trends and consequent adaptation but certainly not to being given a 'nudge forward' compared to competitors.

The reality is quite different for two main reasons. Firstly, because wait-and-see or mimicking strategies are rarely tenable over the long term. Secondly, because taking strong strategic options on a market is also a good way to create your own 'desirable future' and to force your destiny. The most virtuous businesses are not settling for reacting to background trends or disruptions; they themselves are disruptive, are creating new markets and imposing them on their competitors. This eloquently illustrates the Ubisoft and Air Liquide situations.



UBISOFT LAB, A FUTURE-LOOKING THINK & ACT TANK

For Ubisoft, world leader in video games, remaining at the forefront of innovation is a condition for survival. To anticipate the future and help the organisation prepare for it, Ubisoft relies on the Strategic Innovation Lab, an internal *Think & Act Tank*. Its action is focused on 4 roles:

- > **Lookout:** identify and decipher new technological, scientific, business and societal trends, looking beyond the Entertainment industry.
- > **Scout:** analyse the impacts of these trends on Ubisoft to inform the strategic vision, whether they are impacts on the business's operating mode, on the development of new markets or on the products and services offered.
- > **Connector:** connect Ubisoft teams across the world to each other and to external partners to accelerate learning.
- > **Catalyst:** light the spark to drive change through effective and engaging communication and by developing pilot projects and prototypes.

PRIORITIES AND CAUTION

From among the subjects explored by the Lab, the CEO selects those to which Ubisoft will be really committed. These priorities cannot be set based only on calculating a relatively unreliable return on investment for subjects under exploration. So it involves setting up iterative experiments to explore the potential of subjects in more depth and avoid closing the door too soon. Exploration 'over time' also makes it possible to track the development of a trend (accelerating or conversely slowing its growth), and so refine strategic recommendations. Therefore this method assumes the most cautious approach possible to be able to experiment over several fields with limited investments.



**LEADING THE REST OF THE BUSINESS DOWN INNOVATIVE PATHS:
A PARTLY-RESOLVED CHALLENGE?**

One of the Lab's current challenges is to commit teams to the practical implementation of its forward planning work. They are already committed to the marathon of existing challenges; integrating projects driven by trends identified by the Lab represents an additional source of complexity. Against such a background, the Lab uses a certain number of operational drivers to facilitate moving from inspiration to action:

- > Set up an internal prototyping unit within the Lab to test, iterate and speak a common language.
- > Create a community of colleagues able to drive innovative initiatives more practically locally and to inform the Lab's ideas.
- > Set up more experimental and more stimulating communication events to learn by running: *learning expeditions, speed dating, hackathons.*
- > Experiments in operational implementation with partners in *open innovation.*
- > A support programme at Station F, which encourages exchanges of expertise and experience between Ubisoft and start-ups working on topics driven by the Lab.

AIR LIQUIDE AND HYDROGEN: CAN ONE FORCE DESTINY?

The example of Air Liquide's development in hydrogen is a remarkable case of forward planning and taking a strategic position, where the challenge is less in anticipating than in making a desired future happen: that of imposing itself as the pioneer in a vast market to be explored and built.

At the time of energy transition, Air Liquide wants to contribute to implementing a sustainable, economically-viable and ecologically-favourable alternative solution: hydrogen. The development of energy transition is generating a double phenomenon of accelerating renewable energy sources (which should grow from 15% to 40-50% of the mix) and electrification of uses (doubling the share of electricity in energy demand). To carry out this double transformation, the key questions are storage (batteries) and recharging technologies, alternative energy distribution infrastructures and effective spreading of electric solutions preserving the quality of uses, particularly in transport. Hydrogen is a possible vector for this transformation, due to its high energy density. The case of transport is probably the most emblematic of this potential, where hydrogen offers electric mobility solutions with ranges of 500-700 km and recharging times of 3-5 minutes. Air Liquide's 'hydrogen strategy' aims to create a large market by rallying stakeholders around a strong vision and success demonstrated by use and cooperative ventures.



WHAT RESOURCES TO CREATE A DESIRABLE FUTURE AROUND HYDROGEN?

The revenue potential for Air Liquide is enormous, estimated at €1,000 per year per vehicle. The investments (research, distribution system and network of filling stations, supply chain) are also estimated in billions. The project to create an ecosystem promoting hydrogen meets the dual objective of market education and operational implementation through emblematic experiments and actions:

- > Work of faith among shareholders (40% small investors)
- > Participate in different infrastructure implementation projects around the world (USA, Japan, Denmark, South Korea, France) and annual investment in dozens of filling stations
- > Set up a joint-venture with industrial companies in Germany to invest in 400 service stations and operate them
- > Finance start-ups that are creating the world's first fleet of electric-only taxis
- > Create social networks to lead the debate, identify ambassadors
- > Communication plan and publications, etc.

Other avenues are currently being opened: extension of the hydrogen-car model to buses, lorries, trains and aircraft, to rapidly develop dedicated infrastructure solutions.

**HOW DO WE MANAGE THE 'LONG TERM', INTRINSIC TO THE PROJECT,
AND COMPREHEND THE PIONEER'S DILEMMA?**

For the moment, the ability to convince is limited by postponed profitability. 1 kg of hydrogen costs about €10 and provides a range of about 100 km, within the average for comparable energy sources, but the economic model is still preliminary and depends on scale effects. The financial challenges are difficult to quantify, although potentially enormous for the first entrants, and this new market is causing numerous changes for Air Liquide: new customers, new businesses, financial risk ('valley of death' to be overcome before generating a profit). But it is developing on known industrial bases.

The entire hydrogen production-distribution sector is the group's core business since existing industrial use of hydrogen is a mature market in which Air Liquide has a solid position and makes nearly €2bn sales every year.

Any pioneer in a market has to make large infrastructure investments and establish a strong and credible brand, in order to benefit from network effects. Air Liquide is both too small to do everything but also big enough and credible enough to launch the market. What's more, the group marked a major advance at the beginning of 2017 by causing the creation of an international committee (the Hydrogen Council) introduced at the Davos forum and intended to promote the importance of hydrogen in accomplishing the energy transition. Chaired jointly by the Air Liquide's CEO and the Chairman of Toyota, it brings together the CEOs of thirteen global groups, leaders in their sector.



02

THE PLATFORM ECONOMY, THE STRATEGIST'S NEW OPPORTUNITY

Strategy, sovereign prerogative: in many minds, it's still the preserve of this dominant discipline and its historical heritage. The management team, perceived as game leader, inspiring and manipulating ideas, builds its strategy, contrary to its competitors considered as necessarily antinomic and adverse. The ultimate objective is victory to create shareholder value, without taking into account external factors or stakeholders, by promoting an offer intended for customer-objects and not subjects. This attitude can not only lead to a '*strategic vacuum*'² but also restrict the field of view, with the risk of myopia in space, incompatible with the qualities of resilience that have become essential to the survival of businesses and organisations.

Correcting the myopia therefore requires the strategy to extend beyond its historical boundaries and to master the art of managing assets that you don't own. Thus the exercise can go as far as assuming sectoral, regional or industry leadership... attracting resources and uniting energy around a view of the world and a common asset and playing an ambitious role as pivot-firm of one or more ecosystems³, capable of anticipating and forming with opposing forces. Pushed still further, this strategic exercise can lead to co-constructing its promise with those who are its recipients and producers, with symmetrical attention between all these players.

Having considered this objective, the think tank identifies three areas for action:

²The strategic vacuum', Philippe Baumard, CNRS Editions, 2015

³The Kindled Company: cf. La Revue published by Kea & Partners, number 18

1/ Identify and listen to your ecosystems

An economic ecosystem means a geographical or non-geographical concentration of businesses linked together, specialised suppliers, service providers and multiple institutions – universities, standardisation agencies, professional organisations, etc. – that oppose each other and cooperate.

Each business can belong to several different ecosystems. We have listed six types of ecosystems:

FUNCTIONAL	SECTORAL	INNOVATION
<ul style="list-style-type: none"> > Consortium of professionals linked by the same functional challenges > Objective of business excellence and development <p><i>e.g. CSP, Association of Purchasing Directors, etc.</i></p>	<ul style="list-style-type: none"> > Horizontal group (competitors) and vertical groups of companies in the same sector > Objective of excellence (product, labour qualification, cost competitiveness), development and influence on standards <p><i>e.g. competitive cluster, Chinese Mega-Clusters, professional association</i></p>	<ul style="list-style-type: none"> > Innovative businesses grouped around universities and research organisations > Objective of developing, industrialising and marketing innovations <p><i>e.g. Saclay, Boston Biotech</i></p>
<ul style="list-style-type: none"> > Consortium of players contributing to a shared general interest objective > Objective of efficiency and sharing resources to achieve this objective <p><i>e.g. recycling sector (Eco-Emballages, Eco-Systèmes), horse racing sector (PMU)</i></p>	<ul style="list-style-type: none"> > Strong association between businesses and their region > Objective of promoting historical expertise and differentiation across the region <p><i>e.g. food-processing activities associated with an 'appellation', Armor Lux, L'Occitane</i></p>	<ul style="list-style-type: none"> > Comprising a sector (subcontractor suppliers, service companies, etc.) associated with a principal business > Objective of commercial development <p><i>e.g. Sachaux with PSA, Toulouse with Airbus</i></p>
GENERAL INTEREST	EXPERTISE & REGION	PRINCIPAL BUSINESS

Ecosystems are naturally living wholes that change over time; you have to be able to listen to weak signals by cultivating an ability to adapt and take the initiative. Conversely, noises from the market, the weight of history and the omnipresence of certain players can bias perception and hinder judgement:

- > Overvaluing certain voices of the ecosystem ('big mouths') or media (e.g. social networks), likely to hide silent communities
- > Lack of consideration for players without apparent link with the company and restriction of the competitive field

Defining the scope and modelling an ecosystem demands mapping the distinctive strengths of the entities considered and assessing how, using transactions and exchanges, their sources of differentiation reinforce each other. **This means identifying the business's intangible assets and players in its environment, then analysing how their respective asset systems resonate with each other**, i.e. feed of each other.

McDonald's, with its Parliament of franchisees, and Danone, with its 'social innovation fund', have thus been able to create a listening (and arguing) space with their ecosystem: franchised restaurants for McDonald's, customers and employees for Danone.

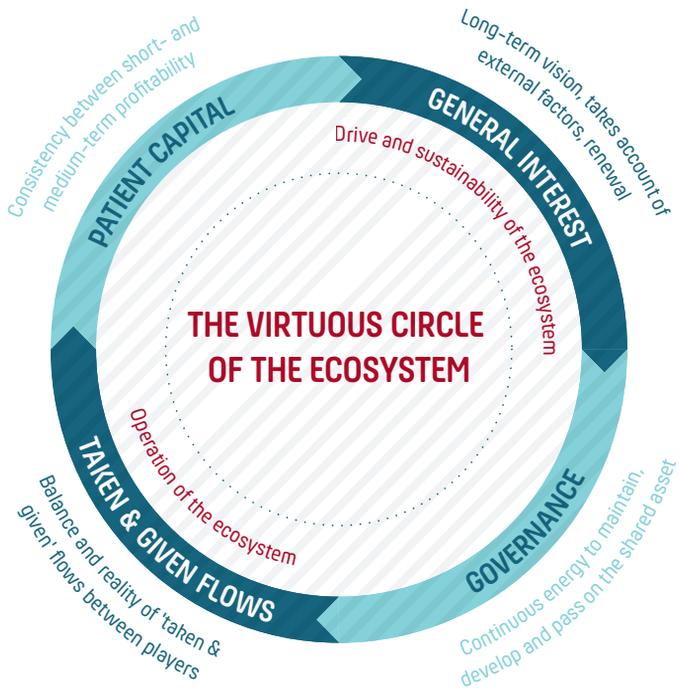
2/ Define an action strategy

Work with ecosystems is not limited to listening to weak signals. It is important to find a strategic alignment with a section of the players in the ecosystem. Given the fact that certain players can have diverging interests, the question is often knowing how to interact with them. Several parameters must be considered to develop this strategy. What role can the business hope to play in the ecosystem, in the short or medium term: leader, follower, observer? What are the elements of content on which to capitalise to bring the players together?

There are three possible action strategies:

- *Reactive*: observe and pick up the weak signals
- *Proactive*: set up a dialogue and cooperative actions with certain players
- *Leader*: bring all the players in the ecosystem together

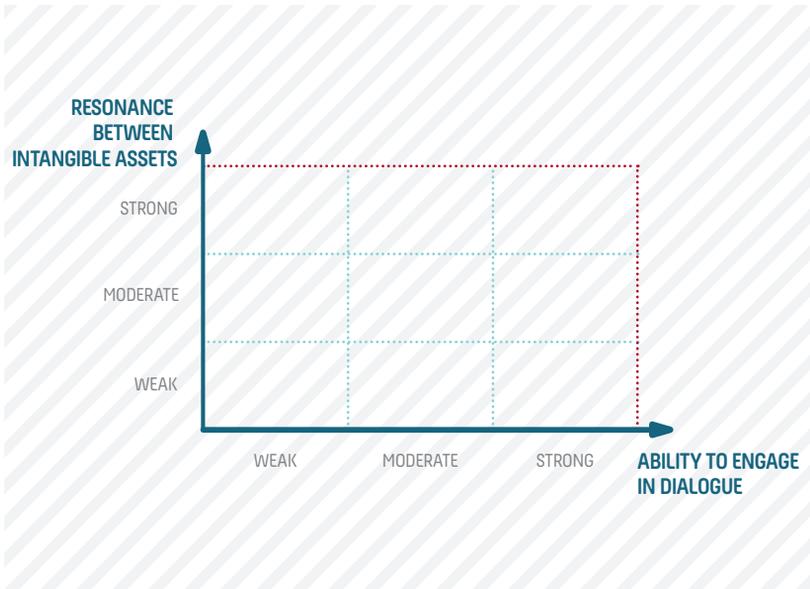
We have identified four key success factors for an economic ecosystem, which make up a virtuous circle:



THE 4 CONDITIONS FOR SUCCESS OF AN ECOSYSTEM

For example, forestry in Canada is a virtuous case of action strategy within an ecosystem or a sector: merciless confrontation between ecological activists and forestry companies has been succeeded by cooperation beneficial to everyone (customers, operators and NGOs). The discussion spaces created have highlighted resonance between the demands of NGOs and consumers, encouraging greater ecological consideration. In this way, three timber producers agreed to join this dialogue and change their production methods, by defining production areas and respecting certain constraints to have their timber accredited, so preserving their ROI (higher prices) and satisfying customers and activists in this approach.

One category of players requires a special strategy: **'pirates'**, i.e. emerging players that launch 'disruptive' products and services with the sole aim of breaking down the business model of established companies. The trend is less to reinforce barriers to entry, or to seek to destroy these 'barbarians', but rather to accept them at the negotiating table, include them in partners' circles and finally to 'privateer' them. This is the dilemma currently experienced by PMU in the betting sector on eSport. To analyse the ecosystem and choose external players to be involved in its strategic consideration, the company has to consider two dimensions: the ability of the players to engage in dialogue and the resonance between their intangible assets.



Discussion grid
WHICH EXTERNAL PLAYERS DO WE INVOLVE IN OUR STRATEGIC CONSIDERATIONS?

3/ Become a platform business

A platform business is a business that, beyond its own production and sales activity, occupies a role as intermediary in the access to information, goods or services, produced and supplied by third parties. Such a business organises and structures an ecosystem by relying on three strengths: operation of **multiple network effects**, which make the platform attractive to members of the ecosystem, a **technological strategy**, which makes it possible to build collaborations and add new partners *en masse* at global scale, and **customers 100% players** in value creation: generation of data on the platform, co-design, crowd-sourcing, co-branding, viral marketing, open innovation, etc.

All business are empowered to become platform businesses. Whether it is to market high quality leisure activities (Compagnie des Alpes) or shared betting and team game experiences (PMU), businesses must optimise interactions with suppliers, customers, employees and other stakeholders, by automating them to improve productivity and service quality: "Not [being stakeholder of a platform] will amount to running the risk of becoming the subcontractor of a company that will be been able to develop its own" (Gilles Babinet).

Thus, the role of strategy today should include the new skills and practices of the platform business.

COMPAGNIE DES ALPES: TAKE THE ROLE OF PIVOT FIRM WITHIN REGIONAL ECOSYSTEMS

In its strategic plan (2013), Compagnie des Alpes (CDA) asserts its ambition: to strengthen its position as world leader in operating ski slopes, maintaining international scope, playing a role as pivot firm in regional ecosystems and striving for high customer satisfaction.

Ski-lift passes represent only 17% of expenditure for a staff in the mountains and CDA remains highly dependent on its ecosystem. While the quality of the ski slopes remains the primary criterion for choosing a resort, the price, atmosphere, quality of accommodation and ease of access are determining factors.

The dispersal of players on skiing holidays, the lack of natural alignment vector, the unwritten rule wanting local players to preserve a large part of the value, the weight of the national and local policy and true competition between resorts make it complex implement this strategy, which also has to include new *game changers* such as AirBnB or Booking.

THREE DRIVERS MAKE ALL OF A COMPLEX PARTICIPATE IN CDA'S STRATEGY

First of all future-looking, through experts and the academic world. This makes it possible to capture market trends and the movements of single-site companies more agile at controlling the value chain and customer experience, as well as to construct 'black scenarios' (global warming, reduced regional attractiveness, game changer that seizes customers and the margin) to push players into reacting.

Next, partners and experiments centred on the customer are the opportunity to test enhancement of the customer experience (making shi slopes more fun, *après-ski* activities, etc.), digital payment systems, dematerialisation, creating new services (online tour operator, caretaking, etc.) and especially to capture customer data to analyse it and use it to develop the business.

Finally, the increased skills of teams and stakeholders are the third driver: awareness of digital technology, new uses and behaviours and new entrants; study trips with competitors; international missions; company university, etc.

CERTAIN EMERGING INITIATIVES PUSH CDA's INCLUSIVE LOGIC TO THE LIMIT

- > A strengthened dialogue and legitimacy among local elected representatives
- > Implementing CRM tools (Customer Relationship Management) shared between players at the same resort, to capture customer data (evaluation of the quality of services) and to operate jointly
- > Global work on renewing the customer base in the face of its structural ageing (average age of skiers is 45 and this average is tending to increase year on year), as well on the CDA promise
- > Sharing with stakeholders based on black or dystopic scenarios (such as new entrants that challenged the rules) or pink or utopic scenarios (the ideal resort)
- > Clarification of the positioning of resorts and offers (very good skier, family, party)



PMU: MATURE ECOSYSTEMS / EMERGING ECOSYSTEMS, TWO DIALOGUE STRATEGIES

For a business developing strong relationships with multiple stakeholders, and subject to the arrival of new competitors at the same time, dialogue with ecosystems can take very different forms and require quite separate action strategies. This is the situation of PMU, that is increasing its ability to interact with gamblers while also anticipating the emergence of new markets, such as eSport bets.

INNOVATIVE TOOLS FOR REAL DIALOGUE WITH ITS CUSTOMERS

On horse-racing and sports betting, PMU has a powerful customer services department to communicate with gamblers and a *chat* platform, on which it can observe its gambler community without interfering with or influencing the exchange.

The limit of this measure tends to be unrepresentative of the populations observed, for three reasons:

- > Online conversation only affects the people logged in
- > The most active users are often 'big mouths', as opposed to the silent majority of PMU customers
- > Neither the customer service department nor the *chat* platform capture what happens in bars or at distributors

Big Data opens new possibilities. This makes it possible to identify gamblers' profiles, such as buying behaviour (97% of customers pay in cash), based on the recurrence and amounts of transactions. *Big Data* also increases the possibilities for moderating the community. Thus all

the subtlety of listening to its ecosystem is based on capturing the right signals and identifying better sources.

PRIVATEERING PIRATES, RATHER THAN FIGHTING THEM

Furthermore, PMU is wondering about the right strategy to adopt for bets on electronic sport. Some estimates talk about a global market for eSport reaching up to €20m: in certain countries (United States, South Korea, Japan), video game competitions can attract up to 70,000 spectators. This underlies an enormous potential for bets laid at this type of event.

Nonetheless, this new market still remains particularly uncertain:

- > An illegal activity conducted with virtual currency
- > Size and potential still unknown
- > A young and offbeat medium, closed to institutional players
- > A development that attracts advertisers, media and event organisers

Two main channels are available to PMU. A defensive option: be protected by the regulator, to gain time and be prepared. A decidedly offensive option: establish dialogue with 'disrupters' (that take the lead on the customer relationship), invest in the business of certain pirates in order to 'privateer' them and take the initiative on this new market.

While traditional businesses – as opposed to start-ups – often throw themselves into the first option (reinforce entry barriers, maintain positions), it is clearly the second that is sustainable in the long term and lead to a profound change in mentality regarding disrupters of the ecosystem.





03

THE STRATEGIST,
THE FINANCIER AND
THE OPERATIONAL MANAGER:
A WALTZ IN THREE-FOUR TIME

'*The imperial CFO*' was The Economist's headline in June 2016, thus emphasising the pre-eminent position, even dominance of finance departments in the strategic and operational choices of businesses. It is undeniable that finance departments' grip on the strategic process sometimes leads to reducing its expression to a business plan costed over a multi-year timescale. Furthermore, a financial director responsible for external growth and mergers/acquisitions (quite widespread case in point) considerably restricts the strategy's scope of action.

Without going so far, it is undeniable that, in all cases, advancing from the strategic project to carrying it out requires making human, equipment and financial resources available to the financial director, even operational departments. We therefore have to **synchronise three timescales**, corresponding to different work processes, on which the strategist, the financial director and the operational manager each have the habit of operating:

- **The strategy/projection period:** a timescale of 3-5 years, built around the process of drawing up the strategic plan, guaranteed by the strategist
- **The strategy/modelling period:** a maximum timescale of 1-2 years, built around the budgetary process (current and one-year forecast) and lead by the financial director
- **The strategy/implementation period:** a period anchored in the present (a few months), built around the project progress review process, a routine activity for many operational managers

Consequently, how can the strategist (re)take the lead on the relationship between these three timescales, for everyone's benefit?

After consideration, The “Quart d’Heure d’Avance Stratégie” has brought out three working directions:

1/ Strategy as orchestra conductor

To prevent the risk that strategy and long-term vision are not taken hostage by finance or operations, it appears necessary to maintain a working process separate from financial and operational processes.

One way to synchronise these processes may be to organise a three-step sequence during the year, where each part takes the lead successively. For example, this consists of initiating the strategic process at the beginning of the year by formulating the vision, then in mid-year developing this vision through the financial process and, at the end of the year, re-organising the portfolio of strategic projects to include them again.

In all cases, the Strategist can no longer exclusively consider the long period over which he usually works. His role changes more and more towards that of orchestra conductor, ensuring the harmony of this 'waltz in three-four time' between strategy, finance and operations. He composes the strategy and ensures that each period is followed and the synchronisation between the different players and the different processes is working correctly.

Besides, this is a similar movement that we see in the practices of external players as historical consultancies called strategy: they now integrate more operational approaches, in addition to strategic and financial processes, in business transformation programmes.

2/ The plan and the model, two complementary partitions

Should we favour the 'planned strategy', advocated by Igor Ansoff⁴, or the 'emergent qualified strategy' described by Henry Mintzberg? Business plan or strategic model? The business plan is used to make clear decisions, defend them and drive results from them. A start-up needs business plans to convince investors – even if you know that the drafting process is more important than the result, even of the consideration process, which may very quickly become obsolete. Conversely, a well-designed model, sufficiently clear about the ambition and flexible about the resources, acts as a compass for action: one vision, one company personality, one economic canvass, one map of links with the ecosystems, one organisational diagram and teams to make it all work.

In reality, doubtless it is unnecessary to choose but rather to use all these tools for their respective virtues:

- > The model as vision, course, ambition and overall framework of the strategic consideration. Even if it doesn't always appear very practical and easy to communicate in the short-term, it must infuse and resonate with the strategy.
- > The business plan as a sound and costed projection, often not very flexible and adaptable, but that can be a good vector for communication. The costed projection gives the drive and aligns the players on a shared objective.

⁴Igor Ansoff, lecturer and consultant in business strategy, well-known for his book '*Corporate Strategy*'

In this context, the role of strategy is to ensure that the two tools are correctly used to complement each other and to ensure that the plan does not substitute for the model – and *vice-versa*.

The case of Trigo is quite symbolic of the need to maintain this separation, as even if the strategic exercise always ends with drawing up a costed business plan, it in no way substitutes for the model: its value lies more in the ability to materialise and communicate the strategic objectives and to engage practically in dialogue with the Board of Directors and investors than in writing 'in stone' the figures stated in it.

3/ The strategic projects portfolio still the core of the job

Strategic consideration processes most frequently end by proliferating projects. Due to resource constraints (time, financial resources, etc.), they can't all be tackled head-on with the same energy. So it is also necessary to design the strategy as a renunciation exercise that establishes criteria for deciding between projects to allocate resources in the right place at the right time, with a balance to be found between short term and long term. Thus a strategy department shouldn't only push to abandon projects even before having initiated them, but also to suspend projects in progress, to the detriment of the operational managers responsible. It becomes selector and referee, coordinating with finance and the *Project Management Office*. The arbitration and resource allocation process remains the core business of a strategy department: this is what the Pochet group's strategy department observed recently.

TRIGO: A CLEAR MODEL, A SHARED PLAN AND FINANCIAL MANAGEMENT FACILITATING STRATEGY

Trigo is the world no.1 in quality control and quality activities, in 25 countries and with 400 sites. Former family group created 25 years ago by an ex-Valeo employee and marked by the car industry's zero defect culture, Trigo expanded very quickly by means of informed investment funds (the company is currently going through its third take-over), anxious not to lose the entrepreneurial spirit, enthusiasm or strategic agility of its early days.

THE STRATEGY ACTIVITY AT TRIGO IS CHARACTERISED BY THE LACK OF AN ANNUAL STRATEGIC PROCESS AND STRATEGY DEPARTMENT

There is no strategic committee, and the budgetary and strategic processes are not separated. In addition, the financial director drives strategic consideration based on geographical areas and sectoral *business lines* in order to outline the development directions selected for the budgetary process. In the end, strategy remains above all supported and represented by the Chairman, who reports to a demanding investment fund on execution of the main themes announced. This main shareholder changes every 3-5 years: the strategy is redefined (or reconfirmed) at the change of shareholder, often with support from an outside consultancy.

In this way Trigo has been able to develop great strategic maturity... without strategy management. Every strategic plan has to suit everyone – shareholder, financier, operational manager, etc. – to have a hope of surviving and lasting over time. The complex alignment of players works as a result of a few good practices:

- > Finance serves strategy and not the other way round. The Financial Director drives background considerations, but does not stray outside his legitimate scope and never takes the Chairman's place in his role upholding the strategic vision.
- > The strategy doesn't place too emphasis on the figures. Putting detailed figures to strategic directions is not pushed excessively, particularly given the extreme volatility of the markets in which Trigo operates.
- > Using strategy consultancies provides a basis for credibility of the strategy chosen by the Executive Board among investment funds and facilitates deployment in the world.
- > The groups' diversity (businesses, geography, etc.) is reflected in the composition of the Executive Board.



GROUPE POCHET

L'EXCELLENCE EN HERITAGE

POCHET GROUP: IMPLEMENTING A STRATEGY DEPARTMENT AND BASING ITS LEGITIMACY ON THE FUNDAMENTALS

Pochet is a French family group, established internationally, specialised in manufacturing top-of-the-range glass, plastic and metal bottles and packaging materials, operating mainly in the perfumes, cosmetics and luxury sector.

Strategy as a dedicated role and function is recent within the group: it was only in 2011 that the group decided to create a strategy department to support its growth and better structure its vision over a three year timescale.

The first step was to set up an annual process for drawing up the strategic plan, which brings teams from the financial department and operational manager close together, with four major highlights: an outlining phase covering strategic options at the beginning of the year, a detail and costing phase for options over the first half of the year, a step for approval of the strategic plan by the Supervisory Board, then by the Top 50 at mid-year, and a feedback phase at the end of each financial year.

AN ESSENTIAL: INCREASED ACTIVITY ON MANAGEMENT OF THE PROJECT PORTFOLIO, WITH RESTRICTED RESOURCES

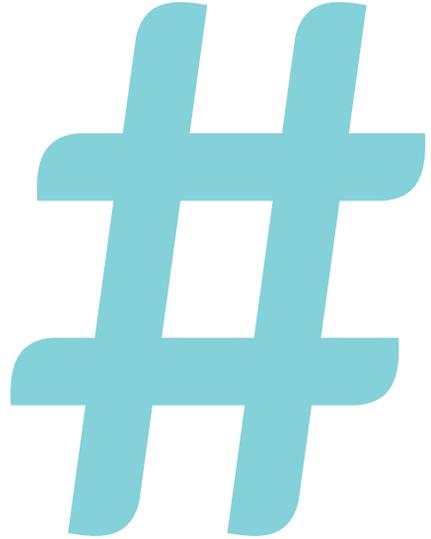
Once the planning process is established and mature, the strategy department, now legitimate in its role, began to expand its scope of action by taking responsibility for *business intelligence* and strategic project management functions.

One of the department's main current challenges relates to managing the portfolio of projects in an environment with very restricted resources, specifically a lightweight Strategy team having to lead a permanent and necessary dialogue with operational and financial managers. Thus, the volume of strategic options to be investigated is chronically too large given the availability of the teams, which remains a permanent challenge to be met, especially as projects not scheduled in the plan appear continually.

To improve flexibility, the strategy department works on more dynamic management of its project portfolio and on strengthening selection criteria to prioritise them. This selection applies as much to new projects entering the portfolio as to projects in progress, which in certain cases can lead to some of them being suspended. These judgements, sometimes delicate, make it possible to release resources needed to complete priority projects, including short-term projects that enter the portfolio in the middle of the process to draft the strategic plan. They should also enhance the added value of the strategy department that, after six years in existence, is preparing the next stage of its development.

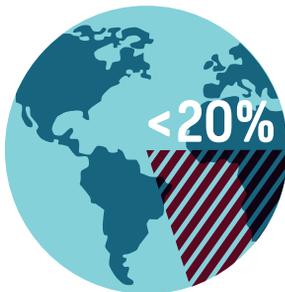


04



THE STRATEGIST'S ROLE
vs GLOBALISATION

Our economies are far less globalised than we think: the most widespread model until now remains semi-globalisation, where the share of the international business is much smaller than that of domestic activities⁵.



BY EXCLUDING GOODS
COUNTED 2 OR 3 TIMES
BY OFFICIAL STATISTICS,
EXPORTS REPRESENT
ONLY A LITTLE LESS
THAN 20% OF GLOBAL GDP
(vs. 30% OFFICIALLY)

Source: HBR 2017 "Globalization: Myth or Reality"

And yet globalisation is changing the nature of the strategic exercise, its focus and its underlying activities. Developing and implementing a global strategy raises a certain number of challenges and questions, either specific or existing nationally but exacerbated as soon as you extend beyond borders:

- > Is the aim of developing the 'right' global strategy – that is valid everywhere, despite the extreme diversity of contexts and local situations – an ideal or a mirage? Provided that this ideal, global strategy can be defined, how could we ensure that it is included, even before being implemented, in different cultural and business environments?

⁵*Protectionism in the Age of Trump*, Pankaj Ghenawat, HBR, July-August 2017

- > How can the Strategist find the right balance between application of the standard and local adaptation? In other words, how is a standardised strategy implemented globally while also giving room for manoeuvre to implement it appropriately and take advantage of local expertise?
- > How do you ensure implementation in a limited time but an extended area internationally while remaining flexible and agile? Doesn't the time spend on buy-in and operational alignment hinder the ability to react to possible disruption?
- > And, finally, what roles and practices can be dreamt up tomorrow for strategy departments in global organisations? Who are the internal partners they have to work with? What extended and delocalised networks and resources should be relied upon to develop and implement global strategy or strategies? Does the role change when thinking internationally?

Three powerful ideas emerge from the the think tank considerations, which have the potential to profoundly alter the essence of the role:

1/ What is the 'best' strategy? Desirability, feasibility and blind spots

In theory, participative approaches make it possible to identify and take into account the 'periphery'⁶ and to shorten the time from drafting to action. In reality, a purely *bottom-up* approach does not result in an global and ambitious plan. The drive must come from the centre to ensure overall consistency and holding a long-term course, but especially to set the strategic directions to be taken together.

⁶cf. 'The Big Lie of Strategic Planning', Roger L. Martin, HBR Jan-Feb 2014

However, planning and leading processes for adjusting the strategic plan with local teams becomes a necessary role for strategy managers. These processes enhance the strategy and avoid blind spots (special cultural features, local current affairs, etc.) of which the head office is not necessarily aware. In particular, it becomes clear that head office's 'ideal' strategy is often not the most achievable, either because it is not universally acceptable, or because it is simply not applicable once faced by the local reality of markets or (most frequently) available resources.

This is why the development of the ideal solution to a given strategic problem must be linked to consideration of its potential downgrading, so as to find the acceptable and feasible optimal second solution. Thus, the 'best' strategy is that where the overall plan is taken to its maximum relevance, with the best chances of implementation and being followed, given the diversity of markets and management styles. Finding this balancing point is an important part of the strategic exercise in international groups, particularly decentralised groups.

2/ Strategic convergence subject to the '*stress-test*' of cultural differences

One never overestimates the importance of cultural differences and their impact on the nature of the strategic exercise and how it is conducted. Thus, while English has become the *de facto* Esperanto for most global groups, words in a common language are not interpreted and understood in the same way everywhere. Beyond communication, reinterpretation of the global strategy for greater local understanding is a mandatory step to transcend language and cultural barriers, and even to make very different views of the world converge. Additional advantage:

this makes it possible to remove jargon, detect the unsaid and generally simplify and refine the chosen strategic options and their rationale.

Result of this '*stress test*': the strategy emerges more robust and resilient.

3/ The human resources department, an essential to go global ally

While the collaboration between strategy and finance has become necessary, indeed obvious, others are clearly rarer or neglected.

In particular, international development calls for a sound partnership between strategy management and human resources management. In fact, the strategy department alone cannot shoulder the burden of developing strategy, taking account of local opportunities and constraints and the human transformations required by its implementation. A 'transforming' human resources department, able to maintain dialogue with the strategist, understand and deal with human issues, beyond policy decisions or preventing social conflicts, and able to drive ambitious transformation programmes, is a key ally in accelerating international growth, if not a key success factor.

LAGARDÈRE TRAVEL RETAIL: DESIGNING AND DEPLOYING A NEW GLOBAL STRATEGY

Lagardère Travel Retail is the leading French operator in Travel Retail and fourth in the world. The organisation represents 15,000 employees in 4,500 stores, in more than 33 countries and 220 international airports.

A STRATEGIC DIRECTION TO TAKE AT GLOBAL SCALE

Over a ten-year period, the business has experienced very rapid international expansion at the same time as a major strategic watershed by freeing itself from its historical newsagency activities to focus on *travel retail* activities (shops in transport areas). To take this direction in a limited time, the Strategy Department had to consider and work with great geographical diversity, varied geopolitical and cultural environments and local organisations with different structures and degrees of maturity.

IS THE IDEAL STRATEGY ALWAYS THE BEST?

In this context, observance, capacity and speed of implementation have proven to be as essential, if not more so, than the relevance of the strategic project.

When the business started its transformation, the design of the strategy was the above-water part of the iceberg and sometimes caused the significant deployment work underlying it to be forgotten. So it was that the optimum solution on paper have to be 'downgraded' to find the right outline, the one that could be 'absorbed' and applied by the organisations. The finished product to be implemented was therefore, on one sense, less ambitious but more realistic and more pragmatic, which made its successful implementation possible. Another key success factor: as the strategic direction to be taken required authority, alignment, communication, etc., the

Strategy Department was positioned at Executive Board level.

Furthermore, it was necessary to adapt the global plan locally, beyond even the specificity of markets, due to very strong and very different managerial cultures.

thus, the so-called 'ideal' strategy does not always prove to be the best.

THE IMPORTANCE OF THE HUMAN FACTOR

Building a strategy in an international group involves integrating people from around the world and aligning them on a course, overcoming barriers linked to local and managerial cultures and the maturity of markets.

Retrospectively, two key success factors emerged:

- > Finding the right balance between robustness and individuality of the strategic intention / feasibility and speed of execution / consistent implementation.
- > Launching the transformation and developing the energy needed to bring on board the strengths of the business in the four corners of the world.

Thus, for global organisations having to undergo serious strategic changes, the sequential design of the strategy – **"What the head thinks, the body will follow"** – proves powerless to take account of the human and cultural factor. Therefore the Strategy Department must also be directly involved in transformation issues and, ideally, form a robust partnership with the Human Resources Department.

ALLIANZ WORLDWIDE PARTNERS: HOW DO YOU MANAGE A 'STRATEGIC DIALOGUE'?

The case of Allianz Worldwide Partners (AWP), subsidiary of the Allianz group, illustrates how difficult it can be for a large international organisation to build an authentic 'strategic dialogue' between a group's central teams and the business units (country subsidiaries) while also integrating the parent company's strategic directions.

AWP is a branch of the Allianz group, created in 2014, combining the activities of three historical BtoBtoC business units: Allianz Worldwide Care, Allianz Global Assistance and Allianz Global Automotive. AWP exceeds €7bn total sales, has 16,000 employees in 34 offices and 70 countries. In an historically very decentralised model, the subsidiaries have long been allowed great independence in their strategy and its execution.

SOLVING THE PARADOX OF A HIGHLY STANDARDISED STRATEGIC PROCESS IN A VERY DECENTRALISED BUSINESS WITH A STRONG 'FIELD' AND ENTREPRENEURIAL CULTURE

For more than ten years, the Allianz group has gradually implemented in all its business units a **highly structured strategic planning process** comprising two phases: the '*Strategic Dialogue*', consisting of drawing up the strategic vision (generally in the middle of the year), and a '*Strategic Planning*' phase (generally at the end of the year), used to cost the strategic plan already discussed in the previous phase.

To manage this process, at the time of its creation in 2014 AWP established a strategy department, initially reporting to a member of the Board of Directors responsible for strategy, marketing and innovation. To further improve the strategic dialogue process, the **AWP Strategy Department was eventually made accountable to the CEO** from 2016, during restructuring

marking a new stage in the group's maturity. This change strengthened the positioning of the Strategy team and improved leadership of the transformation at the top of the company. In reality, the role has variable geometry depending on the context: roles to summarise the vision, *shadow cabinet*, strategic process owner, innovation, management of the project portfolio, etc.

SETTING UP CONDITIONS FOR A REAL 'STRATEGIC DIALOGUE'

Thus the AWP Strategy Department had to rethink the organisation of the strategic process to better represent the *top-down* vision and *bottom-up* priorities of the subsidiaries, within a context of intensified globalisation. So the strategy is drawn up in two ways: firstly, by informing the group's vision with market knowledge from subsidiaries and, secondly, by ensuring that the group's strategic directions are correctly laid out in the subsidiaries' priorities.

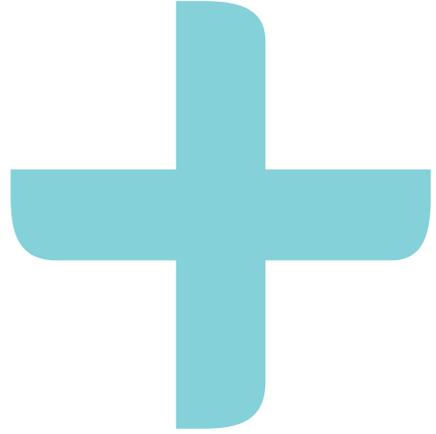
A condition for success of the strategic dialogue is to ensure that the **strategy director's profile** is appropriate to current challenges and that he can contribute to the Executive Board's effectiveness. A finance manager will strengthen the guidance dimension, while a 'visionary' will support the innovation and transformations needed over the medium/long term.

Regionalisation is another condition for success: regional directors now harmonise the strategies of a multi-country geographical area, within the framework of guiding principles given by head office.

Despite constant improvements, the challenge remains to **make the strategic dialogue**⁷, by nature a complex measure, **a useful process as much for the *business units* as for the group.**

⁷cf. La Revue published by Kea & Partners, #13



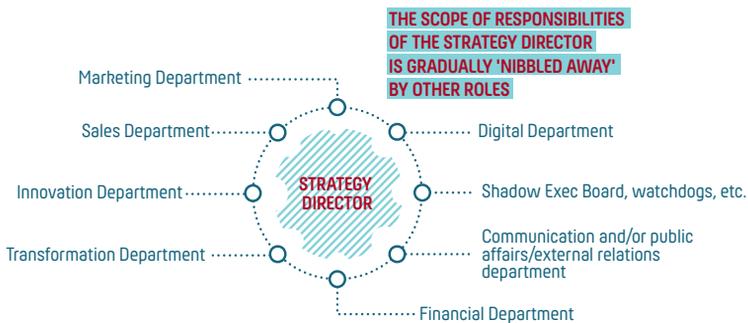


05

INCARNATIONS AND
REINCARNATIONS OF
STRATEGY

Will there still be strategy departments in 2025?

For several years we have seen **the role being broken up**: strategic consideration projects are increasingly conducted by departments responsible for strategic marketing, sales, innovation, transformation, finance and now digital and data departments.



We are also seeing **differing positioning** of strategy departments in organisations:

- **Member of the Executive Board, reporting to the CEO**: the strategy department is equivalent to a large projects department
- **Reporting to a member of the Executive Board** (generally the financial director or sales & marketing director): this configuration implies more junior profiles, who are responsible for projects, examine certain questions, conduct studies, etc., but don't have responsibility for the overall strategic plan
- **Personal advisor to the CEO**, official or secret, generally very experienced

This difference is explained by several factors. One reason is the difficulty, in a conventional structure, of positioning a 'fluid' role resulting in presence at different levels of the organisation (*Corporate, Business Unit, projects, etc.*). Next, the limited number of directly-reporting employees (from 0 to 10 people for the largest groups), as well as the little authority or direct control over the activity. Finally, a major factor is the profile of the strategist, which can vary from experienced former operational manager to ex-Senior Partner of a consultancy.

In this context, how do we best position and organise the Strategy function to avoid either its dilution in other roles or its reduction to the role of 'Sherpa' to senior management?

A few paths emerge from the experiences and practices of members of the think tank:

1/ Using strategic archetypes

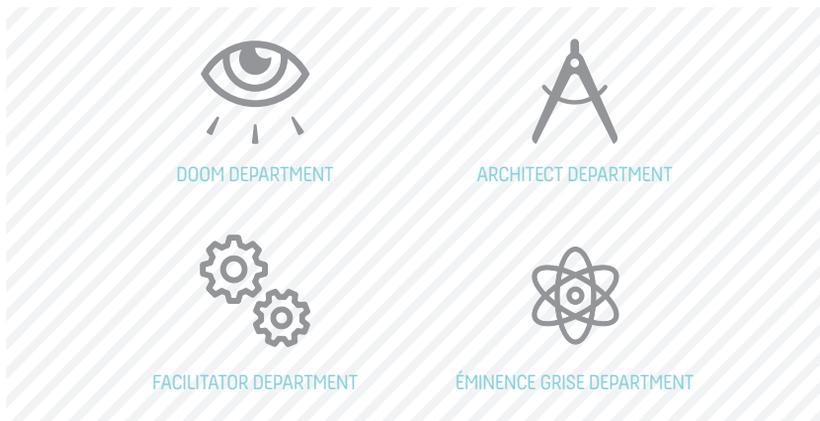
First of all, depending on the business and the situation at a given moment, it may be to choose the best practice/attitude of the role:

- > **The Doom Department:** the strategist is often the one to announce fundamental market changes that affect the business. Scout, interpreter and teacher, all at once, he anticipates, rephrases future disruptions and persuades you of the need to change.
- > **The Architect Department:** the strategist is then the architect who redefines the common purpose, explains how to turn and states priority actions and methods.

- > **The Facilitator Department:** this is the control tower to implement, facilitate, align people involved, preserve assets and the core business.
- > **The *Éminence Grise* Department:** this is a mission as the Prince's advisor, very close to him.

The example of La Poste is particularly illuminating on this point.

ARCHETYPES OF STRATEGY DEPARTMENTS



2/ Experimenting with new forms of the job

Imagining the best means of strategic consideration and motivating the people involved sometimes demands evidence of creativity. Thus alternative structures and processes are born within the business to fulfil certain functions in strategy.

Business watchdogs are a good illustration. Their role is research, studies, action and influence. They are a development tool for the Board of Directors or Executive Board, to prepare business managers for current and future upsets, and to become a reference point in a volatile and uncertain world.

Examples of business watchdogs: *Observatoire de la confiance* (La Poste), *Observatoire des Seniors* (Damartex), *Observatoire de la Santé* (Areva), *Observatoire Entreprise et Santé* (Harmonie Mutuelle), *Observatoire de la consommation* (Cetelem), *Acceleration Teams* (Nestlé), *Institut Diderot* (Covéa), *Observatoire de la maison individuelle* (Geoxia).

Another illustration, **opening the budgetary and strategic planning processes** to people who were excluded until now: middle managers, the company's experts, customers and preferred partners, etc. For example, purchasing departments bring their preferred suppliers together to build the products of the future together. La Poste opened its strategic consideration to expressing all factors and all its staff in France. Camif initiated the OSE unit (Extended Social Object) that, with all stakeholders, defines the company's mission to be included at the heart of its corporate constitution. A few years ago the Saint-Gobain group set up strategic

co-construction processes that include a large number of subsidiary managers working together internationally.

Another example receiving media attention, the aim of *Shadow Executive Boards* is to bring together colleagues from different age groups to submit their strategic questions. These have been set up at AccorHotels, Compagnie de Phalsbourg and at the head of the Macif group.

3/ Strategy and transformation: false debate, true friends

Broadening and sustaining the scope of the role requires strategy departments to become **orchestra conductors**, with a multiple role requiring mastery of sometimes paradoxical skills and qualities, the common basis of which is to lead the strategic process (formulation and planning). In this regard, the Strategist leads numerous internal and external contributors and his role varies depending on:

- > The breadth of the contribution spectrum: from simple process management to *problem solving*
- > The complexity of the contribution: from methodological input to designing complex solutions (mergers & acquisitions, macroeconomics forecasts, transformation plan, etc.)
- > Attitude: solution provider, execution pilot, role of mirror, coordinator/support

Thus, the role now requires mastery of both technical aspects and '*hard*' skills as well as '*soft*' qualities and practices.



Furthermore, new skills also have to be included:

- > **Digital** in all its forms: understanding and anticipation of the impacts of artificial intelligence, the internet of objects, robotic automation, *Big Data*, *crowdfunding*, *blockchain*, SaaS and the *cloud*, *peer-to-peer*, etc.
- > Individual and group **coaching**: ability to increase the efficiency and cohesion of key managers
- > Skills associated with **experimentation**: *design thinking*, agile mode, *hackathon*

NEXANS: THE STRATEGIST AS JANUS

Traditional industries, committed to a global race to reduce costs, are becoming sources of innovation to regain and create new markets with higher margins. The strategist thus experiences a transition between apparently contradictory roles. He has to move forward with two faces.

Nexans is a case in point. Global expert in the cable industry, with four main activities – energy and data infrastructures, energetic resources, transport and construction – the group should perform with an energy transition background. Its current objective is to identify short- and medium-term development milestones. After having restructured or sold off certain activities to restore the margin, how to re-stimulate growth?

THE STRATEGIST, ARCHITECT OF EXISTING BUSINESS MODELS AND THOSE YET TO BE INVENTED

The group's growth agenda offers the strategist two fields of exploration, with the same business model: external growth, with acquisition projects that affect all of Nexans' business lines, and organic growth, by driving the execution of strategic projects, with the aim of achieving ambitions on different customer segments.

Going further, the role of the strategic function is to anticipate the change of business models. The strategist develops ideas about them that are inspired by megatrends in the market, in order to rethink the activity.

THE STRATEGIST, GUARANTOR OF A DIALOGUE BETWEEN CUSTOMER WORLDS AND THE MAJOR ROLES OF THE BUSINESS

In Europe, Nexans' different *business units* present their strategic plan by detailing their aims on the historical activities (the group's stock expertise) and several growth scenarios to rethink the future of their activities.

In this setting, the strategist is therefore positioned as orchestra conductor, responsible for coordinating all the *business units*' projects. He also has to promote discussion of the essential needs of each customer world with an organisation structured vertically by major function (manufacturing, sales, etc.), each having its own features. The strategist communicates and generates confidence around the strategic exercise, using emotion, affect and rhetoric.

THE STRATEGIST, A PRAGMATIC CREATIVE

Furthermore, strategy and management audit are concentrated in a single role. Are these missions contradictory? The strategist seeks to open channels, to bring the outside into the business, to project himself into the nearer or farther future. He has to support an ambition that sometimes resembles a dream. Conversely, the controller materialises information, tests the robustness of scenarios and costs projects. Thus the strategist-controller appears almost schizophrenic to fulfil his different missions.

And yet, his role really is to transform behaviours to maintain the growth agenda, based on an extremely powerful industrial and commercial existing agenda. In the absence of a shock that would require Nexans to change, the strategist has to make do with weak signals (slowing of growth). He has to both enable the group's growth potential to be achieved with constant business and, at the same time, conceive the future disruption (e.g. new technologies that could significantly reduce the cost of cables).



LA POSTE

LA POSTE: HOW DO YOU EMBODY STRATEGY BASED ON CONTEXT?

The strategy department within La Poste's Services-Letter-Parcel Branch is a perfect example of incarnation of the function developing over time and based on the context experienced by the organisation. In 2007 the branch set up a Strategy Department with the principal mission of analysing application markets, defining action priorities and anticipating imbalances in business models. This department then provided the capability to examine key subjects in depth for the whole branch, until then handled poorly by the rest of the organisation.

Furthermore, its centralised operation enabled it to embody a vision, consider possible strategic options at branch scale and to suggest choices and decisions. Nonetheless, this centralised operation subjected it to a type of disconnection from operational managers and resulted in difficulties implementing the strategy.

In 2016, it was therefore decided to decentralise the strategic exercise, in order to more fully involve the *business units* in the strategy and facilitate taking action. This direction substantially modified the role embodied by the Strategy Department, which rather assumed that of facilitator, by providing tools and methods, and of 'control tower' guiding the strategy. Conversely, this operating method makes it harder to align people to a common vision, just as arbitrating between different strategic options coming from *business units*.



Among the lessons, we can therefore recognise that there is no ideal incarnation of strategy and that it is appropriate to count on agile strategy departments, adapting their role and type of incarnation to suit the context and challenges at the time.

Next, comparing these different models highlights that the success of a strategy department relies on its ability to defuse tension between two necessities: one of creating an overall vision that unites everyone and one of ensuring acceptance and execution of this strategy by local operational managers.



NEXITY: A STRATEGIC FUNCTION SERVING A COLLABORATIVE INNOVATION PROCESS

For several years now, Nexity has resolutely undertaken an strategic change aiming to combine, under one brand, activities previously conducted by separate business units: Residential Property, Business Property, services and other activities such as urban regeneration.

STRATEGIC DIRECTION VS PROJECT PROLIFERATION

There is a department of strategy and development, as well as a department for innovation and new business, but innovation is not centralised. As a result, every year Nexity produces a proliferation of more or less convergent projects. How, in such a context, can you build strategic consideration in a group with very different roles?

The Nexity group comes up against two issues carrying out its strategy: firstly, very cyclic thought processes, particularly affecting the property development business, and secondly divisions and departments where the culture, average baskets and economic models are different, just as the issues of private and business customers.

In such a context, Nexity made the choice to build strategic consideration collaboratively, mainly using projects put forward spontaneously by the *business units*.

Nonetheless, this can present certain risks:

- > Complex prioritisation,
- > Resources unavailable to take responsibility for cross-company projects.

So the question arises of the key to distributing strategic projects between the *business units* or even a revolving responsibility between projects.

INNOVATION: A COLLECTIVE PROCESS TO BE STRUCTURED

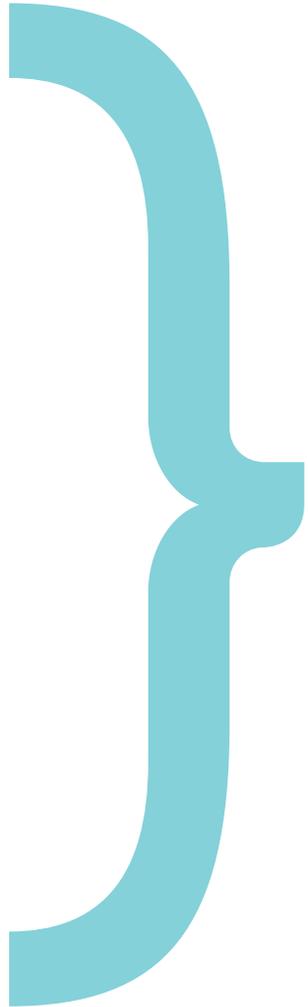
To support innovation, Nexity recently set up an Innovation Committee responsible for bringing *business units* together to identify innovative projects and track the most strategic projects. Beyond a certain level of investment, any project must first be approved by a Vetting Committee. To do this, the project is reviewed against ten criteria, two of which are disqualifying: the customer value and the quality of project management.

Setting up such collective processes within a business that is itself changing makes it possible to raise a large number of subjects and to commit management and employees heavily. But steering cross-company projects remains a cog that has to be mastered.



06

CONCLUSION: THE KEYS TO REINVENTION



Steering the congruence between expected and observed strategic profile, at the risk of schizophrenia

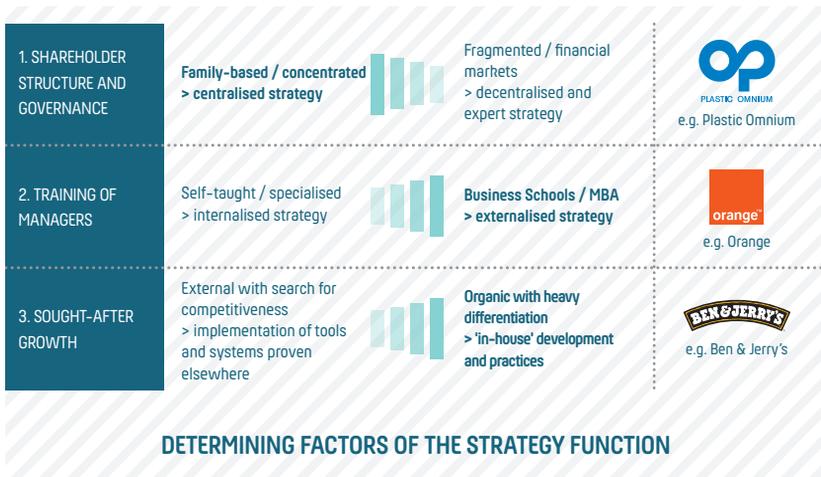
The case studies described in these pages, and the experience of the think tank members, make it possible to identify an essential factor in the success and survival of strategy as a role: congruence between the company's structural and economic factors, and the organisation of the strategy role.

Three factors must therefore be taken into account to outline the ideal 'strategic profile' for a given situation:

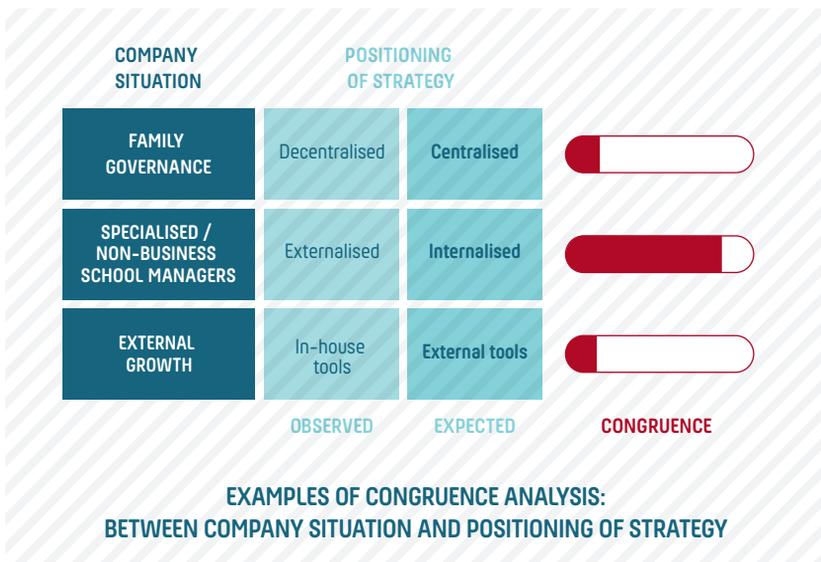
- > **Shareholder structure and governance.** The more concentrated and/or family-base the shareholder structure, the more centralised the strategy function. Conversely, a fragmented shareholder structure or an opening of financial markets requires a decentralised, *ad hoc* and expert function.
- > **Training of managers.** The more self-taught, hyper-specialised and research-oriented a manager, the more internalised and closely-controlled the strategy. The more the manager reproduces the model of the major business schools and senior civil servants, the more outsourced the strategy (to consultancies).
- > **Growth model.** The more external the growth, the more proven and even standardised examples, models and benchmarks will be sought externally. The more growth is organic, the more development is done 'in-house', with unique research and relative mistrust of 'copy & paste' models.

Thus the diagram below gives three illuminating examples.

NB: the profile of Ben & Jerry's changed significantly after being taken over by Unilever



Thus, one of the keys to reinventing a robust strategy functions over time is to steer and safeguard congruence between the ideal strategic profile, given the three factors, and reality.



Focus on high added-value areas

The think tank has identified keys for reinventing the strategy function: avoiding strategic myopia, orchestrating the 'waltz in three-four time' with finance and operations, getting up to speed with the globalised business and choosing an coherent strategic incarnation.

Beyond these paths, the strategy function must now be focused on what a robot will never be able to do: define and express the goal of the business, reveal and activate its personality, create and profit from links with ecosystems (including acquisitions or partnerships), interpret and give meaning to data analyses, grasp the signals and situations discerningly and ethically, have the courage and taste for creative innovation and deal routinely with the collective richness of growing and passing something on. In a word: return to the origins of the strategy function, be able to acquire the means to choose your future rather than being subject to it.



the authors



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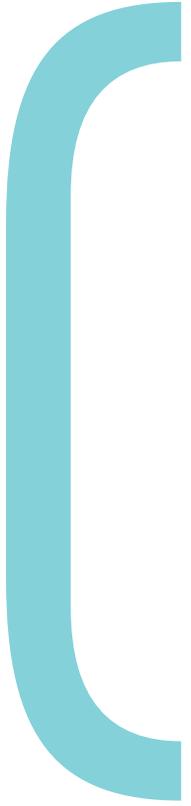
Christine graduated from HEC in 1988, completed the media-specialised Masters at ESCP and an MBA at the Schulich School of Business in Toronto. After beginning her career in the media industry (press and digital), she joined the Strategy practice of Braxton-Deloitte Consulting in Canada & USA. At Kea & Partners since 2002, Christine has steered the development of Strategy & Growth expertise and offers, and supports businesses in B to B and B to C sectors (retail, industry luxury and fast-moving consumer products, services, tourism and leisure), in France and internationally. The specific challenges and opportunities related to the development, governance and transformation of multinational companies are her fields of particular interest and expertise.

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