

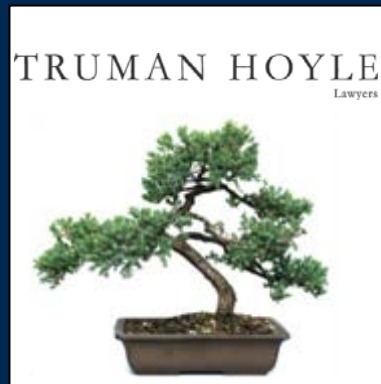
- Resilience –

Thriving in Times of Turbulence

Presentation for clients and staff of

TRUMAN HOYLE

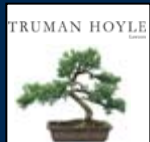
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STRATEGY. ORGANISATION. LEADERSHIP

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- Industry experience in automotive components and motive power industries in South Africa, UK and USA
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- Academic appointments with Wollongong GSB, WITS GSB, Gordon Institute of Business Science, Strathclyde GSB
- Member of Academic Advisory Board for Aust Institute of Management
- Author of *Strategic Alignment* (2004) and *Building your Organisation's Growth Quotient* (2008)



Is resilience important?

- Natural selection not always an effective approach to developing organisational capability
- Cost of organisational failure is high
 - in human terms
 - in lost IP
- But how do we ensure renewal and adaptation?



The study

- 24 Organisations that had weathered the storm of significant shocks, eg:
 - new competitors
 - changes in customer preferences
 - technology / legislative change
- Introduced strategic and cultural change without losing ground
- Responded to the changes before they were knocked down



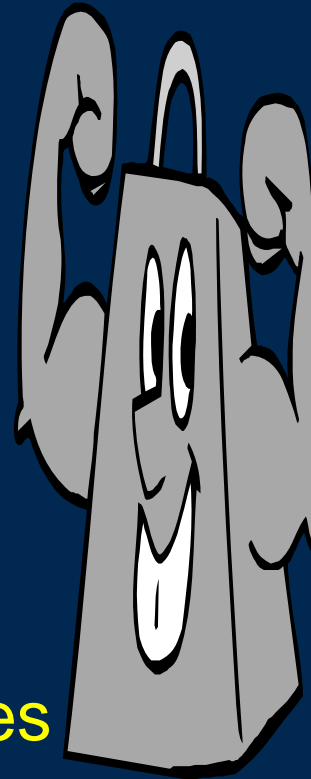
What is resilience?

- Not about bouncing back – too costly
- Turnaround is transformation that is tragically delayed!
- Resilience is:
 - ***ability to anticipate and adjust to change before getting knocked over***
 - ***efficiency in both operations and renewal***
 - ***building capability ahead of operating conditions***



Eight traits of resilience

1. Use a wide array of information
2. Generate a portfolio of strategic options
3. Remain aware of industry breakpoints
4. Develop effective governance & risk processes
5. Separate corporate and business strategy
6. Align with multiple environments
7. Develop a strong business purpose & values
8. Manage the business as a portfolio – one size does NOT fit all



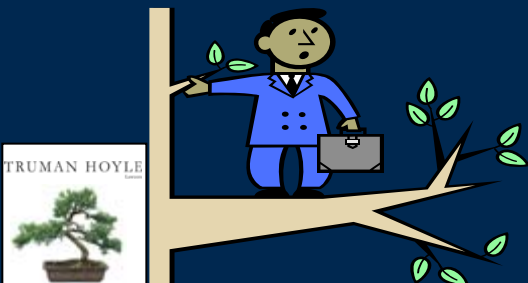
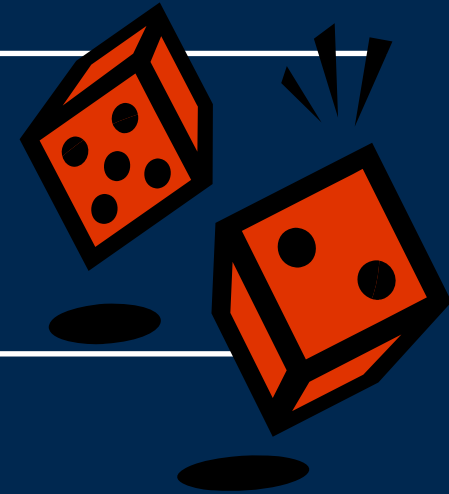
Effective governance and risk management

- Select / use boards and advisors very deliberately
 - Skills are NB, but style is more NB
- Provide them with good quality information
 - strategy, controls, resources, priorities
 - and be “happy” to be challenged
- Understand and manage “total” risk*



*Total risk

Type of risk	Examples
Traditional risks	<ul style="list-style-type: none"> • Natural hazards • Legal / regulatory • Compliance • Ethics / fraud
Earnings driver risks	<ul style="list-style-type: none"> • Customer concentration • Product innovation • Distribution channels • IP
Cultural risks	<ul style="list-style-type: none"> • Change management • Cultural differences • Alignment of incentives with strategy • Key staff attrition



Separate corporate & business strategy*

- Separate “**what**” business from “**how**” to operate the business

Corporate Strategy =
What business should we be in?

Use **market** structures → best suited to allocation of new resources, ie where funds will produce best return and make the biggest contribution to the organisation

Business Strategy =
How to operate the business we are in?

Use **managerial** structures → best suited to efficient resource usage, ie how to best operate the business in the market with the resources you have available



*Corporate vs. Business Strategy

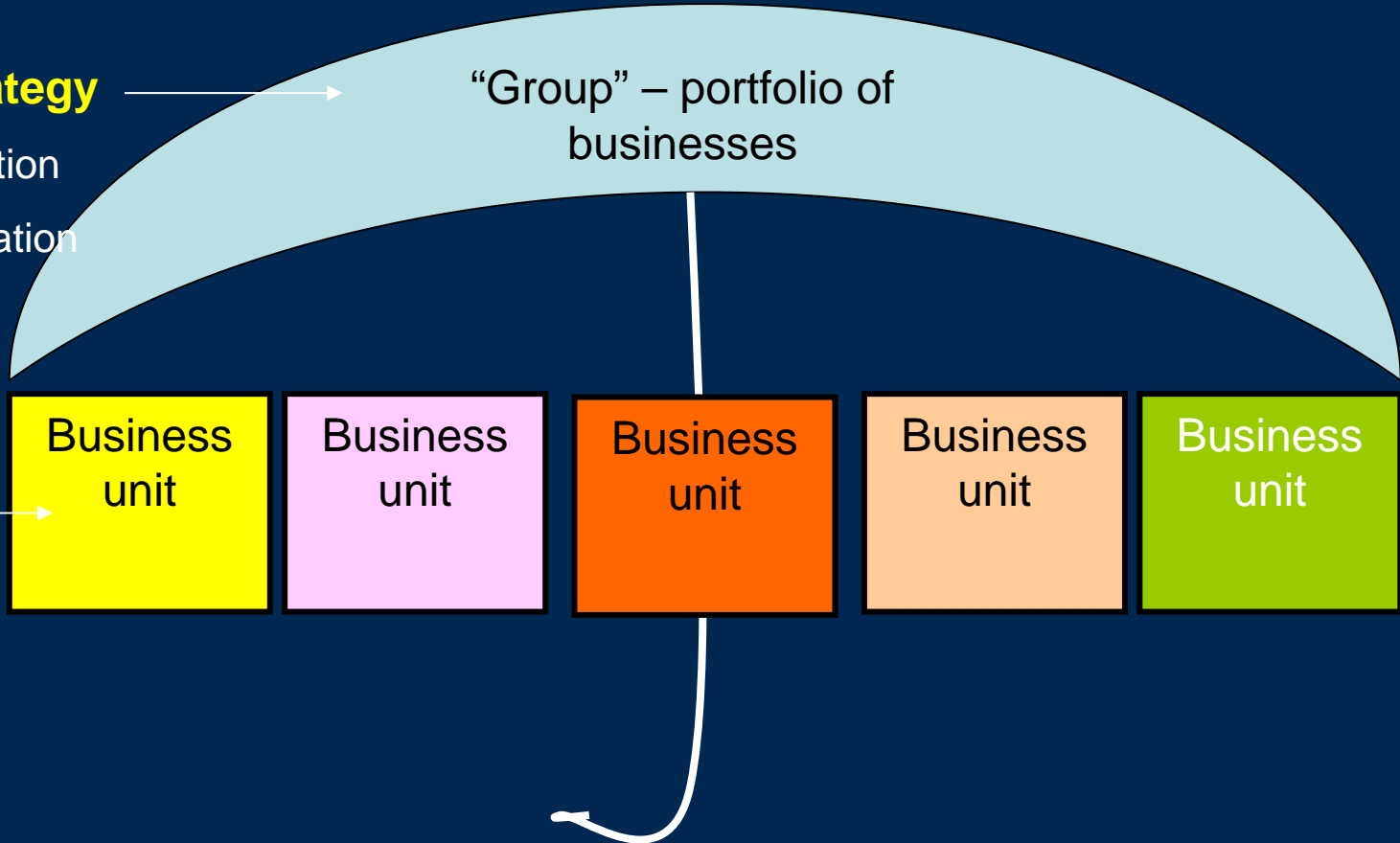
Corporate strategy

- Business definition
- Resource allocation
- Corporate competencies

“Group” – portfolio of businesses

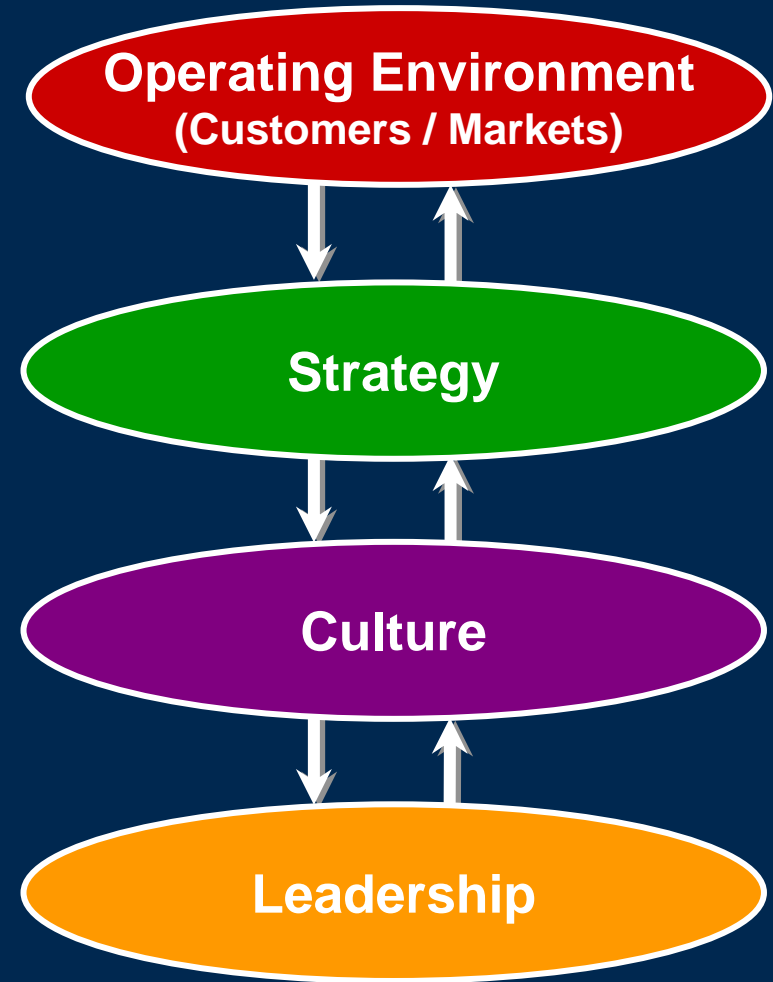
Business strategy

- How do we operate / compete in this business?



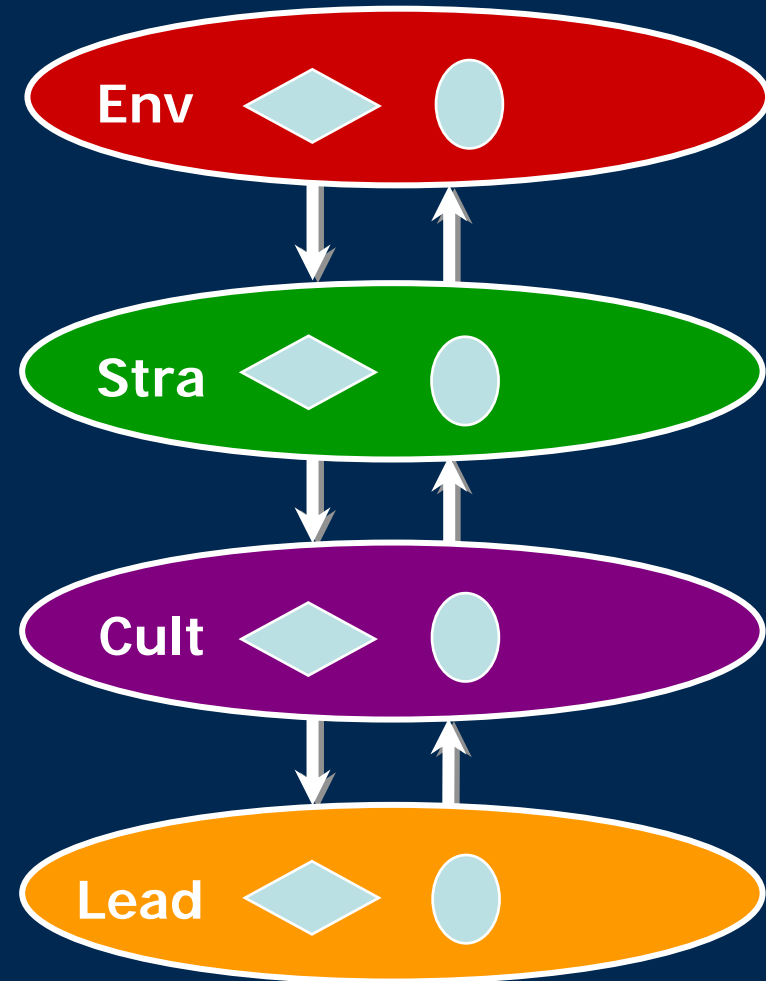
Align with the environment

- Strategic Alignment is a contingency view of organisational effectiveness
- Alignment (fit) → organisational effectiveness



Multiple alignments

- No single direction for the “strategic flow”
- No “ideal” culture
- Culture is “multiple” – not necessarily the unifying force in the organisation
- Different forms of org



design required



Pathways to competitive advantage



Speed and sharp focus

Low cost of supply



New product & solution development

Customer franchise & intimacy



Businesses take different leadership positions



Carefully targeted services – strong commercial focus

Cost-effective and efficient services

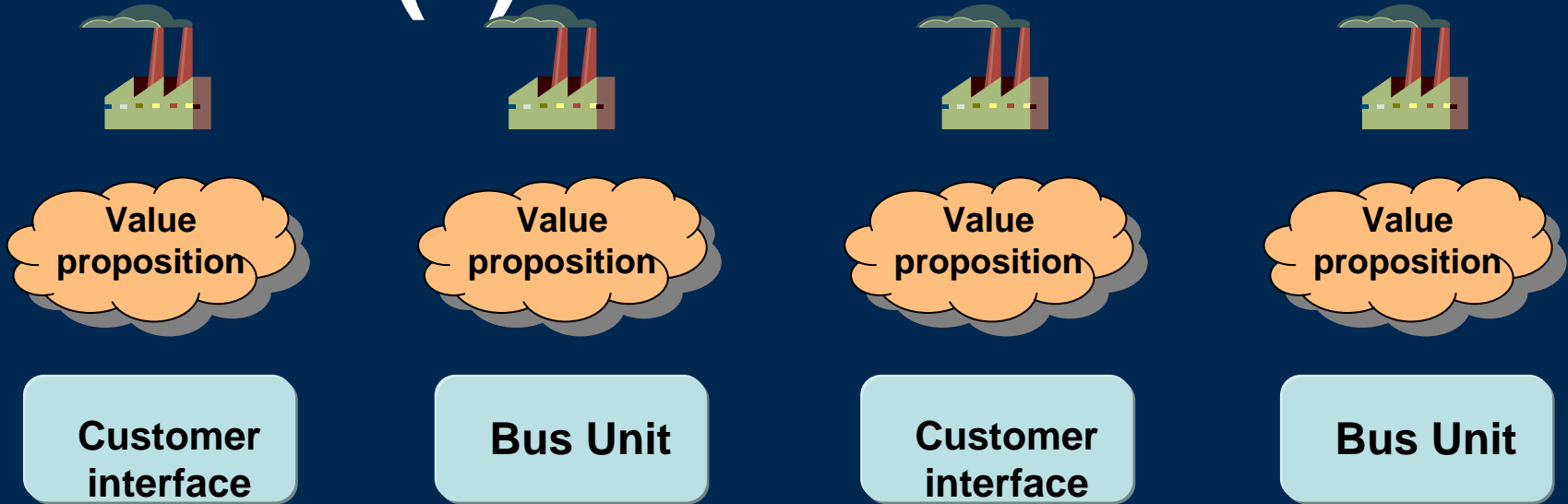


Innovative services that create new frontiers - with strong advocacy

High value-added services with close client relationships



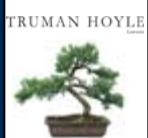
Manage the business as a portfolio (1)



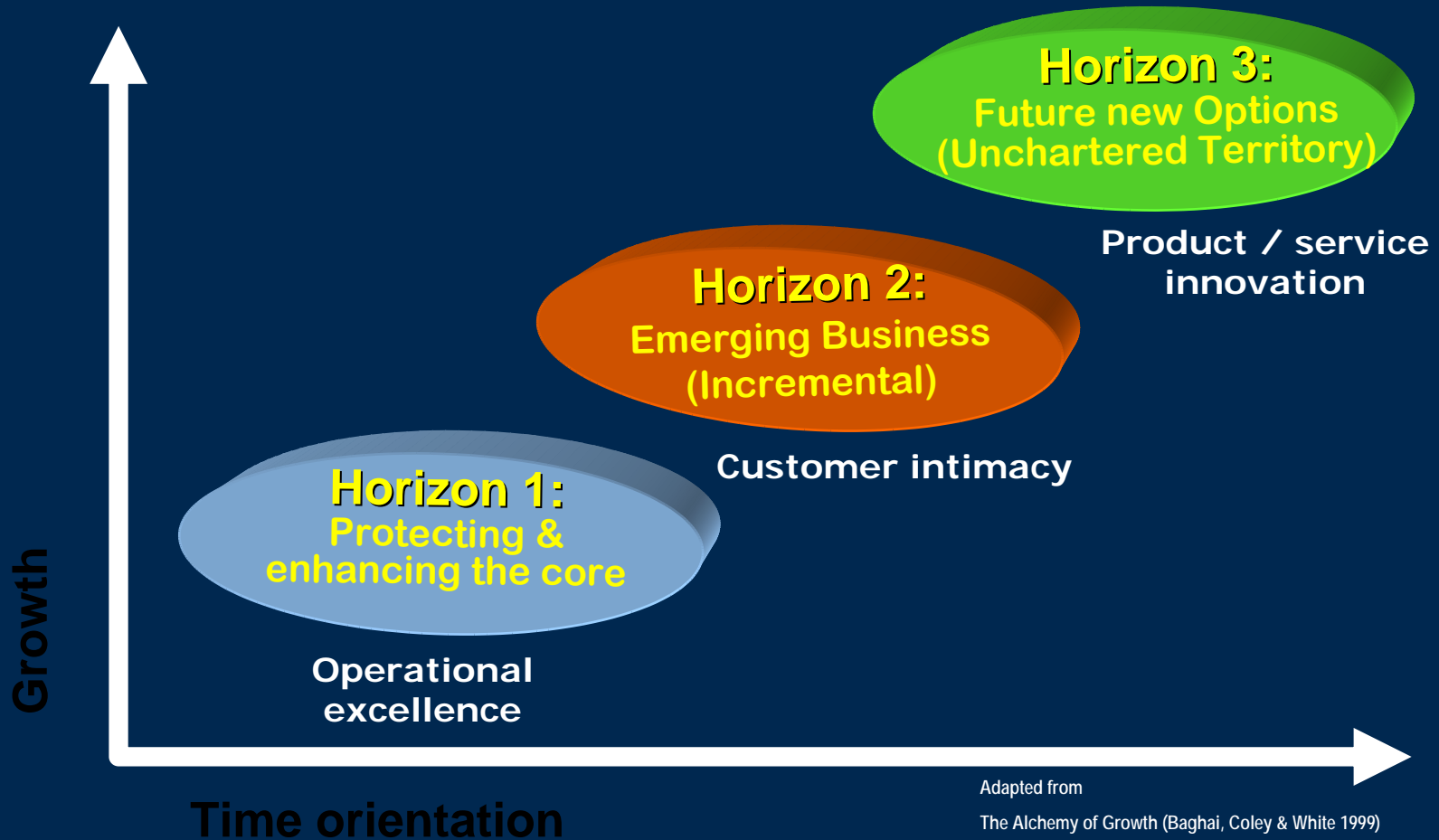
Shared services – part of value propositions

Shared services – part of organisation infrastructure

Office of the CEO



Growth and development occurs in 3 horizons



Adapted from

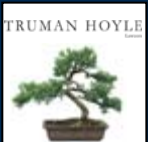
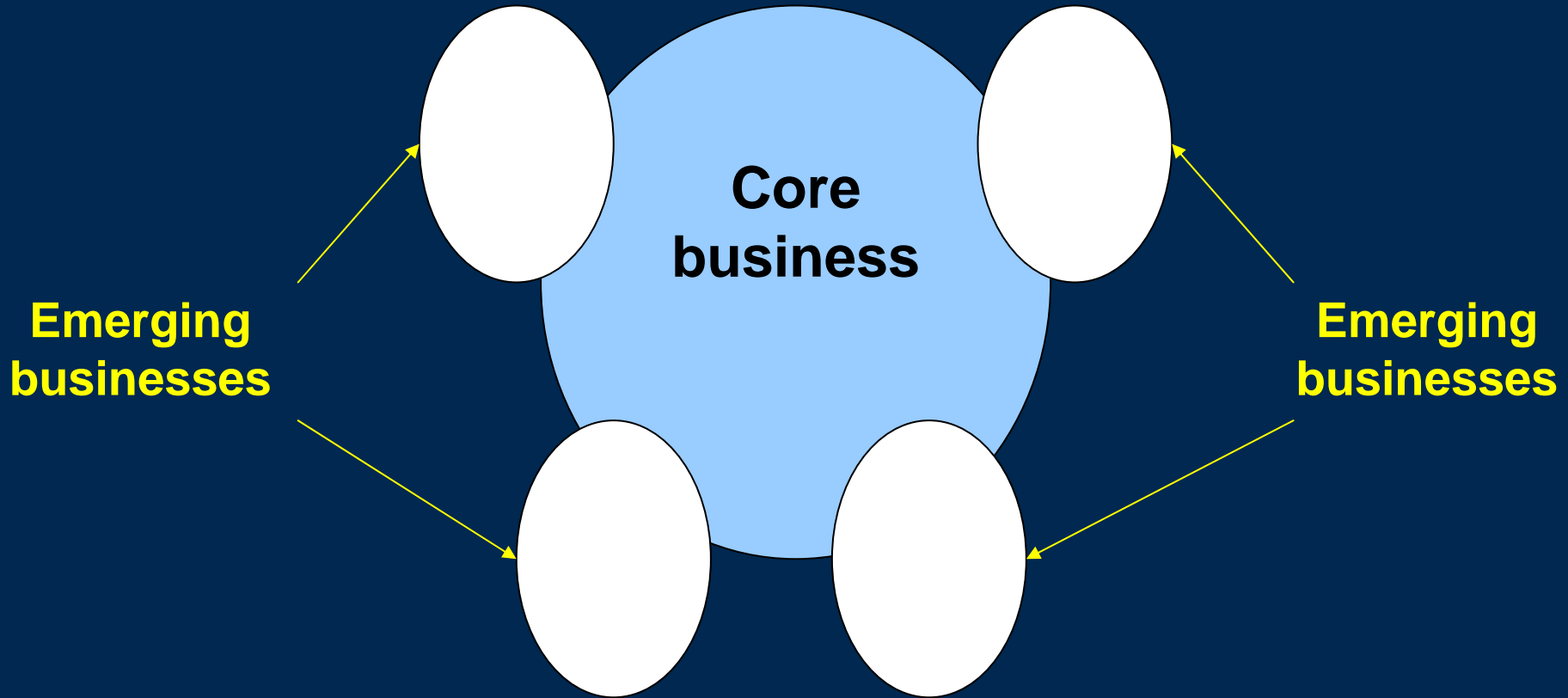
The Alchemy of Growth (Baghai, Coley & White 1999)

Building Corporate Resilience (Chorn, 2006)

Time orientation



Manage the business as a portfolio (2)



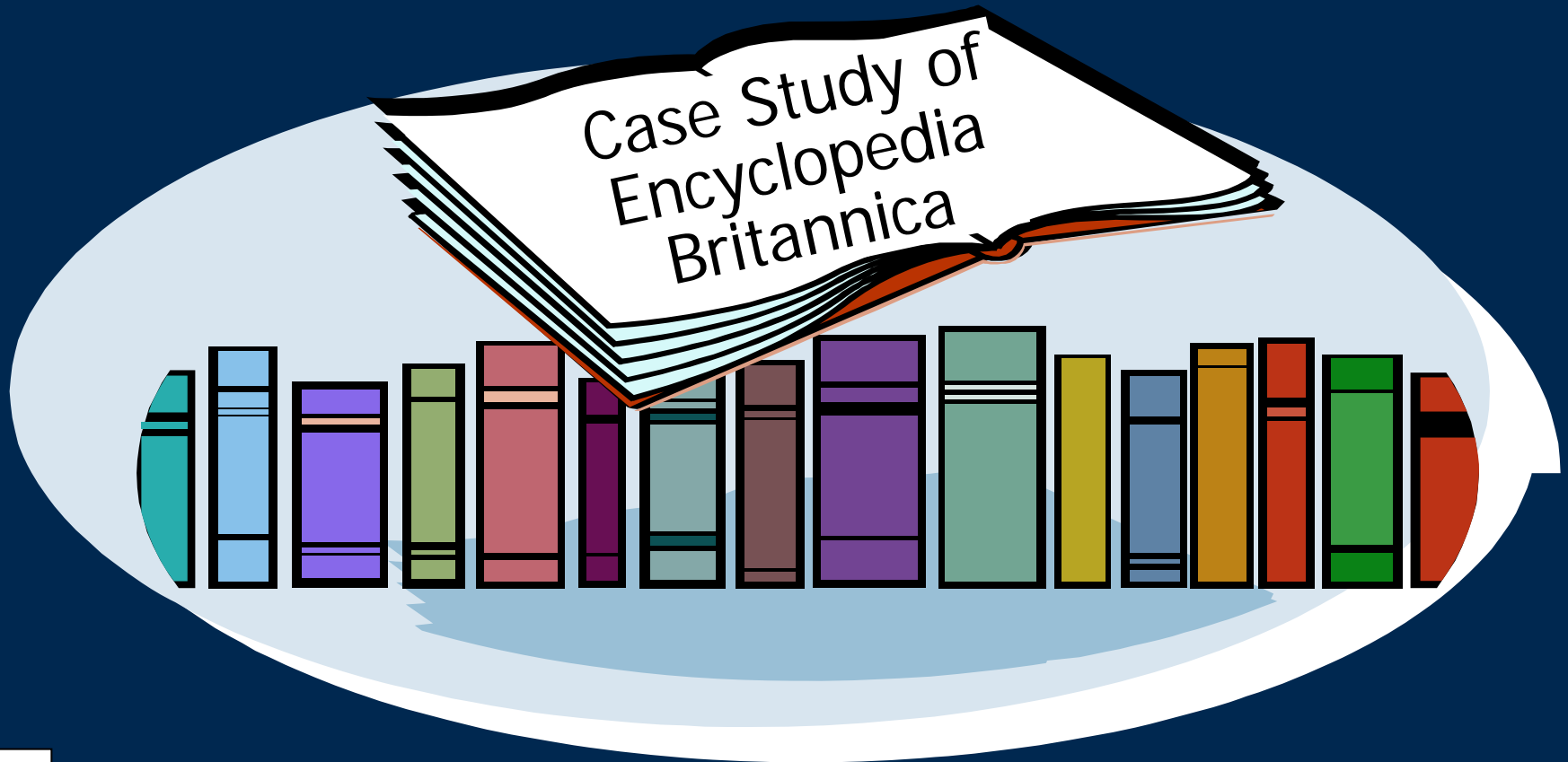
Strong sense of purpose and values

Hard to pin down – but two common themes:

1. Purpose expressed in non-perishable terms – product = variable
2. Purpose and values should capture the essence of the organisation – “acid test”



How the mighty fall



Competitive Intelligence 2000

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What about values?

- Do the “Ten Commandments” add much to the definition and focus of a business?
- Perhaps we need to focus on values that:
 - capture the essence of the organisation?
 - describe the way we do things?
 - define what is unique about us?
- The values should allow staff to identify proudly with the organisation



TRUMAN HOYLE



On adaptive leadership

- **Leadership not same as authority → leadership occurs during times of challenge and change**
- **Leadership does not produce followers:**
 - people are mobilized
 - people become participants
 - people are activated → partners
- **Leadership not about alignment:**
 - people still have diverse opinions
 - people still wrestle with views
 - people are mobilized to deal with complexities and trade-offs → progress



Questions?

