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SPEED!

The six accelerators that will help your business to be first and fastest in your market

It took a little over five years for Nokia to go from being the seemingly unassailable leader of the global smart phone market to a near irrelevance that the holding company's board of directors was more than happy to sell. When Stephen Elop arrived from Microsoft as the company's new CEO in 2011 the company was well into its unstoppable decline, but he was appointed to return the company to growth and so wanted to understand why sales had fallen.

The results of Elop's discussions and analysis led him to send out what became known as his "burning platform email" to the entire Nokia organisation. In his memo, Elop concluded, "*We poured gasoline on our own burning platform. I believe we have lacked accountability and leadership to align and direct the company through these disruptive times. We had a series of misses. We haven't been delivering innovation fast enough. We're not collaborating internally. Nokia, our platform is burning.*"

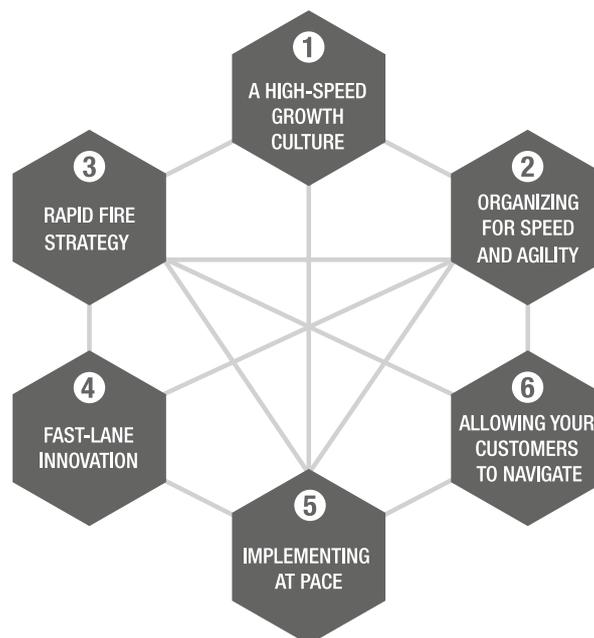
Despite Elop's insight that a lack of speed was at the heart of the company's troubles, Nokia's decline continued and the business was eventually sold to Microsoft. The Nokia Corporation still carries on, but it now focuses on network infrastructure and mapping and location services. Smart phones – and Stephen Elop – have left the Finnish giant for good.

Nokia operated in a fast-moving, high technology market, but its decline and fall is mirrored by many other businesses in a wide variety of sectors. Once successful players including Woolworths, Kodak and Saab, for example, have all filed for bankruptcy and, as I write, even Tesco, the UK's largest retailer by far, is struggling to profitably compete with newer, faster rivals such as Aldi and Lidl.

The lesson, it seems, is that nothing lasts forever. If some of the biggest, strongest and most powerful corporations can decline so rapidly, then no company is safe. And yet it is also true that the decline of market leaders is not inevitable. American Express, Boeing, Procter & Gamble and Caterpillar are all giant corporations that have been able to overcome market pressures to maintain their position in the list of the Top 100 US companies for several decades. They have been able to change and evolve at least as quickly as their markets.

The key to success, it appears, is speed and so driving the pace of their organizations is now a critical task for all CEOs and executive teams. In my new book, *First & Fast*, I have identified six speed drivers that I have found make the difference between those businesses that are able to continue to evolve and grow in the face of dynamic, unpredictable and highly competitive markets and those that fall by the wayside.

Figure 1: The six speed Drivers



1. **A high-speed growth culture.** At its heart, pace is a leadership issue. You will only create an organisation that is willing to move at pace if the overall culture committed to speed. When Richard Baker became the CEO of Boots the Chemists in 2003, for example, one of his first tasks was to write a memo to his executive team that focused on the leadership behaviours he expected of himself and his senior colleagues. Critical to those behaviours was pace. As Baker's memo noted, *"We must set the pace. No one in the company will work faster than we do. We will make decisions, not defer them. We will encourage brevity and simplicity. Complexity is the enemy of pace. Less is more."* Baker's subsequent actions and decisions quickly rubbed off on the rest of the leadership team and, in turn, the wider organisation. As a result, the retailer returned to growth in its core business of pharmacy and health and beauty.

How clear is the importance of speed in the behaviours of you and your leadership team and in the wider culture of the organisation?

- 2. Organizing for speed and agility.** Baker's memo talked about the importance of simplicity and, in an increasingly complex world, simplicity is a vital component of organisational speed. This means that your managers have clear, aligned goals, have the freedom to make decisions to achieve those goals and are encouraged to work across functional boundaries to get things done. In my experience, matrix organisations are a major impediment to speed, as they weaken role clarity and confuse decision-making accountabilities. In one matrix-led pharmaceutical company I worked with, for instance, the annual planning process took over six months to complete, as top-down goals needed to be agreed and aligned with bottom-up forecasts and proposals from both category-based and geographical-based business units. No organisational structure is perfect, but it is increasingly important to err on the side of speed when deciding your final design.

How does your organisational structure and design enable fast-paced decision-making and action?

- 3. Rapid-fire strategy.** Strategy ain't what it used to be. As one of my clients once said to me, "*Living quarter-by-quarter is madness, but in a few years time people will laugh at us for developing three-year plans.*" Strategy development is no longer a three-year, or even an annual event; it must become an ongoing part of the way you manage and lead your business. In the vast majority of markets, change is happening so rapidly that you must be constantly assessing and refining your strategy and priorities. And yet, as we've seen above, many companies are still spending up to six months developing a one-year plan. Why? It makes no sense. Instead, you need to be able to combine the development of a long-term direction and goal, with rapid adjustments to the initiatives and actions that will best help you achieve them. As Jeff Bezos, the CEO of Amazon once said, "*We're fixed on the vision but flexible on the journey.*"

How rapidly can you make adjustments to your strategic priorities so that you can improve your market position and achieve your goals more quickly?

- 4. Fast-lane innovation.** Innovation is no longer a strategic alternative; it is a fundamental fact of business life. Without innovation you have no future. When Elop complained to the Nokia organisation that innovation hadn't been fast enough, he went on to write that one employee had half-jokingly told him that Chinese OEM companies were delivering new devices to market in "*the time that it takes us to polish a PowerPoint presentation.*" The key to success is not only to improve the speed at which you develop ideas, but, more importantly, how quickly you can accelerate the pace at which you bring them to market. There are three critical steps you must take. First, you need to establish and embed a clear innovation ambition that everyone buys into. Second, you must attract and retain people with a bias for innovation and action. If your people are too risk-averse you will never generate the commitment and ability to bring new ideas to market. Finally, you need to build organisational alignment to allow new ideas to reach your customers. I have seen too many companies where the sales teams do not support the new products that come from the R&D and marketing teams. Unsurprisingly, these products struggle to succeed. One way to address this issue is to have the same person leading R&D and the sales teams, as happens in new, entrepreneurial start-ups.

What steps can you take to step-change the pace at which new, innovative solutions are developed, tested and launched in your organisation?

5. **Implementing at pace.** In my experience there is an inverse relationship between planning and pace. Yes, some level of planning is necessary and for the most complex IT projects a comprehensive plan is essential. For most commercial projects, however, action trumps planning every time. This means starting small, seeing what works – and what doesn't – and then building from there. Version #1 of even the most brilliantly planned initiative will never be your final solution, so you may as well get to Version #2, 3 and 10 as quickly and as cheaply as you can. Now, you may be saying to yourself that you want the best of both: to have effective planning and excellence in managing and improving performance. But you can't square a circle. When you try to balance the two approaches you simply create huge tensions in your company between the planners and the doers, leading to widespread frustration and paralysis. In the end you will have to choose. And my strong advice to you is to err on the side of action and performance management.

What is the balance in your business between planning and action, and what steps can you take to tip the balance in favour of action, learning and results?

6. **Allowing your customers to navigate.** In dynamic, turbulent and fast-moving markets, driven by almost unbelievable technological advancements, you can easily become distracted by the noise and activity in your markets and forget this critical business truth. You do so at your peril. Like a party of trekkers in the Himalayas who stay physically close to their guides during the raging storms that can descend unexpectedly in the mountains, you need to stay close to your customers at all times. They can guide your next steps and help lead you to a successful outcome. Customers may not set your destination or the mountain you choose to climb, but they can provide the necessary navigation to help you arrive safely – if you let them. At DFS, the UK's largest sofa retailer, over 200,000 separate customer reviews are collected, analysed and acted on each year. What's more, everyone in the company, from sales assistants in the stores through to the finance team, are rewarded on their ability to get closer to their customers, improve satisfaction and drive a better customer experience.

How close are your people to your customers, and what rewards and consequences do you have to encourage customer-driven navigation?

Nokia's decline and demise was not inevitable. As Elop argued in his memo, the sources of decline were at least as much internal as external. Similarly, it is how you lead your company that determines both its pace and its chance of future success. On their own, each of these six speed drivers will help your business to move and act more quickly, but by working on all six drivers you have the potential to completely transform the pace – and future success – of your organisation. So, come on, let's get to it. After all, what are you waiting for?

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