

STRATEGA

# Accelerating Impact

An Integrated approach to Strategy & Value Creation

accelerate<sup>2</sup>impact

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# Introduction

## A new approach to Strategy and Value Creation

In this Paper the authors set out their views on the future challenges facing organisations and how an **integrated end-to-end approach to strategy** can help to solve many of the issues around the current silo-ed approach.

Furthermore they discuss how this new approach can help to address the biggest challenge that organisations face; and that is how to address the **Impact Challenge**, how to ensure that organisations realise value for all of their stakeholders and how they can help to have a positive impact on people's lives.

They introduce the concept of a **comprehensive strategy system** that covers the spectrum from definition of purpose and vision through to a daily performance management system. It also accommodates many of the disciplines that the authors believe have become isolated and disconnected from strategy such as corporate venturing and innovation.

And they introduce a number of **important new concepts and tools** that business leaders, strategists and those involved in impact/sustainability need to take notice of such as 'Managing the Impact Equation' and 'The Office of Value Realisation'.

# A New Paradigm of SUCCESS

A woman in a grey tank top and patterned leggings is performing a high kick on a rooftop. She is holding her right leg up to her head with her right hand, and her left arm is extended to the side. The background shows a city skyline with several high-rise buildings and the CN Tower on the left. The entire scene is overlaid with a semi-transparent grey filter.

# Old Paradigm focused on Profit & Planning

## How does an organisation define 'success'?

For almost a century, management theory has addressed the question of competitive advantage - how to gain a commercial advantage over the competition; how to conquer markets, grow revenues and to get a better return on investment?

Competitive advantage described how an organisation could 'win' in the marketplace, for example, by producing and selling more at a lower unit cost and a higher profit, thus increasing the overall shareholder value. This was the core focus of modern capitalism and set the context for leaders to determine how to develop their business strategy.

This philosophy of 'shareholder capitalism' brought wealth and an increase in living standards to many nations but resulted in managers being focused almost exclusively on cost, revenue (and hence profit) as key valuation indicators.

Success was defined as 'profitability' in almost all organisations. 'They are a great business, very profitable' was an often heard comment.

Additionally 'success' was defined as executing your chosen strategy. A long term strategy was put in place and key metrics would inform a senior team about how closely they were following their 'plan'. Typically, the strategy would not be reviewed or refreshed for at least 3 years, often longer.

Success was about executing on a somewhat 'static' strategic plan, that was 'signed-off' by shareholders seeking a steady and consistent long-term return on investment; and company valuations were based upon the accuracy of 'delivering the plan'.

# A New Paradigm of Success

So, we see that the old paradigm is one of a focus on profit, and a focus on delivery of a detailed static long term plan.

In this paper we set out why we believe organisations need to embrace a new paradigm, one where they focus on **creating value for a broader set of stakeholders** and one where they focus on **realising value** rather than delivery of a plan.

# From Profit to Impact

Whilst there is nothing inherently wrong with the profit motive, a singular pursuit of profit without consideration for other factors has led to an interest in alternative socio-economic models. It could be said that early 20<sup>th</sup> century philanthropers like Rowntree and Lever in the UK and Carnegie and Rockefeller in the US started a movement where there was an increased focus on wealth distribution and social welfare. However it was in the 1970s that alternative philosophies really started to emerge and they have developed to the extent that we now embrace Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) reporting as business as usual. These and other models, such as Shared Value, have implied a redefinition of what it means to 'win' and be 'successful' and has been termed the

**'Impact Revolution'.**

# From Profit to Impact

When viewed through an Impact lens, the organisation is no longer exclusively as an economic agent oriented to the return on invested capital. Rather there are a broader set of success metrics that go beyond pure financial measurement :

**a philosophy of stakeholder capitalism.**

Whilst still being concerned about financial success, the organisation is now oriented towards a broader set of metrics. There is a wider focus on employees, direct and indirect, **People** and on sustainability and reduced environmental impact, **Planet** and on the way in which organisations generate benefits for the wider society, **Prosperity**.



# From Profit to Impact

We define **Impact** as **Value for All**.

The generation of greater value within the 4Ps  
 of Profit, People, Planet and Prosperity.



**‘Success equals greater value  
across all categories with a  
sensible balance between them’**

A grayscale photograph of three women in long, flowing dresses jumping joyfully in the air. Their arms are outstretched, and their heads are tilted back. Numerous small, dark petals or leaves are falling around them, creating a sense of movement and celebration. The background is a textured, light-colored wall.

# Strategy RE!NVENTED

## New challenges, new way of doing strategy

Today organisations have to manage a new set of tensions and build a new set of capabilities:

Manage inherent tensions		Build the capability to .....
Financial v Social / Environmental Impact		Meet financial KPIs whilst also incorporating social and environmental impact objectives
Short-term v Long Core v Explore		Optimise your Core business whilst exploring new, longer-term horizons
Risk Mgt v Accelerated Cycle Times		Balance the need for planning and risk management with speed of design and execution
Certainty v Flexibility		Flexibly adapt your competitive position, to gain and maintain a sustainable advantage
Pro-active v Reactive		Understand your environment so you can react quickly, ideally be pro-active
Disruptive v Incremental		Manage a portfolio of different business models appropriate to your competitive positioning
Inside v Outside		Work with partners to accelerate time to value, build new ventures, create broader impact
Transient v Permanent		Identify and take multiple transient opportunities, as well as seeking longer term strategic positions
Silo-ed strategic activity v integrated approach		Apply a consistent end-to-end framework to manage all components of value realisation inc. innovation & ventures

Today, we are living in a radically different world to that of even 10 years ago. The pace of change is faster. The expectations of stakeholders and society are greater and more diverse. Our world is volatile, uncertain, complex and ambiguous.

And the old paradigms of longer term strategic planning are no longer valid. It is not possible to plan with a degree of certainty and strategic choices need to be made based upon an acceptance that they could be wrong, but they are, at least, the best that you can make with limited, complex and ambiguous information.

Because of this,

**four things need to be done differently.**

# New challenges

1

Firstly, the entirety of the **strategy process needs to be managed as an integrated whole**; not as separate disciplines such as Design or Execution or Performance Management; not as separate organisational silos such as innovation or venturing. All elements should be managed in an end-to-end integrated framework so that Design naturally flows from a consideration of Purpose & Vision and Execution naturally follows the process of strategic choice. And the philosophy underpinning each step needs to be coherent and consistent.

2

Secondly, the **strategy process needs to be accelerated**. Strategy Design needs to become a dynamic process, and it needs to deliver outcomes quicker. The strategy process needs to incorporate the best elements of design thinking, systems innovation, and agile techniques. To use sprints and labs. It needs to be more inclusive, embrace redundancy, and accept an 80:20 pareto outcome.

# New thinking

3

Thirdly, **time to value needs to be shortened**. The strategic realisation phase needs to be more agile and experimental. The strategic portfolio needs to be more fluid so that failures can be faster and new ideas can be fast-tracked quicker. Discovery needs to be continuous. More emphasis needs to be placed on realisation options and trade-offs based upon a clear understanding of what is your core capability; what should we out-source, buy-in, with whom should we partner, who could we acquire, how can we streamline core operations? How can we challenge embedded ways of working?

4

And fourthly, the notion that a Strategy can be executed needs to be challenged. Rather, the whole notion of delivering a Strategy needs to be turned upon its head. It is actually your **Strategic Vision that needs to be realised** and your strategy is your way of best realising that. It is a means to an end, not the end in itself. And, therefore, it should be constantly reviewed, examined and improved as necessary, so that the Vision is reached rather than the Strategy being executed and strategy becomes a continuous journey.

## New thinking

## 1. integration

- Aligned end-to-end strategic process
- Guides and amplifies all value creating elements such as innovation & venture creation
- Clear underpinning philosophy

## 2. acceleration

- Dynamic, agile & inclusive
- Embrace creative approaches
- Sprints & labs
- Manage trade-offs

# Strategy Re!nvented

## 4. realisation

- Focus on achievement of Vision
- Continuous journey not executing a plan
- Organise to realise

## 3. valuation

- Focus on value for all = impact
- Time to value is key
- Fluid design, constant review, constant balancing of Portfolio (Value Map)



# Strategy Re!nvented

The two key dimensions of a new way of doing strategy are clear.

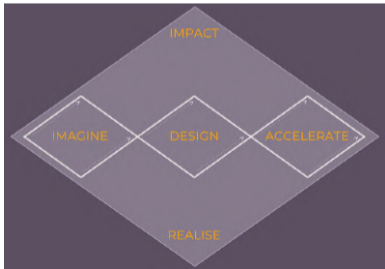
Firstly, **a different way of defining organisational success.**

A much broader and more inclusive approach that encompasses Profit, People, Planet, and Prosperity. And that also clarifies the Strategic Vision, Organisational Purpose and Identity.

And secondly, **a different approach to the actual process and purpose of strategy.**

It needs to be more holistic, faster, more inclusive, based upon agile thinking; it needs to focus on realising value and not execution of a plan; it needs to be integrated and link front-end positioning and design to back-end execution; it needs to link strategy to concept & venture creation; and it needs to embrace innovative realisation approaches - a continuous journey of value creation and realisation.

# Strategy Re!nvented



At Stratega, we utilise an integrated, end-to-end strategic framework that we call our

## 'Stratega Strategy System'.<sup>©</sup>

We use an accelerated and agile approach, based upon labs and sprints, with key inputs and expected outcomes at each stage.

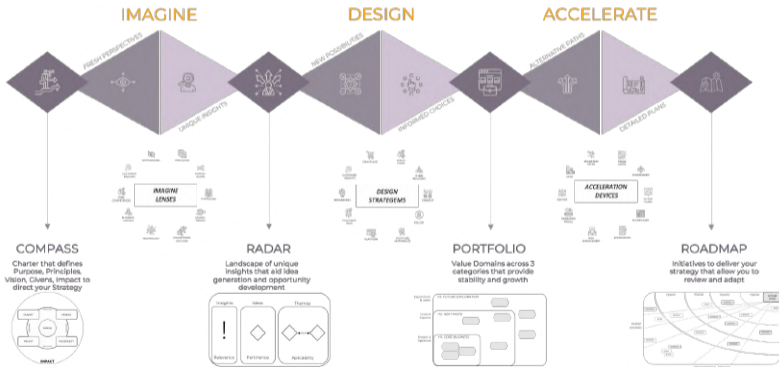
It is an inclusive process; top management, key employees, and external experts and stakeholders are all involved.

It embraces redundancy, employs synthesis, not just analysis, and focuses upon key insights rather than data overload.

We use an accelerated timeline; speed is key, and we use specific tools to guide your thinking, to short-cut the overall time to value.

# The IDeA<sup>©</sup> Impact Framework

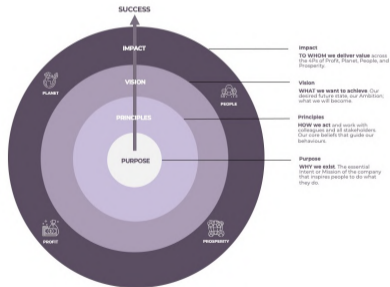
A codified, consistent approach to create Impact.



The background of the slide features two hands, palms facing each other, holding a world map. The map is semi-transparent and shows continents in various colors. The hands are rendered in a light blue, semi-transparent style. The overall background is a soft, cloudy sky in shades of blue and purple.

# Impact COMPASS

# Impact Compass



The need for a Vision, Mission or Intent has been part of management thinking since the 1950s and has been popularized again recently by the likes of Simon Sinek and his concept of the Golden Circle.

And today we see an explosion in articles and books about 'purpose-driven' companies. And we see new forms of organisations like B-Corps making a real difference.

At Stratega, we also believe that we need to move beyond purpose & profit i.e. from a single dimension view of who we are and what we want to achieve, to a multi-dimensional view of identity and vision AND a broader set of metrics to measure our outcomes.

We call this the **Impact Compass**.

It provides Direction and Stability. It is a constant. It is a **navigation tool**. Choices are made based upon the components of the Compass.

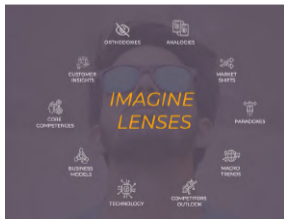
It is the starting point of any strategy programme and time and effort needs to be applied to a careful consideration of what it includes.

The image shows a radar facility with several large satellite dishes. The dishes are white and have a complex, faceted structure. They are arranged in a row, with some in the foreground and others in the background. The background consists of a line of trees and a clear sky. The text 'Strategic RADAR' is overlaid on the image in a bright yellow color. 'Strategic' is in a smaller font size than 'RADAR', which is in a very large, bold font. The text is centered horizontally and vertically.

# Strategic RADAR

## IMAGINE PHASE

# Developing your Strategic Radar



There are essentially two philosophies of business strategy - a resource, capability based 'inside-out' approach; and a customer, opportunity based 'outside-in' approach. Many approaches try to link them together.

At Stratega, we make this a key part of the value creation process i.e. how do you link the Key Capabilities of the organisation with specific opportunities in the market?

We focus our insight development efforts largely on the identification of unique, strong capabilities and specific customer needs but we also use other resource-based and opportunity-based approaches, using our set of **Imagine Lenses**.

Capabilities could include protected technologies, a powerful brand or a highly skilled and motivated team. Opportunities will invariably be related to a customer need, either unmet or only partially met, but can also be extensions into new markets with existing products or services.

## IMAGINE PHASE

# Developing your Strategic Radar

We employ a **divergent-convergent** method to generate a **bespoke set of unique insights that drive the creation of value.**

These bespoke insights are your **Radar**; developed through scanning the competitive and market landscape; they are specific to you and your current situation and form the basis of value invention. And, crucially, they are also dynamic and will change over time, and they need to be challenged for relevance, refreshed and redefined, on a regular basis.



Inventing & Managing

VALUE

## DESIGN PHASE

# Inventing Value



The Imagine Phase discovers the key capabilities and opportunities.

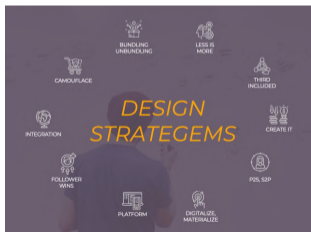
The Design Phase formally creates the linkages between them: between 'How to Win' and 'Where to Play'.

This defines the overall Value Domain and details the specific Value Drivers that clarify the **exchange of value** between company and customer.

A Value Domain is a significant, clearly defined competitive, high-value space in which you choose to compete and win. It matches your key Capability to your possible Opportunity.

## DESIGN PHASE

## Inventing Value



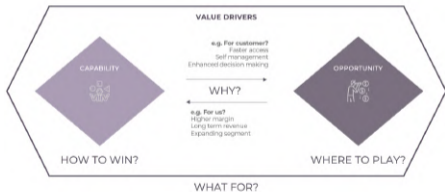
We again employ a divergent-convergent method to generate a **bespoke set of unique propositions that drive the creation of value.**

We use our Design Strategems to aid in the creative development of many strong capability-opportunity combinations.

We use Strategems to inspire you. They are our 'Strategic Gems', typical archetypes that give you a starting point, amplify thinking, accelerate decisions, accentuate creativity and push strategists to innovate.

## DESIGN PHASE

## Inventing Value



Of course, not every Capability - Opportunity combination can become part of our ultimate strategy; Strategy is about choices; what to do, and what not to do.

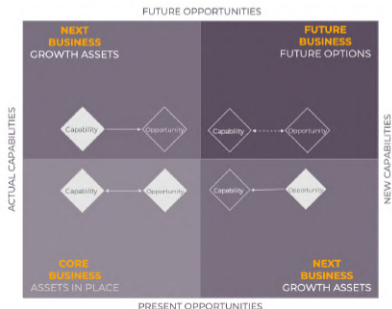
And so, crucially, we also ask the questions 'why' and 'what for'. Why would we choose this option over another and what does it deliver in terms of our longer-term vision and our desire to create broader impact.

We refer back to our Impact Compass to guide us, to make choices, to decide which Value Domains are the strongest and the best fit to help us achieve our Vision.

## DESIGN PHASE

## Inventing Value

## Long-term Future Options



Practically, it is not always possible to match Capability to Opportunity.

The Capability may exist, but the Opportunity needs to be clarified, refined, explored and developed further. Equally, there may be an opportunity that requires the development of an enhanced or new Capability in order to take advantage of it.

And for exploratory areas there may only be a vague idea of how a future capability can be linked to a developing opportunity, but it is compelling enough to investigate further.

Of course, this does not mean that we forget about the 'difficult to realise' Value Domains. If the value potential is great enough, we need to work to develop and enhance our capability to take advantage of the opportunity, or to clarify and define the exact opportunity so that we can apply our capabilities.

Capabilities can be built or bought but must align with our ultimate Purpose and long-term Vision.

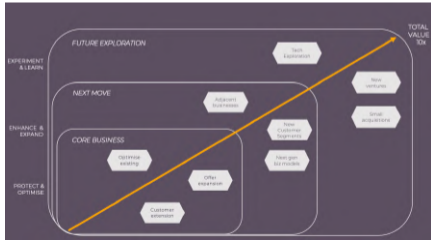
**The flexible management of potential un-realised Value Domains is a key aspect of on-going Value Realisation and is fundamental component of 'strategy as a continuous journey'.**

## DESIGN PHASE

# Managing Value

## A Portfolio Approach

### The Value Map



### Strategy is about options; multiple potential Value Domains.

It is also about choices; deciding which options are the best and being explicit about why we think that option will help to deliver our Vision.

And it is also about being able to communicate and manage the realisation of that Vision over time. We do that through mapping our 'Value Domains' into a Portfolio, what we call the 'Value Map'.

Those in the Core Business horizon will consist of Value Domains with clearly defined Propositions with current capabilities and opportunities. The Next Move horizon is less clearly defined, it is still a work-in-progress, with either capability or opportunity not 100% available.

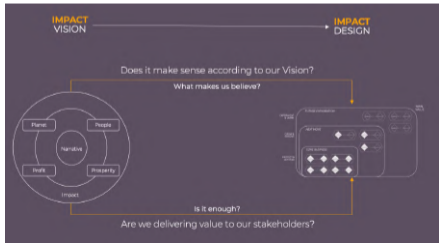
And in the Future Exploration horizon, we have a set of domains, that are extremely promising and attractive but need further development.

At all times, the focus is on Value Creation; value for all; a broader understanding of Impact across the 4Ps; and the aim should be to calculate future long term value using the most appropriate valuation methods.

## DESIGN PHASE

# Managing Long-Term Relevance & Value

## The Impact Equation



Strategy is dynamic. As we said earlier, strategy is a means to an end, not an end in itself. The end goal is realising value for all stakeholders, remaining true to your Purpose and reaching your Vision. And progress towards that end goal needs to regularly calibrated and reviewed.

### We call this the Impact Equation.

Will the active management of our Portfolio deliver the required Impact? If not, we need to course-correct: we need to consider other options; we need to consider stopping some activities or discontinue some products & services; and we need to consider how to balance the realisation of value across all Impact categories.

It is a fine balance! It takes judgement and experience in conjunction with the right metrics, responsive measurement systems, and decisive management.

## DESIGN PHASE

# Managing Long-Term Relevance & Value The Impact Equation

**Managing the Impact Equation is a new skill for the 2020s that executives need to learn.**

It is not just about the old paradigm of 'maximising profit', rather it is about balancing multiple impact categories. Serious dilemmas will be faced.

For example, is it OK to be less sustainable when profits are declining? Should you risk financial stability to ensure environmental impact? Perhaps.

But what is the adjustment needed and what are the tolerance limits? The New Paradigm of Impact requires a different way of management and leadership, and also new tools, processes and enablers to accelerate impact and realise value for all.





# Building the ROADMAP

## ACCELERATE PHASE

# Build RoadMap For Value Realisation

We have stated our point of view that the ultimate goal is not about Strategy Execution; rather it is about Impact Realisation - realising value for all stakeholders across all impact categories, staying true to your Purpose & Identity and achieving your Vision.

However, to realise that impact, we need to do two key things:

Firstly, we need to further consider the alternatives for realising impact; we need to design 'realisation initiatives' i.e. joint ventures, shared services, new ventures, experiments, out-sourcing, off balance sheet plays.

And secondly we need to express them in a 'master-plan' that allows us to manage the implementation of those initiatives.

We call that the 'Value Realisation Roadmap'.

## ACCELERATE PHASE

# Build RoadMap For Value Realisation



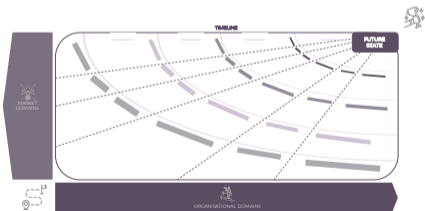
**Consider alternatives** - we have defined our Portfolio, and now we need to specify exactly how we will realise value especially in the 2<sup>nd</sup> and 3<sup>rd</sup> horizons. There will be alternatives that need to be considered before we can start to develop detailed implementation plans. And the consideration of alternatives and the constant refinement of 2<sup>nd</sup> and 3<sup>rd</sup> wave domains will be part of the continuous nature of the strategy journey.

**Develop detailed plans** - costed action plans, identified synergies between initiatives, and a management system that allows us to constantly review and refine activities and initiatives are all important components that need to be considered and agreed.

At Stratega we use a range of 'Acceleration Devices' that help you to consider alternatives and develop detailed plans; we fit the devices to the company need, the culture and the existing management systems.

## ACCELERATE PHASE

# Build RoadMap For Value Realisation



Crucially, we need to consider which management tools we will use to guide us through the realisation phase. At Stratega we recommend that clients use some form of tool in three specific areas;

Firstly a 'roadmap' whether that be a classic Transformation Map or even a simple Gantt Chart. This graphically shows the rollout of the strategic initiatives and shows linkages between them;

Secondly, there will be a Business Plan that summarises the overall financial forecasts;

and thirdly there will be a set of scorecards that help to manage progress at an initiative level and also on a daily, weekly, monthly and quarterly basis.

Our in-house approach is to develop what we call a 'Value Realisation RoadMap', a graphical representation of the key initiatives that will unite the leadership team and provide inspiration to the whole organization.

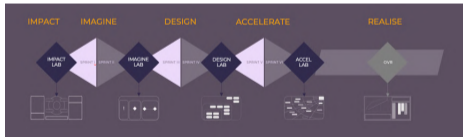


# Realising IMPACT

## REALISATION PHASE

# Realising Impact

A continuous process



**Our mantra is that it is about realising impact NOT executing a strategic plan.**

This requires a constant focus on value realisation. So how do we recommend you do this?

The concept of a PMO (Project Management Office) or an OSM (Office of Strategy Management) is well established. This is a dedicated team, usually small, that works solely on guiding the Leadership Group to achievement of their Vision.

It is about collecting, analysing the right data; compiling the most appropriate metrics and working with the Leadership Group to take decisive action.

And managing the constant trade-offs between the 4Ps - sustainable commercial performance and acceptable impact KPIs

## REALISATION PHASE

# Realising Impact

## Office of Value Realisation



Our in-house approach is to establish the **OVR - Office of Value Realisation**. The change in nomenclature is subtle yet vitally important ... we are 100% focused on value, across the 4Ps. We are focused on accelerating value and creating real impact.

We identify key metrics ... but we also adopt a Kanban approach, and we adapt to your existing preferred system, whether KPIs or OKRs.

And most importantly we work with the concept of **Value Drivers** ... what drives the expected value? How do we facilitate that value ? How can we report on that ... lead indicators, throughput indicators, and lag indicators.

We build a comprehensive **Value Realisation System** that can be used at all levels of the organization and drill down to the discrete activities that need to be managed.



# Key TAKE-AWAYS



## A new set of 'to think abouts' for business leaders

We believe that all organisations can benefit from adopting our new approach to strategy and value creation, whether it be their CEOs / Business Leaders who can align the organisation around a new paradigm of success; or a Strategy Head who can adopt a new integrated approach to strategy; or a Head of Sustainability/Impact who can utilize new tools to create more positive Impact.

Of course, any Departmental or Divisional Leader can embrace these new approaches and we believe that especially Heads of Innovation or Corporate Venturing can align their work with an integrated organisational-wide approach to strategy that will help them to invent and manage more value from their programmes.

Whatever level you are at or whatever the stage of maturity of your business, we firmly believe that this new approach can help to create and realise significant additional value for all stakeholders.





# Getting STARTED

So, you want to change the way you do strategy.

You want to create broader impact.

And you want to accelerate time to value.

*How can we help and what should you do?*

DIAGNOSTIC	AUDIT	STRATEGY SPRINT	STRATEGY + ROADMAP	OVR
<b>1 day</b>	<b>5 days</b>	<b>4 weeks</b>	<b>6 weeks</b>	<b>Ongoing</b>
We assess your current approach, make recommendations and Quick Wins	Similar to the Diagnostic but in more depth, with more comprehensive recommendations for change	We develop a new strategy with an Impact Compass, bespoke Insights and Portfolio of Value Domains	We also develop, with you, the Value Realisation RoadMap	We embed our team of Value Realisation experts into your organization who work with your strategy team and Leadership Group

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*RE!NVENT YOUR  
BUSINESS*



*!NNOVATE  
& GROW*



*SCAL!NG UP  
VENTURES*




CAN YOU **IMPACT**  
THE WORLD  
FOR BETTER?

CAN YOU **IMAGINE**  
NEW POSSIBILITIES  
FOR YOUR COMPANY?

CAN YOU **DESIGN**  
AGILE STRATEGIES  
TO ACCOMPLISH IT?

CAN YOU **ACCELERATE**  
TO CREATE & DELIVER  
VALUE FASTER?

CAN YOU **REALISE**  
VALUE FOR ALL  
STAKEHOLDERS?



*ACCELERATING  
IMPACT*



Schedule a call to let us understand your challenges and learn how we can **accelerate impact** within your business

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