Strategy impacts on leadership, innovation and change in Organizations

EXPLORATORY STUDY

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To the beloved Countries and people who supported me in my life journey: Switzerland, Ireland, Argentina, Venezuela, and Italy.

Abstract

The study discusses several strategy topics like strategies development, definition, and execution. The relationships between strategy and culture, innovation, change, and leadership are also discussed at length. Different models on strategic managements are explored, highlighting the differences of executive-centric versus employee-centric management evolutions. New Leadership skills like Social Intelligence and Emotional Intelligence seems to be required in successful organizations, while continuous learning and mental openness seems to be a trend topic in innovative ways of increasing organizations productivity. Strategic management responsibilities are moving on building professional happy Teams, where people can be authentic and themselves in the professional environment. Organizations capable of managing catastrophic events seems also having an increasing relevance, when building resiliency and competitiveness.

Keywords: core competencies, progress principle, 5 Levels of leadership, appreciative inquiry, creativity, innovation, change resistance, strategic management, strategic leadership, agile, strategy execution

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1. Definition of Strategy

Strategy could be defined differently, according to industry, culture, values, politics, environmentally, psychological, and historical context.

Chandler (1962) provides a long-term targets-oriented definition, placing emphasis on the actions to be taken and the resources needed to achieve the goals. Chandler seems to provide a very simplistic and static view on strategy, by focusing only to long-term goals. In the executive's perspective this could lead to a disconnection from organizations operations. Following a very different point of view, *Ansoff (1965)* defines strategy as balance between stakeholder's satisfaction and the corresponding actions to achieve organizational goals.

Ansoff perceives strategy rather from an execution perspective, with a mix of top-down and bottom-up approaches. It does not seem to focus on time-length views, but rather focusing on the relevant negotiations needed across all parts to achieve the goals, from a strategic management-centric perspective. *Andrews (1971)*, however, emphasizes the strategy-centered view in which what the company does to achieve something (the strategy), define the company itself.

A strategy definition from management perspective, is provided by *Drucker (1973),* following a bottom-up view of strategy development, with concepts like building communities and rely on outsourcing to improve cost competitiveness. Drucker also focuses on having a decentralized strategy to run companies, emphasizing on internal strategy and company culture. Drucker's view seems to relate to distributed management methodologies like Agile (*Sutherland et al. 2001)* for strategy execution. However, in a centralized, process driven, and hierarchical environment Drucker view seems to be challenging to be implemented due cultural resistance.

Differing from previous definitions, a competitor centric view of strategy is provided by O*hmae (1982)*, who focuses on how the strategy can build a competitive edge, arguing that strategy wouldn't be needed without competitors. This seems to be a limited view, as the criteria to assess organizational progress does not necessarily require competitor's benchmark to achieve own goals. Moreover, this approach could lead to a culture of complacency by means of overestimating the company's competitive advantage.

A planning-less driven view of strategy is provided by *Mintzberg (1987),* with primary focus on "ad-hoc" readjustment during strategic execution phase with focus on retrospective analysis to rebalance actions to be taken. Mintzberg seems also to be a precursor of strategy models, related to modern Agile methodologies like SAFe (Scaled Agile Framework). Altogether with Ansoff strategic management views, Mintzberg models seems to be applicable to fast changing and dynamic environments with focus on innovation and technology. Mintzberg's view seems to be less applicable to public sectors or environments where following processes and regulations have the highest priority.

The concept of improving competitiveness by diversifying products and services offers, is explored by *Markides and Williamson (1994),* enhancing the product diversification to improve the external factors. This view doesn't seem to contemplate the forces between external and internal factors or the balance of internal versus external forces. This study provides a distinction of types of diversifications, which seems to help reducing organizations risks from a strategy perspective which seems to have certain similarities with Taleb's *(2007) Black Swan* theories, risk aware approach.

Porter (1996) strategy view stresses rather the importance of differentiators to highlight competitive advantage. This view seems to weight more the market positioning aspect of the company over the strategy execution. This approach does not account for the strategic management as it is done on Ansoff's related models.

2. How strategies are developed

2.1 WHY

Strategies seem to be developed for different reasons, such as improving profitability, increase market share and company positioning, enter to new market segments or to take advantage of new opportunities in market conditions. It seems a common ground for *Porter (1980), Grant (2008), Johnson et al. (2017), Mintzberg (1989)*, to perform strategic analysis of internal and external factors, to map and understand organizations positioning, decisions, and actions to execute. *Worrall et al (1998)* and *Clark (1997)* include strategic analysis as part of strategic management practices, while others see strategic analysis as part of strategic planning. Most of the literatures seems to agree that analysis of internal and external organizations factors is critical to develop strategies.

2.2 WHAT TOOLS CAN BE USED TO DEVELOP STRATEGIES

The analyzed models consider the external factors to develop strategies. Among these factors we could consider the following: environment, context, industry, competitors, sector, customers, risks, threats.

PESTLE analysis and related variants like PEST, SLEPT, STEEPLE, STEER. Focus on such external factors. From *Johnson et al. (2017),* these frameworks, appears to be used to identify the factors of the environment where the company operates such as political, economic, social, technological, ecological, and legal. PESTEL strength seems to be the ability to gather information to support the strategy definition phase, to improve the company positioning.

On the other hand, PESTEL weaknesses appear to be, the lack of forecasting provisioning and scenario analysis, therefore other tools are suggested to be used for these purposes. PESTEL seems to provide a point in time snapshot of the environment, which could lead to an outdated analysis without the proper followups. In cases where an organization does not have a continuous analysis and environment monitoring processes, PESTLE seems to be less applicable to analyze the company life cycles over extended period of time, therefore is seems to be limited when applied to strategic management of operations.

Evaluation of barriers strategic entry and deterrence referred by *Hayes (2020)* constitutes another tool to assess the market entrance of an organization. *Hayes defines* entry barriers as *"an economics and business term describing factors that can prevent or impede newcomers into a market or industry sector, and so limit competition".* Barriers and deterrence are generally related to the costs the companies need to face to start selling a new product or service in the market. Theorists like *Klemperer (1987)* focuses on the switching costs that a customer needs to face to buy a new product.

Boston Consulting Group Matrix (BCG) seems to be another suitable tool while organizations face strategic decisions, to decide which products or services are worth to increase market share. The BCG Matrix was introduced by *Henderson (1970),* as it helps to map how an organization products and services are performing in the industry regarding growth, competitiveness, and market shares; the mapping is then compared with a reference benchmark. *Henderson (1970)* present BCG to map the diversification effectiveness of companies' portfolio. The model weakness seems to lie on its limitation to focus only on how market shares relates to the organizational growth speed and how the company is performing, therefore the tool could influence a strategic decision of investing in a product, without taking in consideration how much costs would the organization need to face in respect of projected revenues. In this case additonal models seems to be needed, where a cash flow analysis would support the validity of BCG Matrix. Another weak point seems to be, that BCG Matrix represent in charts a point in time snapshot of the organization conditions, but it focusses only on benchmarking, therefore the information provided to support strategic decisions are limited. BCG strength point seems to be the support on prioritizing the allocation of new company funds, in fast growing markets with aims of increasing the market share.

The tools described so far, are useful to map environments conditions and market shares so to facilitate the strategy development process; still organizations seem also to need tools to analyze factors from a competitivity perspective. The Five Forces model provided by *Porter (1979)* can be used to analyze competitors, relationship between them within their industry and to better understand the strategy of the company itself. Among the strengths of Porter's Five Forces, the following stand out: identification of risks due to customers bargaining power, the entry barriers to enter markets, it helps monitoring and adapting to competitors' strategies and new market trends. Another strength point is the identification of risks related to suppliers bargaining power; identification of risks related to existing customers replacing the organization products and services with the ones provided by the competitors. The model seems to be risk-driven, as risks identifications seems to be a common factor in the Five Forces. The weakness of Porter's Five Forces, seems to be the fact that its analysis are useful in "specific point in time" and in order to keep it alive it requires constant data point sets and effort to continuously assess the environment. Five Forces model doesn't consider financial projection analysis, so in the model there's no link between the competitive analysis and how that is reflected on forecasts based on future data and numbers projections. Five Forces also seem to lack the complements factors, as stated in *Grant (2008);* for instance, for organization selling French fries potatoes could be a strong complement factor the quality of the ketchup. Another weak point of the Five Forces is the lack of prioritizations of the forces, as not all of them provides same risks in different conditions. Porter's Five Forces, doesn't seem to be exhaustive from risks-management perspective, given the fast changing critical conditions and challenges of the last 20 and more years, like pandemics, natural disasters, credit crunch, organizations seem to be in need of an improved way of managing risks as part of their strategies.

These catastrophic events generate new risk theories and models like *Taleb et al. (2009)* who define Black Swan as *"Low-probability, high-impact events that are almost impossible to forecast". Taleb et al.* provides a study which content shows the six mistakes that organization executives make to manage risks when building strategies. A strength point of the study is the recommendation on focusing exclusively on the consequences of any negative events and not trying to predict specific events. The study also shows how past events don't have any relation to highly impacts events in the future, as Black Swan events don't have precedents. The research also shows that the percentage needed to recover is at least twice the percentage of the losses. Also, *Taleb et al.* shows that current tools used to measure risks, are not suitable for real catastrophic conditions. The model suggests that reducing profits and risks could be more beneficial than having sudden high profits with a high-risk margin which could lead to depletion of business at a given time in the future.

Models focusing only on external factors, seems to not be enough to help define companies strategies. Internal factors driven models seems to be suitable to analyze organizations resources, capabilities, core competences and culture. In this context, *Prahalad & Hamel (1990)* provided a perspective on organizations core competence identification, as the main asset (roots) of competitive advantage. The study describes core competences as *"the collective learning in the organizations,* *especially how to coordinate diverse production, skills and integrate multiple streams of technologies*". From the study, several examples show how organizations reinvented themselves and disrupted new markets by repurposing their core competencies. Prahalad and Hamel, find a common baseline of core competences model in Japanese industries, such as NEC, Canon and Mitsubishi also highlighting a lack of this strategic view in most of the Western Companies, even in recent times. This is an example of how national cultures can deeply influence strategy and competitiveness. The core competences mapping perspective is, to start from organizations competences, applying them to different multiple industries and businesses and output a product for different market segments. The strategic thinking behind the mapping of the core competences, seems to be fundamental in this framework. As a weak point, the module does not provide a tool to map organization core competences, therefore additional tools are needed for this purpose. Another weak point seems to be that by overly focusing on core competencies, an organization could reduce the level of innovation and be too resistant to changes needed due to market fast evolving conditions. While core competences focus mostly on internal factors, other strategy development supporting tools like SWOT, provide in a single framework the analysis of a scenario in both external and internal conditions. SWOT analysis is helpful to identify the Strengths, Weaknesses, Opportunities and Threats of a strategy/scenario. It's unclear what is the origin of it, studies attribute its origin to *Ansoff (1987),* others to *Albert Humphrey* (1970s). SWOT seems to be helpful to aggregate together facts about a new specific scenario and initiate the discussion with other stakeholders. SWOT seems also to help during meetings to capture ideas and considerations. As a weak point, SWOT analysis doesn't seem to be a tool that could be used to define strategies without other tools, as it looks to be more an easy to use framework to collect information together and engage on evaluation and thinking with other stakeholders. As a strength point, is seems to be helpful and applicable to daily operations, without requiring major resources and efforts to use it continuously.

Ultimately companies need to generate margins to survive and a common weakness of the analyzed literature, seems to be the limitation to develop strategies by translating strategy analysis and decisions to projected revenues and numbers. *Grant (2008),* and many others, describe the use of financial fundamental analysis to calculate the organization value at some point in the future, representing how different strategies scenarios would impact the future cash flows of the company. This approach seems to be effective when developing strategies based on evaluation of companies future growth. A possible difficulty seems to be the evaluation of the company current value, and how to translate that value to different strategies scenarios in terms of numbers and forecasts. To overcome this difficulty, one of the most effective strategy used in the financial and accounting industry to evaluate companies, seems to be the discounted cash flow (DCF). After the stock market crash of the 1929, *Irving (1930)* presented this practice from a modern financial perspective. The DCF helps understanding the value of an investment strategy, based on future cash flows availability. This approach seems to be helpful not only to evaluate current company assets, but also to test and validate if the perception of the value of the company assets, effectively correspond to the company market value. The DCF seems to be helpful to evaluate strategies related to product competitiveness, as it make possible to verify if the company products and services are sold at too low or too high price compared to competitors in the industry, therefore can be an effective tool complementing Porter's Five Forces. The financial analysis seems to provide support evaluating how certain strategy development affects projections of an organization future health and financial competitiveness. For instance, a competitor with higher Free Cash Flow, such as the cash left available, after paying all the companies costs, bills, investments, etc, seems to be better positioned to face challenging times ahead, or to take strategic decisions with more flexibility, to innovate and face unforeseen costs or even Black Swan events.

3. How strategies are implemented

3.1 STRATEGIC LEADERSHIP & MANAGEMENT

Strategic leadership and management seem to have a key role in strategies definition, analysis, implementation, success, and failure. Theorists like *Boal and Hooijberg (2001)* argue that new leaders are required to have skills such as charisma, flexibility, and the ability to deal with behavioral and cognitive complexities present in organizations. The study considers the essence of strategic leadership as combination of three set of skills such as absorptive capacity, adaptive capacity, and managerial wisdom. These three sets of skills mainly focus on the ability to learn, to be flexible, to be able to change and the ability to deal with complex emotional situations. A possible weak point of *Boal and Hooijberg (2001),* could be that only executives are considered strategic leaders, as in medium large corporations where distributed management models are used, also the middle management plays a critical role in strategies executions. Boal and Hooijberg have a view of strategic leadership mainly from large corporations perspectives, while a view of how leadership would change, in respect of the company size and leaders roles, are discussed by *Elliot Jaques (1978),* who differentiate the complexities of leadership according to different management levels, where these levels require different skills. Jaques also differentiate the leadership role, according to the company size, where in small organizations or startups a more visionary leadership style is needed, while in large corporations, leaders need to balance internal versus external needs. Further challenges to traditional leadership-centric theories are provided by *Hitt & Ireland (2002),* where the focus of strategic leadership moves on the side of organization's human and social capital, therefore an employee-centric view, where building and managing great Teams is the new required skill and high priority for leaders. This view seems to be followed by companies where strong innovation and change is required, to stay ahead of competition. It seems a reasonable assumption, that to be capable of building great Teams, leaders must have some degree of knowledge of what the Teams are expected to produce. Therefore, Hitt and Ireland perspective seems to place the leader as part of the operations. This view opposes theories where the leaders are more detached from operations, such as the visionary leader view from *Collins & Porras (1996),* where there's a clear distinction between the vision and the execution. This is in line with Jaques' view that different leadership roles require different skills, however, it seems that the vision definition of Colling and Porras could exclude the inputs provided by middle management involved in the execution, whose inputs could be helpful when a strategic vision adjustment is needed.

Collins and Porras also point out the clear identification of what needs to be changed and what's not, which seems to be a critical strategic leadership skill during prioritization and budget allocation, during strategy and vision adjustment times. In large organizations, strategic management seems to be more oriented on implementing recurrent successful best practices rather than applying leadership on individual critical events. *Collins (2001)* provide an empirical study, introducing the Level 5 Leadership model. Based on research data, the study analyzes organizations with proven successful turnarounds, like Kimberly-Clark. The study supports distributed leadership, with little specific CEO or employees centric view, and place greater importance on people and skills before strategies. The study also outlines, how great companies relying on technology accelerators and its technologies were carefully selected; the study highlight that establishing a culture of balanced discipline, with reduced level of bureaucracy, hierarchy and controls, improved considerably productivity, remarking the importance of investing on people and placing them in the right positions. Collins identifies the common traits of successful management in the analyzed companies, as eccentric, but shy, calm and avoid self-centric adulation. Level 5 Leadership seems to be helpful for leaders building and improving organizational culture.

Collins' study, seem effective, but it doesn't necessarily mean that other leadership traits wouldn't be successful. Another possible weak point of Level 5 seems to be that it applies only to large corporations and it barely considers smaller organizations, startups or even the state of the organization life cycle. *Pfeffer & Sutton (2006)*, argues the importance for leaders to adopt evidence-based management, but also the study stresses on how leaders could generate more damages than benefits by using benchmarks in a wrong way. It also states the inefficiency of using a strategy which worked in the past but doesn't apply to the current organization scenario. Pfeffer and Sutton provide a view on continuous improvements, by considering the organization as an unfinished prototype; this seems to be in line with Tech Giants management models that tend to adopt Agile methodologies to deliver results, based on small incremental improvements and fast changes.

Another concept on strategic management is addressed by Senge (1990) in which he introduces the idea of learning organization, by describing five disciplines and seven learning disabilities. He argues that effective strategic leadership can be achieved by continuously learning and improving on self-discipline, by having a clear view of reality and objectives, while developing patience.

Senge refer to Teams communication from a perspective of continuous dialogs, which ultimately generate a shared vision, common goals, in an environment where learning and building knowledge are part of the Team normal lifecycle. Senge also disputes the recurrent usage of incumbent traditional mental, cultural models, as crippling disabilities against empowering organizations to grow.

3.1.1 The importance of Emotional and Social Intelligence in strategic leadership

How people feel in the professional environment, seems to be a topic of intense study since decades, including the research focus on the emotional side of strategic leadership. The concept of Emotional Intelligence (EI), proposed by *Goleman (1995)* and according to the lastest studies in *Goleman et al. (2019)* is described as an aggregate of mindfulness, resilience, authentic leadership, focus, self-awareness, confidence, listening and other disciplines. EI is a broad topic, which seems to focus on what happen to people within, and how leaders deal with those feelings. EI provide a framework to build skills and prepare people emotionally for challenges, as *Goleman et al. (2019)* argues. It seems the EI Leadership style is Authentic Leadership (AL), with no role's distinction between entrepreneur, manager, employee as everybody are considered leaders. This is in line with *Wilding (1999)* argument that modern organizations seem to look for employees with entrepreneurship attitude, in favor of new set of skills that are not always limited or related to technical knowledge or intelligence. AL is described by *Senior & Swailes (2016)*, as leaders that are true to themselves, without imitating or emulating other people or models, and being fully conscient of their values and believes. AL encloses the concept of truthiness to our-self, as explained *by Ilies, Morgeson & Nahrgana (2005)*, providing better skills to resolve unforeseen challenges and deal with unexpected problems.

A possible weak point of EI, could be that for leaders and teams, seems to be exhausting to keep enduring empathy, listening, emotional intelligence, continuously improving and so forth. Sustaining the pace of continuous changes and innovations, without being authentic as a person in the professional environment, seems to be unsustainable over time. The quest for authenticity and finding the way to be him/her-self seems to be a key factor to make EI effective and avoid risks of people burnout.

3.1.2 How strategic leadership impact creativity and innovation

From the analyzed literatures, it seems that creativity and innovation are linked to motivation, cognitive and psychological aspects of people; strategic leaders seem to be responsible regarding how to build creative and innovative Teams and working environments. *Amabile et al (1996*) provide the following definition of creativity and innovation:

"We define creativity as the production of novel and useful ideas in any domain. We define innovation as the successful implementation of creative ideas within an organization. In this view, creativity by individuals and teams is a starting point for innovation; the first is a necessary but not sufficient condition for the second. Successful innovation depends on other factors as well, and it can stem not only from creative ideas that originate within an organization but also from ideas that originate elsewhere (as in technology transfer)."

From Neuroscience perspective, *Heilman, Nadeau & Beversdorf (2003)* considers creativity enablers mainly stress-less environments, REM sleep and Calming or relaxing the mind for a period. *Bronowski (1972),* defines creativity as intuition that connects and unifies points from different topics, mostly unrelated between them. In accordance, *Heilman et al. (2003)* argue that discoveries frequently happen by accidental occurrences, but leaders must be prepared to understand and related the importance of those accidents.

"*The Medici Effect"* from *Johansson (2004)* provides modern studies and theories regarding intersecting different disciplines as foundation of the creativity process. *Amabile & Khaire (2008)* research outcome, provides insight to leaders to increase creativity, like be mentally open to other ideas, enable collaboration, enhance diversity, accept the inevitability and utility of failure, and motivate with intellectual challenge. According the study, strategic leaders must increase the intrinsic and extrinsic motivation factors; *Amabile (2011)* provides a method to support leaders boosting organizations creativity*, by* building a culture of small wins, praises, and celebrations. By other side, it seems that Amabile research and methods require additional methodologies like Agile to effectively implement the progress principle.

3.1.3 The relationship between strategic leadership and change

The definition of change leader seems to have significant links with the definition of change management. *Paton & McCalman (2008)* see change leaders as profiles capable to extrapolate organizations issues, examine and diagnose the issues and how to overcome them; change leaders can support organizations looking for alternative solutions and transmit the learning process to customers and other stakeholders involved. This definition doesn't seem to help strategic leaders solving change resistance or how to implement solutions from a change perspective, like *Kotter (1996)* proposes, by introducing "accelerators" such as building guiding coalitions, get buy-in of more than 50% of people involved for the initiative, creating a sense of urgency and link the change to the a tangible opportunity. Kotter also supports the continuous learning process, with leaders driving changes as part of the organizational culture. Possible weak points seem that Kotter's accelerators assume that change and triggers are already identified, also building a sense of urgency seems more challenging in consensus driven cultures, where the sense of urgency could generate opposition as it set emotional pressure. The model seems to require the change agents having certain skills and finding those matching skills in organizations can be time consuming. Regarding the change triggers definition*, Senior & Swailes (2016)* propose a model to identify triggers, linked to environmental circumstances, but this model seems to be applicable more to external factors. A simplistic view on how the process of change starts, is provided by *Schein (2017),* as he suggests *"Do people want to know where change is needed? Look at the pains."*. Schein view would requires having tools to identify where are the pains, so strategic leaders would need to define and get the pain related metrics from managers and employees. After triggers and change implementation, the next challenge for strategic leaders could be how to measure the change effectiveness. As discussed by *Krstic, Skorup &Lapcevic (2018),* Agile methodology provides several metrics, indicators and goals to measure change, in line with *Narasimhalu (2011)* regarding innovation driven changes in organizations. A weak point of Agile and the mentioned studied, seems to be that the whole organization requires to use Agile, same metrics and tools, therefore it requires commitment from all organization layers to make it effective.

During change management, strategic leaders could face challenges based on cultural traits of certain groups, as *Nemeth (2018)* states the low performing effectiveness of consensus when delivering innovation and change. During the process of reducing resistances, leaders could rely on Appreciative Inquiry (AI), a model proposed by *Cooperrider & Whitney (2005),* that could help leaders influencing other stakeholders during the change management implementation and definition phase. AI seems to approach the communication by adding more to what is already good in the organizations, and then discuss how this good can help solving new problems and challenges. AI seems to be a good strategic management tool, but it requires to have already a good starting baseline of achievements made by the group.

Other models provide tools on how to map change resistance and the reasons behind it, like *Balogun et al. (2016)* identify the change oppositions mostly related to peoples psychological reasons like self-interests, fear of unknown or failure, lack of energy or motivations, uncomfortable feelings due to lack of understanding or skills or cultural bias like consensus, politics or religion. *Elrod and Tippet (2002)* represent the reactions to change in a graphical curve, highlighting how the acceptance and level of self-esteem increases over time, during changes. On the same line *Oreg (2003)* extends the reasons with reluctancy of losing controls, cognitive rigidity, and psychological lack of resilience. It seems that most of the study agrees that change resistance reasons are mostly driven by people emotional and psychological conditions and less related with tangible and rational facts.

3.1.4 How strategic leadership relate to culture

According to *Schein (2016),* leaders needs to follow certain dimensions to build successful learning culture. Schein argues that skills like proactivity, strong commitment to *"learning to learn",* positive assumptions about human nature, positive thinking about the future, commitment to cultural diversity and strategic thinking, are critical for strategic leaders. Schein's view is also in line with the concept of *"ambidextrous organizations"* from *O'Reilly & Tushman (2004),* describing leaders capable of building cultures that keep balance between a classic way of doing things and innovations. It seems that Schein's view does not take in consideration desirable leadership skills like, building great team view from *Hitt & Ireland (2002)*, or anything related to the risks-taking skills. The concept of *"Chemistry"* as a key factor to build outstanding cultures is discussed by *Coleman (2018),* arguing that organizations with leaders who build Teams with close physical proximity, eye contacts, energetic exchanges, few interruptions , humor and active listening, are proven to deliver better performance. A possible weak point of Coleman is the requirement to have physical proximity to other Team members, this can be challenging in virtual and distributed Teams or in cases where people are forced to work remotely. Strategic Leaders also need to measure culture improvements in organizations; on this regard, a study from MIT Human Dynamics Lab led by *Pentland (2012),* provide 5 factors to measure Team performance from a cultural perspective; the factors measure if the group members talk and listen equally, the length of interactions, eye contacts, direct one to one to point interactions, exploring external Teams. The framework is helpful, but it would require that most of the members of an organizations are aligned on providing metrics on these factors, which could be hindering in large organizations. Also, the framework requires data-analysis from managers, which would require time and common processes. The 5 factors seem to be challenging to be implemented in distributed Teams, where communication doesn't happen face to face, and it could be less scalable in large corporate environments. On the same line *Williams & Shultz (2019)*, provide a framework to strategic leaders to identify organizational disfunctions from culture perspective, by identifying the level of people connection, self-interest, inability to prioritize, value placed on people, etc. It seems the framework could provide an evaluation tool to organizations middle managers where the culture mapping can be challenging, like virtual and distributed organizations, by their nature. It seems this framework requires significant alignment between managers, employees, and defined process to collect metrics and evaluate data, therefore the implementation and effectiveness could be challenging.

3.2 HOW STRATEGIES ARE EXECUTED

Organizations seems to execute strategies in different ways, at least according the type of industry, company lifecycle and market competitiveness. Aiming to provide a solution to monitor and execute strategies, *Kaplan & Norton (1992)* introduce the Balanced Scorecard model (BC), sustaining that monitoring strategy using only financial indicators is lagging and does not identify the underlying reasons. BC identifies how a particular metric is underperforming in a specific company context. BC strengths seem the simplified representation of critical organization elements, such as metrics regarding customer focus, time to response, teamwork effectiveness and delivery times. The external monitored factor is the customer satisfaction, therefore BC force managers to translate into metrics the customer satisfaction in terms of time, quality, service, performance and costs; the focus seems to be what and how, the value is delivered, by having a customer-centric perspective and defining specific metrics mapped to goals. BC internal factors aims to measure what the organization needs to do internally to meet customer goals and map the internal delivery metrics with the customer satisfaction metrics, therefore having at least two organizations working on the same goals. Kaplan and Norton support the core competencies model from *Prahalad & Hamel (1990)* and the employees skills mapping as critical internal metrics to deliver customer satisfactions. This is in line with *Drucker (1995)* and consistent with learning organizations model from *Senge (1990)*. BC also takes in consideration that the strategy is executed with profitability and shareholder value goals, therefore accounts for a financial perspective. BC received several critics over time, such as *Venkatraman & Gering (2000)* provided a research of showing the implementation failure of BC in 15 large organizations, in line with *Olve et al. (2004),* who state that BC misses critical aspects like dependencies impacts, adoption resistance, the mapping between strategy vision and scorecards, how and where the issues must be discussed and roles definition. *Olve et al.* (2004) suggest using scorecards to drive meeting's agenda, while highlighting the missing interfaces definition to manage inter-team dependencies. The need of technology support seems also a hard requirement to implement BC successfully, as IT solutions are needed to track progress, metrics and dependencies. *Kaplan & Norton (2008)* provide an end to end strategy framework, which includes BC and aims to address the mentioned critics, however it seems that in general BC is more a tool to define metrics and monitor internal and external factors, but doesn't seem to be the right tool to deliver operations; the Scale Agile Framework (SAFe) seems to address this issues, by defining roles, interfaces, meetings where issues can be discussed and delivery specific metrics. SAFe and BC seems to be complementary as strategy execution models.

4. Conclusions

From reviewed literature and resources, it seems that employees centric models are more common in current successful companies, where workforce creativity seems to be considered a strong competitive advantage; it also seems that creativity is not dependent on cultural paradigms, nationalities or believes, therefore diverse, multicultural and inclusive Teams seems to be highly creative, with solid foundations to foster innovation. New leadership models seems also to be trending, focusing on how strategic leaders deal with emotions, change resistance and how leaders contribute on building and sustaining workforce professional happiness, with the purpose to deliver better performances and how executives can provide frameworks to improve people's professional life. Emotional Intelligence seems to be a fundamental leadership skill, along with authentic leadership and change resistance practices such as appreciative inquiries and progress principles. It seems also that eastern cultures tend to be more familiar than Western ones, regarding mental disciplines applied to professional environments, trying to integrate spiritual disciplines principles such as Buddhism to professional life. Regarding strategy executions, it seems that existing valid models and methodologies like balanced scorecard (BC) and Agile are widely used and well tested, however more research should be done on improving and integrating BC and Agile to complement each other. Building great teams with strong culture seems also to be a trend topic in organizations strategy and valid models like learning organizations seems to fit this purpose. It seems to be clear, that organizations continuously face catastrophic events, therefore strategies need to support organizations being resilient during Black Swan events and extreme risks conditions.

5. Use Case Strategy Analysis: Innovation Team

5.1 CONTEXT AND ISSUES

Ericsson was struggling delivering value to the customer, due to service outages in productive environments, lagging time to resolution support and customer pressure, due to business erosion from competition.

Doing a SWOT analysis, the following critical points were identified from Ericsson perspective:

- **Strengths**:
    - Reduced competitions as:
        - Huawei was not allowed as technology provider
        - The customer was not happy with the solution delivered by Nokia in the past
        - HP dismissed the competing product
    - Inter-regional competence resources
    - Flexibility to re-allocate people and budget
- **Weakness**:
    - Excessive technical operations efforts
    - Unstable operations
    - Strong resistances to change

- **Opportunities**:
  - Automation would provide significant innovation to the customer.
  - Stability issues would be solved by providing testing services and solutions.
  - Build a new Team and increase services sales during market contraction.
- **Risks:**
  - Revenue reduction as new contracts wouldn't have been signed, because of products issue.
  - Market contraction due to Black Swan event (COVID) business erosion.

5.2 PROPOSED CHANGE AND EXECUTION STRATEGY

The people involved in the process were the following:

- Two Ericsson strategists and one customer scrum master
- Ericsson delivery Team
- Customer's Product Managers, Product Owners and Release Train Manager (director of operations), Solution Architects and several engineers.

The strategists identified the opportunity to create a new Team that would focus on Automation and Continuous testing. Steps taken by the strategists, as part of the SWOT Analysis:

- Identified the specific issues generated by lack of testing and automation, like environment inconsistencies, frequent outages, etc, as initial analysis.
- Identified the key stakeholder and how was their interest related to the innovation. Collected data and set the scene for the negotiation and influence.
- Built a business case (BC) including the solution for the major issues, including the resources needed. Provided a compelling argument sustained with data, balancing needs, and satisfaction of the stakeholders, according to Ansoff of strategic management and *Pfeffer & Sutton (2006)* view of evidence-based management.
- The BC also included innovation use cases that management always wanted to deliver but never happened, in line with Kotter accelerators to building a vision.
- The BC provided a view of the improvement of each sue case, including how the long-term company goals were affected by the issues in line with Kotter accelerator to establish a sense of urgency.

The use case was proposed to the Ericsson local management to build a sense urgency and a coalition group (Kotter building coalition). Once the BC was refined, the local Ericsson customer management engaged the Customer Management counterpart informally to verify the level of interest. (Kotter building coalition) After that, the BC was proposed the to the main stakeholder in wider audience meeting (Kotter communication). After couple of refinement meeting with the customer the BC was approved, and the new Team was created (Kotter accelerate on change). One of the Ericsson strategists was nominated as Product Owner of the new team and started focusing on a structured and meticulous recruiting process, in line with *Hitt & Ireland (2002)*, view of building great Teams.

After few months the Team was built and within the agreed time frame all the use cases were delivered, as the resources allocation and the strategic planning of the BC was done realistically, using Agile SAFe and by involving all the stakeholders. Team happiness level was reasonably high, by organizing the tasks following the Progress Principle from *Amabile & Kramer (2011)*.

5.3 CHALLENGES

The following challenges appeared during the process:

- Some customer managers were resistant to the innovation, as they preferred allocating the new resources to their Teams, keeping executing in the same way things were always done.
    - Authentic Leadership and negotiations (EI) were used to show the value to the resistant managers. Managed expectation with *Elrod & Tippet (2002)* model.
- To be effective, the new Team needed to have members with specific skills.
    - The Customer wanted to allocate existing resources with different view and sense of urgency regarding this new plan.
    - Negotiation (EI) with strong sense of urgency were used to build a Team with fresh skills and recruits.
- The Teams from the manager that were making oppositions, were reluctant on using the innovation to improve their professional life.
    - Empathy focus and communication (EI). Managed resistance using *Elrod & Tippet* (2002).
    - The resources for the new Team were not part of the initial budget, so efforts invested in the initial analysis to build the case were intense.
    - Negotiations (EI) and sense of urgency (Kotter) have been used.
    - After the first results achieved, the consensus was built using Appreciative Inquiry from *Cooperrider & Whitney (2005),*
- The Customer IT environment were very restrictive in terms of security for external contributors.
    - Negotiation (EI) skills were used to balance innovation costs versus costs generated by restrictions, relying on a financial perspective from *Grant (2008).*

5.4 CONSIDERATIONS

- The two Ericsson strategist were like minded, which made the internal discussion and agreement faster and smoother.
- It seems crucial to invest big efforts on preparing complete contents and analysis, when the audience where known to make resistance (evidence-based management).
- The sense of urgency was created by connecting the operational low-level issue and the company business goals, with the intrinsic risks.
- The business case in the strategic planning phase, was reasonable regarding time planning and resources needed.
- The coalition was built first with the people known to be like minded, then the other stakeholders were approached.
- Negotiation skills, empathy, and timing to propose the solution resulted to be critical.
- Special attention and more effort were allocated during the collection of data and the building the case content initially. There was a limited time window to leverage existing issues, linked to risks, to generate sense of urgency.

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7. Resources

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