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FROM MOUNT STRATEGY TO THE HILLS OF STRATEGIZING

ABOUT AGILE FORMS OF STRATEGY WORK

FROM MOUNT STRATEGY IN NOW:LAND INTO THE NEXT:LAND HILLS OF STRATEGIZING

ABOUT AGILE FORMS OF STRATEGY WORK

In traditional management, "Strategy gets set at the top," as Gary Hamel often explains. "Power trickles down. Big leaders appoint little leaders. Individuals compete for promotion. Compensation correlates with rank. Tasks are assigned. Managers assess performance. Rules tightly circumscribe discretion." The purpose of this world is self-evident: to make money for the shareholders, including the top executives. Its communications are top-down. Its values are efficiency and predictability. The key to succeeding in this world is tight control. Its dynamic is conservative: to preserve the gains of the past. Its workforce is dispirited. It has a hard time with the kinds of changes talked about in the Fortune article.

*The Agile mindset is quite different. Its purpose is to delight customers. Making money is the result, not the goal of its activities. Its focus is on continuous innovation. Its dynamic is enablement, rather than control. It coordinates work with structured, iterative, customer-focused practices.
Its communications tend to be horizontal conversations. It aspires to liberate the full talents and capacities of those doing the work. It is oriented to understanding and creating the future.
(Steve Denning)[1]*

Nowadays organizations operate in a world in which disruption paradoxically is almost considered a normality, in which technological, digital, societal, and political changes compete in such a dynamic race with complex business model innovations that nobody is able to predict today who will be among the winners and losers tomorrow.

We believe that organizations cannot master the challenges of a VUCA world within their old boundaries and habits, and that the tensions created by the changing conditions will only intensify when the old formulas for success from the last century are applied.

Even traditional forms of strategy work reach their limits in this context. The value of analysis-based long-term projections, scenarios of market development, and long- and medium-term planning is diminishing steadily. The historically grown division between mental and manual labor, where a few people at the top come up with what many others at the bottom are supposed to do—by means of specification and control—makes most of the strategy processes fail.

When it comes to the question, in which direction organizations need to develop in future, no other citation cuts right to the chase of the matter than the one by Steve Denning quoted above. More and more organizations these days set out on this new path for more agility—a new way of working, characterized by self-organization, distributed authority and flexible approaches as well as the development of Cultures of Innovations. It's the path into the next:land of organizing, as we at dwarfs and Giants call it. It's a land where completely different principles of alignment of organizations apply (learn more about the five principles of self-organization and the shift from now:land to next:land from our Manifesto).

But how can organizations increase their strategic adaptability and speed of change in a world of rapidly and permanently changing environments? And which kind of strategy work do they need to do that? We believe that the future of strategy work in organizations needs to be rewritten entirely.

If everyone has to think outside the box, maybe it is the box that needs fixing.
(Malcolm Gladwell)

MOUNT STRATEGY – STRATEGY WORK IN NOW:LAND
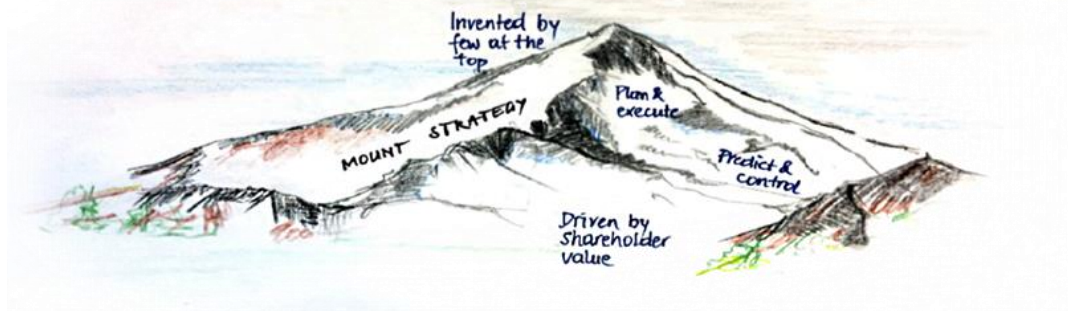
The longer we spend time in an uncertain world by perfecting a strategic plan, the more likely it is to be outdated by the time it is completed.

Imagine you're standing on top of a huge mountain that surmounts all other elevations in the old continent—Mount Strategy—during a board meeting of an international industrial company in now:land. The decision papers of a strategic document that was developed by a small group of people under the direction of the administrative department 'Corporate Development & Strategy' are on the table—exciting analyses of trends and business areas, supported by SWOT and a portfolio analysis. The proposal for the company's strategic alignment for the years to come is summarized on nearly 100 PowerPoint slides. All decision-makers at the table agree on that. On the one hand, the room is filled with a bit of pride. After all, it took them almost a whole year of intensive work, not to mention the high consulting fees and the numerous votes that had been necessary. On the other hand, a certain hesitation in implementing the proposal can be felt because a resolute decision for this strategy would exclude many others and thus turn out to be risky. A slight uncertainty remains if all things had been taken into account leading to the development of the 'right' strategy. And: despite all determination and euphoria, it still has to be decided on how to implement the strategy.

In 1980, Michael Porter laid the groundwork for the prevailing understanding of strategy work on Mount Strategy,[2] which from that time on characterized corporate development in now:land—handpicked delegates, beginning with comprehensive analyses of trends and markets, etc., but without saying how to implement the results. The strategy on the table, though, has to reach about 6,000 employees around Mount Strategy and serve as a guiding basis for their daily priorities, on all hierarchical levels and in all business units spread over the entire continent. And it should be done quickly and precisely so that the allocation of the resources of all executives and employees would become effective in all business sectors. Only this can measure success.

And yet, numerous studies by renowned researchers have shown in recent years that this is exactly where the vast majority of cases fails to succeed. More than 90% of strategies in now:land fail in the implementation.[3]

What are the reasons for that failure? Even if it were accepted that strategy work on top of Mount Strategy was aimed with top priority at the organization's sustainable development—and not at short-term maximization of revenues, EBITs or other figures that make a positive impact on executive bonuses or the renewal of three-year management contracts—a hundred-year-old assumptions take effect that had been successfully applied in contexts of growth but do no function anymore in a VUCA world.

The first misjudgment is the **period of time that a strategy developed at the top needs to become effective at the foot of the mountain**. In large organizations it is not uncommon that strategies are one or two years old until they reach the base. Most of the parameters of the time of its creation have already changed radically during that period so that a change of direction becomes necessary again.

The second misjudgment is the **operationalizability of global strategies developed on top of the mountain, far away from any complex corporate reality**. What theoretically is supposed to add up to a big picture in the strategy paper in terms of increasingly detailed specifications and single targets simultaneously and globally on all markets, locations, and supply chains, is prone to fail because of too many interfaces in a complex and interconnected corporate reality.

The third misjudgment lies in the **willingness of the employees to align themselves with the strategy coming from above**. In practice, however, the attempt to formulate meaningful and action-oriented guidelines often fails. Top-down strategies offer little space for people to make sense and interrelate with them. Instead of individual sensemaking, a few people try to provide meaning for many people. The long-term 'emptying of meaning' and the ensuing negative effects on intrinsic motivation have already been widely studied and discussed.

The fourth misjudgment is the belief that a few decision-makers at the top are able to make all important decisions. It's exactly this assumption, originating in the 20th-century management practice—the division between mental and manual labor—that has no basis anymore for the dynamic complexity of the 21st century. The information that needs to be processed today is too manifold and comprehensive, and the decision-making procedures take too long when the need for a decision and the decision-making authority are uncoupled.

HILLS OF STRATEGIZING – AGILE STRATEGY WORK IN NEXT:LAND
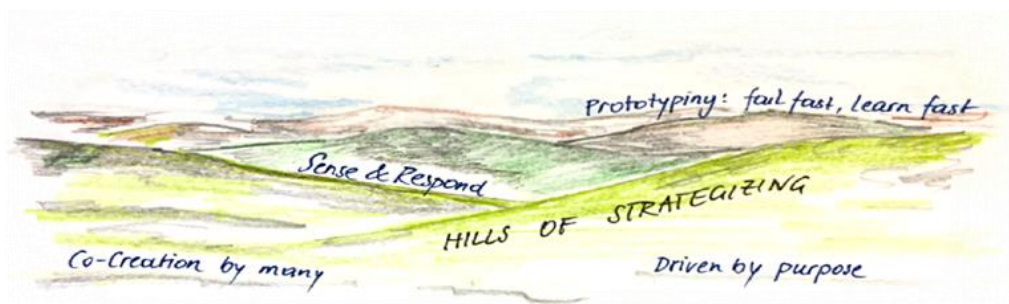
"Today the most important strategic question for any organization is this:
Are we changing as fast as the world around us?" (Gary Hamel)

We are now in next:land at an international, medium-sized company with almost 1500 employees. 30 people are gathered together in a large office and write on Post-its. There are circles of chairs, flipcharts, craft things, colored papers, and a bunch of pencils. People from various departments and business units are working together in interdisciplinary groups of five, engaged in a Design Thinking process. Right now, one group is analyzing customer personas—a work package from the backlog of their Agile strategizing projects. The goal of the ten strategy initiatives is to lead the company into a new market and develop suitable business models in dialogue with a lot of internal and external stakeholders, using different points of view in form of Agile projects—knowing that some of these projects can be stopped any time when feedback from reality signalizes that they don't make sense

anymore. This process is not instructed by superior managers but guided by the question: **How can we best manifest the company's purpose in the world?** The goal of these efforts is not a final strategy paper but an ongoing dialogue about strategic preferences, concrete ideas, and palpable prototypes. From this process, a constant flux of new impulses and ideas is entering the strategy backlog—ideas that are taken up by the teams and processed in a Sprint-logic. What promises success and triggers a positive response will be enhanced and refined. Reflecting, implementing, and involving customers are not separate processes but one continuous evolutionary process, in which a number of different perceptions are included. Welcome to the Hills of Strategizing.

The Strategizing Hills are a wide and open hilly landscape in next:land, in which a lot of different people are moving around in order to continuously reflect on the organization's strategic alignment and to keep it competitive in constantly changing contextual conditions. Like a large number of sensors, people are looking for new ways and climb new hills. They're trying to find new developments behind every elevation, new contexts, surprises, and opportunities which are then included as new information into the current dialogue. Guided by a common understanding of the company's purpose as well as clear decision rules, decisions are permanently and quickly made. Are we going into the right direction? What is there to do for us? Where shall we send more people, where invest more resources? Where do we want to meet next to exchange views, to give feedback, and to learn from each other?

The American organizational theorist Karl E. Weick, one of the earliest pioneers of next:land, was one of the first thinkers to abandon the idea of static organizations in favor of "organization as a process."[4] A revolutionary idea transforming now:land static top-down strategies into a dynamic process of strategizing in next:land. Continuous strategy work as an ongoing dialogue that involves as many people as possible from the entire company context. Instead of contemplating strategies high up on a lonesome peak, here the attitude prevails that strategic options for action should regularly be tested.

Strategizing breaks the patterns of common strategy work consciously. There are no conventional analyses producing high stacks of paper as a result anymore. Instead, different players in the company exchange views and constantly produce a mutual picture of the status quo and develop strategies for the future. Strategizing replaces the separation between development and implementation by an ongoing dialogue about strategic opportunities and guiding preferences for everyday business, knowing that preferences in a VUCA world are a) changing permanently and b) can never be one hundred percent clear. For the world is a complex and dynamic thing, the future not predictable. In strategizing there is no 'right' or 'wrong' path into the future. There are only paths into the future.

The result of all movements in the Strategizing Hills is a vivid and evolutionary strategy that develops step by step and is enriched by constant customer and employee feedback—a strategy that is created while walking. In the next:land Hills of Strategizing, it's not the one and only strategy that is decisive but the speed of learning.

THE PATH INTO THE HILLS OF STRATEGIZING
FOUR ELEMENTS FOR THE DEVELOPMENT OF STRATEGIZING PROCESS

"Forget strategy as a paper. Create an always-on Strategizing practice."
(dwarfs and Giants)

In our consulting work, we at dwarfs and Giants are reluctant to reveal too many steps and details of the transition from Mount Strategy into the next:land Hills of Strategizing in real transformation processes in order not to fall into the trap of linear prediction and control (Predict and Control Mode).

Instead, we develop a concrete and individual process in co-creation with every organization that step by step will lead into the next:land of organizing. The starting point of each company is as unique as its identity and history. And every company has to find its own path into the next:land of organizing. Nevertheless, there are core elements of the strategizing process which can be revealed.

Every individual step that organizations take on their way—accompanied by us—is guided by the **five basic principles of organizing in next:land**. They are fundamentally different from the principles in now:land. They act as a magnetic field in the whole of next:land and serve as a point of alignment for organizations in their development and on their way into the Strategizing Hills. At the same time and from the very beginning we thus practice the ability of the organization and its employees to deal with insecurity. What does it mean to 'run on sight' and orient oneself by the nearest visible point without losing direction? What does it mean to have one's decisions oriented toward the next possible step instead of some final, perfect solution?

ELEMENT 1: SETTING UP A STRATEGIZING CONTAINER

Bringing people together—shaping and 'maintaining' processes. Strategizing takes strategy work down from the top of Mount Strategy and embeds it in an alternative structure. The organization entrusts a strategizing team with the task to develop a suitable strategizing process for the organization—formats that enable reflection and strategic dialogues with different people—preferably a cross-functional team whose members are not appointed by management but chosen by the different departments of the company so that their respective perspectives can be introduced in the control of the process.

The strategizing team is a microcosm that mirrors the entire organization in its dynamics with a clear focus on joint strategy work. Depending on the size of the company, six to twelve people are sufficient to start a strategizing process. The essential factor for success at the outset is: the creation of a stable

(social) container that creates tight cohesion, the ability to reflect, and the competence to deal with uncertainty.

The strategizing team has the following main duties: to get the process underway, to shape it and stop it, to reflect upon it, to give feedback, and to create suitable formats to do that. In short: to pay attention HOW the process can and should be done. This implies constantly reflecting on the questions: Which of the organizational (cultural) patterns ('autopilot') we have developed in the course of our history have become dysfunctional by now in terms of what we are trying to achieve? And how can we name them and change them?

Thus the strategizing team becomes a permanently installed body of reflection in the organization. The point is to structurally anchor the conscious alternation of action and reflection, for organizations logically have a tendency for action, for an operational capacity to act. More often than not, the room for reflection has to be installed consciously. It all starts with asking questions that are to be kept open during the process, without looking for quick answers: Where do we want to go? What is our next step? Who do we have to involve? What is the best timing? How do we meet, and with whom do we exchange views? How do we manage to make quick decisions, and how do we directly implement what we want to try out next? How do we establish ongoing communication? How do we succeed in directly implementing our answers? The ensuing goal is to get feedback from different users and establish formats for 'sense and respond' and strategic dialogues.

Strengthening the richness in perspectives and the ability to reflect. Unlike on Mount Strategy, in the Strategizing Hills more people and more perspectives are to be involved in the process: first from across the entire company, then from partners and suppliers, finally from the company's clients and customers. They serve as sensors, feedback providers, idea scouts, and prototypers—to set out for the unknown. The more stable and precise the essence of the strategizing process becomes in its format over time, the more people can contribute their perspectives and potentials. And the fact that no longer just a few people at the top 'operationalize' the 'right' answers for a few others at the bottom provides an opportunity for many members of the organization to make sense of the strategic deliberations, making an implementation much more likely.

Allowing self-organization. But even in the Strategizing Hills you cannot do without a control system. Whereas on Mount Strategy a few top managers decide on content and strategy, in the Strategizing Hills it is a group of people that is responsible for planning and maintaining a continuous decision process. It is their task to uphold the common strategy process.

In this context it is decisive to clarify the role of the decision-makers in the hierarchy of the strategizing process. It's not individual top managers who control the strategic alignment of the company, it is the process—inspired by the core team—that takes control. In strategizing it is the process itself that becomes the driving engine of the development. Top management is closely connected as part of the (extended) team or simply as the sponsor of the strategizing process. It commissions the project and sets the framework; it is involved in the reflection process and gives constant feedback on strategic decision-making options.

This is a crucial step towards self-organization. It solves a few core problems of today's top management. The cues are: excessive demand on the part of top management, bottleneck for decisions, 'the need to know everything,' implementation dilemma, paperwork instead of action, missing ownership for others, etc. It's a fact that in today's VUCA world individual people cannot know and decide everything. Instead, in a strategizing process, responsibilities are more widely spread and distributed among more sensors, who are then able to contribute more and varied perspectives into the strategy work. Conflict management via resources and alignments is done by the development of intelligent and suitable decision-making processes.

Installing meta observations. The strategizing team will thereby turn into a 'meta observer' of the impact and feedback on their own company's strategizing process. The team reflects on the effects of individual interventions and emerging cultural dynamics. It verifies the assumptions that are underlying the procedure, adapts them and derives new interventions, always aiming to support all synchronization and communication about processes, structures, and technologies between the different parties involved. It provides feedback, organizes an exchange of experiences, and fosters a mutual learning process between teams and people.

Therefore the strategizing team repeatedly needs to ask themselves: How do we tick? Which patterns are we shaped by? How do our current strategies come into being? How are we influenced by our DNA? A continuous culture check-up helps reflect and understand what is systemically played in the organization via the 'green loop,' the organization's autopilot, and to question these habits. Are we guided by the patterns that have taken shape during the lifetime of our organization? Or have we decided in favor of one or the other strategy?

At the same time we are looking at the interpersonal dimension: What moods and trends are developing within the company? What's happening on our end? Which topics are emotionally charged and in what way? And which topics trigger what kind of emotional response in relation to our strategic initiatives and dialogues? The strategizing team makes use of the resulting dynamics among all members for the further development of the company and its strategies. A strong culture of feedback and trust is created. The strategic decisions are only as good as the team's ability to deal with conflicts, emotions, and resonances.

ELEMENT 2: USING PURPOSE AS A CENTRAL POINT OF REFERENCE

Switching from outside-in to inside-out! In the Strategizing Hills it is the company's purpose that becomes the central reference point in its strategic development instead of content specifications in strategy papers from the top of Mount Strategy. Strategizing is based on the basic assumption that the environment is too volatile to be clearly 'deduced' from a 'mathematical' analysis of a strategy. The environment is too dynamic and too volatile, the indicators too interconnected in their impact. Orientation in a volatile environment can only be created by stable reference points from the interior.

Consultants argue that strategy comes from big data, but it really comes from the heart.
(Hirotaka Takeuchi) [5]

The inner purpose of an organization becomes the guiding star and reference point in a dynamic environment. Takeuchi's "purpose is at the essence why firms exist" puts it in a nutshell. "There is nothing mushy about it—it is pure strategy. Purpose is very idealistic, but at the same time very practical."[6] The leadership of an organization in next:land has to be deeply connected with its purpose. "This may sound touchy-feely to business leaders trained to prefer quantifiable metrics like sales growth and operating margin," says Takeuchi.[7] But in a world of rapid change and profound insecurities, the greatest competitive edge lies exactly in this essence.

A clear purpose unites employees and attracts people who wish to bond with that purpose, it bundles otherwise widely spread ideas, energies, and interests to new projects and innovations, and it has internal departments and processes play together again. And by being a strategic instrument and reference point, it helps steering in turbulent times. But the purpose does not only take effect within an organization but also on the outside, because authenticity leads to consumer acceptance.[8]

Follow the Purpose River! Companies that still need to do this reversal, companies that have not found their purpose yet may embark on a purpose quest. It's a journey into another area of next:land by

following the central river of the new continent up to its source. It is a quest for answers to the questions: Why do we exist? What is our 'why'? What do we want to bring into this world? And what does the world want from us?

Navigate by Purpose! Once found, the purpose becomes a starting point and reference point when navigating. Where are we standing? In the here and now? Where do we want to go next? Which actions do we need to take to better express our purpose? And which actions should better be avoided because they do not serve our purpose?

The objective in an ongoing strategizing process is to create a decision-making process that repeatedly brings up the following questions: Which direction do we need to take? Which actions have to be taken next to bring our purpose powerfully into the world? And naturally: How do these actions that are inspired by the purpose connect with our relevant stakeholders and our relevant environment? And which internal structure may support us best in that?

ELEMENT 3: DEVELOP STRATEGIC PREFERENCE RULES ('RULES OF THUMB')

Perceive resource allocation as a central filter! In now:land it is true that specifications from strategy papers from Mount Strategy have to be transformed into guiding maxims by all employees of the company. However, this is rarely the case. Most strategies fail in the implementation precisely because most of the employees' guiding preferences are not oriented toward them in their daily work. This is also true for executives.
This easily becomes clear when you ask a group of decision-makers of a company the following question: How aware are you of your guiding criteria after all? It usually suffices to have a group of decision-makers write down their individual answers to the simple question: What are my guiding rules of thumb at the moment? The result is almost always the same: Management is hardly coordinated, and there are no common strategic reference points for business and day-to-day decision-making. It is always exciting to see how people in an organization—and under a supposedly established strategy—manage their resources differently. And how different the images are that make up their decision-making rules. In short: Everyone has their own rules of thumb according to which decisions are made.
Yet, it is precisely the development and permanent synchronization of guiding rules of thumb that are the central key for successful strategizing. It is essential that the actual allocation of resources is perceived as the central filter by both top management and employees.

Stimulate a permanent strategic dialogue about guiding priorities! From our point of view it holds true that a strategy can only become meaningfully effective when all people in an organization really align their daily energy, their resources and decisions to it. Therefore, it is a basic element of strategizing to develop these rules of thumb together and—aligned to the organization's purpose—make them the filter in the actual daily resource-allocation process. The goal is to prioritize certain courses of action over others with all important and unimportant decisions for all members of the organization in order to bring the purpose into the world alive—step by step and in a day-to-day mode.

Therefore, it is of vital importance in the Strategizing Hills to develop individual rules of thumb, and to start a permanent dialogue about guiding priorities.

Doing **the first step** into the Strategizing Hills it is crucial to really make all guiding preferences transparent to all people in the core team. What are the actual guiding principles in your field of action? Why does someone decide this way and not that way? Then, after all answers have been collected, the first strategic rules of thumb need to be derived from that actual state, and a maximum of seven should be prioritized. In **the second step** it is important to derive rules of thumb from the purpose and the current strategy independently. Here, too, a maximum of four to five rules of thumb should be developed. In the center of **the third step** is the dialogue about the effects that each rule of thumb has produced, and a check against the purpose and a fit to the strategy must be done. Following, an agreement should

be reached on a maximum of seven rules of thumb, derived from the actual-state analysis and the purpose, as common rules of thumb for the strategizing process. **The fourth step** is about the common response to the question: How often do we introduce perceptions from reality in the process of reflection and make a connection with our strategic rules of thumb? How do we reach a communication and review process that brings the different views together and answers the issue of prioritizing and synchronizing the rules of thumb?

The strategizing team then defines synchronization LABs for the most important rules of thumb per business environment to ensure uniform alignment on a regular basis (e.g. twice a year). The main questions being: How do we make decisions about resources? How do we set priorities across all business units? How do we manage to set up a communication and review process, in which all relevant points of view are collected and all questions answered? How do we organize regular sync meetings that produce updates and next decisions? What shall we do next? What other projects will be added? Which ones can be dropped?

Concrete examples for rules of thumb

EXPLOITATION VS. EXPLORATION!
Rules of thumb turn fundamental tensions and contradictions in an organization into manageable decision-making patterns that are transparent and serve as guiding bases for all members of an organization.

One of the central strategic issues of resource allocation in a company is the decision between short-term liquidity maximization today and long-term securing of success in the future. How much do we have to invest to make our products and services sustainably successful or to redevelop them? How much do we focus on short-term optimization and levying? Can we still count on our cash cows? Or do we have to invest more quickly in new developments and business segments?

Looking at 'Exploitation' you also pay attention to current business models and successful product/market combinations. Simply put, it is about caressing and feeding the company's cash cows, while observing if their meadows—markets, economic environment, and customer requirements—are changing. This means optimizing those business areas of the organization that are suitable to the organization's purpose permanently. Which of the existing strategic positionings are successful and should be continued slightly modified? What is working well? What can we improve? Where do we stay on?

'Exploration' on the other hand means that the strategizing team again and again has to wonder if there are other ways and new business opportunities beyond the hills that the company should pursue in order to develop its purpose. In other word: Exploration means creating Minimum Viable Strategic Products (MVSPs) in an attitude of prototyping, which we are going to describe in the next step on our way into the Strategizing Hills (Step 4: Prototype). The goal, however, is not to find the 'right' solution but a first draft in order to quickly try out new ideas and directions, and to learn from feedback. Under another rule of thumb: 'Better done than perfect' and under the guiding principle 'Safe enough to try.'

The challenge for the strategizing team lies in dealing with these different controlling logics at the same time. Exploitation means optimizing your autopilot (routine control). Exploration means innovation management and transformation control. Both require different framework conditions, processes, systems, and often even different actors. Successful strategizing has to focus on the tension on both sides and balance the rules of thumb accordingly. It is precisely here that the conscious alternation of action and reflection comes into effect, for the consciously structured balance between exploration and exploitation requires reflection: a stepping out of the operational 'maelstrom' (or 'firefighting') in order to focus on the long-term perspectives... to avoid the urgent matter beating the important one all the

time. This becomes the strategizing team's main task in the central function of meta observation (see Step 1: Meta observation).

What is described here as the tension between Exploitation and Exploration can be found in other areas of tension that are or can be essential for the development of an organization. Some more examples: 'Service solutions even over standalone products,' 'good things even over other good things,' '(inorganic) growth even over profit maximization,' 'Asia even over Europe,' 'customization even over standardization,' 'purpose even over profit,' 'individuals and interactions even over processes and tools,' 'emerging even over proven,' 'prototyping without compromise even over standardization and perfect solutions,' 'done even over perfect'...

ELEMENT 4: PROTOTYPE: FAIL FAST, LEARN FAST

RESPONSIVENESS AND LEARNING AS CORE ELEMENTS OF UNDERSTANDING!

The following questions that are to be posed not only in the field of exploration but in the whole of next:land must be: How do we manage to create strategy work, knowing there are no right answers and solutions in a complex environment? How do we manage to make the different perceptions that are coming from reality the subject of our reflection? How do we process them? And how do we connect them to our priorities?

The main questions are: How do we get into a mode of experimenting? How can we design our projects and initiatives in such a way that we are left with learning and feedback from reality and not with paralyzing analyses? How do we keep getting feedback in order to align our development to actual needs and experiences? How do we integrate our customers and other 'users' into the process?

In many organizations we observe a strong tendency to look for perfect solutions and to keep analyzing things for too long and too much before trying them out. It often runs contradictory to an organization's autopilot mode to integrate the basic principle for strategizing—'Fail fast, learn fast!'—into their projects. After all it's diametrically opposed to what they have learned about strategy so far.

Failure becomes a necessary component in a strategizing process, and not a mistake. This is a particularly challenging change of attitude for organizations. Many organizations have difficulty in lowering the bar for decisions. They work for nine months or more on the development of a strategy, they invest millions but cannot decide in the end between three scenarios on the table. Scenario A looks great but has certain disadvantages X. Scenario B seems equally promising but has certain disadvantages Y. Scenario C is captivating in its way but has certain disadvantages Z...

It's precisely this inability to decide while looking for the 'right' strategy with a '0-1 logic' that should be opposed by responsiveness in adaptation mechanisms as a core element. This means saying farewell to the quest for the Holy Grail of perfect solutions in favor of relying on a higher speed of learning. For strategizing is about the opposite: trying out, getting better, learning from ones mistakes faster and more consistently in a prototyping mode—'Sense-build-measure-learn!' The goal is a culture of decision-making that is not based on 'right' or 'wrong' but on 'safe enough to try' and 'better done than perfect.'

The essential attitude behind the process of strategizing is not perfection but 'accepting constant imperfection.' Unlike in now:land on Mount Strategy it is never about the one and only 'right' solution but about many, quick, and clear solutions. What is working for us? And what does not lead the organization step by step into a new and unknown future? One of the main principles in next:land—which we from dwarfs and Giants present in our Manifesto —is at work in this prototyping mode. It can also be understood as the central rule of thumb in the strategizing process.

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BREAKING THE PATTERN BY CHANGING CONTEXT AND CREATING NEW FORMS OF WORK!

In this context, the strategizing team is faced with the challenge to create prototyping contexts and new forms of collaboration that support breaking the pattern and foster learning. We know from our experience that 'Agile Project Logic' and 'Learning Journeys' in particular have proven very successful. In next:land of organizing **Agile practices** characterize one of the largest and best-developed regions: the Highlands of Agility. Inspired by Scrum in IT development, extremely successful work has been done here for quite a long time, using Visions, User Stories, Product Backlogs, Product Owners, and Sprints in interdisciplinary teams. next:land researchers Hirotaka Takeuchi, Jeff Sutherland, and Darell K. Rigby describe in "Embracing Agile" the effects of these methodologies and point out that they should also be transformed for general management.⁹ The entire spectrum of successfully tested new working methods and processes is available. Along with Scrum's Sprint logic these are the methodologies of the Lean Startup mindset, all of which can be applied here. More and more companies worldwide are already working this way: Google, Tesla, PepsiCo, Netflix, Spotify, Apple, Tesla, Patagonia, Gore, John Deere, Saab, Buurtzorg, Itronis to name just the best-known. These are all organizations that have already reformed their organizational processes on the basis of the new way of thinking and the new methods.

Learning Journeys in internal and external business worlds are proven and effective ways to gain inspiration and concrete know-how for pattern breaks.

On the one hand, Journeys into internal worlds of stakeholders (and other business areas, suppliers, customers, investors, etc.) prove helpful in order to immerse in their reality and develop a better understanding of the given needs, approaches and challenges, and to better connect with their business environment in subsequent strategizing dialogues. The goal of this encounter is to ask what drives these stakeholders, where will they turn in the future, and what will they need for that. In doing so it is important to allow surprises and be open for new perspectives.

On the other hand, Journeys into the external worlds of companies that have already settled down in the different areas of next:land are recommendable. There are three main benefits that we've experienced in Journeys into external organizational worlds so far: a) a common experience of how other forms of working and organizing function in practice, which encourages experimenting with new things; b) suggestions concerning the question as to HOW in concrete terms things can be done differently (content-related impulses for the company's restructuring open new options for action), and c) dialogues with people who are already in next:land in terms of attitude and approach, which can be both inspiring and irritating.

KEEP ON DEVELOPING THE <u>HOW</u> AND <u>WHAT</u>

The path from Mount Strategy into the Strategizing Hills breaks with numerous familiar behavioral and structural patterns in organizations. In our experience, in the beginning the path into the Strategizing Hills is mainly concerned about the 'how' of the process. In order to come to content-related questions and strategic decisions in terms of strategizing, new structures and formats—in short: the organization of the process—must be developed and established as supporting columns. Furthermore, containers need to be created, in which strategizing dialogues can take place. The guiding question being: What kind of containers do already exist for that? Do we want to rethink them, and if yes, how? What kind of new containers do we want to create that support a break of patterns?
In the beginning, organizations usually have difficulty focusing on HOW to do it because the strategic topics have not yet dealt with. Traditionally, organizations are more familiar with WHAT to do, and quickly focus on that without being aware of how to organize themselves to do so. Who is to be involved? How do we get feedback? How do we provide space for unconventional thinkers? etc. The ensuing question automatically asked by top management is: When do we get to the strategic topics? But this will change in the course of time. After all, shaping the HOW of the strategizing process is at the center of all strategy work. This also implies that the matrix of each container be prepared for openness, confidence, and the ability to reflect. Only this way the ability can be developed to withstand strategic

contradictions, engage in controversial dialogues, integrate different perspectives, and move forward together without constantly falling back into old patterns. The more this HOW is refined, the more content-related questions move into the center of attention, the more content-related strategic questions can be processed in well-functioning and well-established containers. Therefore, the question concerning the establishment of a strategizing process is: How much importance do we place on the HOW (process) compared to the WHAT (results/content)? It's always going to be about the HOW—for this is an essential design dimension, which is used by an organization to experiment with and to develop itself in an evolutionary way in the strategizing process.

THE ADVANTAGES OF STRATEGIZING

Dynamic Steering – Permanent Change Creates Stability. An organization in the Strategizing Hills gains what companies in the VUCA world need most: the ability to react and speed of change. The process of strategizing enables organizations to adapt flexibly to new situations when the environment is changing or when previous assumptions about contextual conditions prove wrong—which seems to be increasingly the case in our globalized and highly complex economic world.
This is true for the Strategizing Hills: A constantly changing organization creates stability in a constantly changing, volatile, and unpredictable world. The central benefit of strategizing is the fact that managers and employees abandon the illusion that strategic content and guidelines coming from Mount Strategy are able to create any kind of security. Security may be a strong desire of many top managers and people in organizations—not least to reduce complexity—but simultaneously the greatest illusion in the VUCA world.
Instead, we experience that the process of strategizing creates some kind of dynamic stability. Imagine you're sitting on a plane flying over next:land of organizing. The plane looks sturdy. But behind what we call stability lies the permanent work of hundreds of sensors constantly perceiving what is going on, and constantly reacting by adjusting a number of elements in order to create stability.

Become a next:land organization! Additionally, organizations on their way into the Strategizing Hills will inevitably be affected by the five principles of next:land: people in organizations organize themselves with the aim of fulfilling a purpose, in structures of distributed authority, in a constant process of adjustment by evolutionary learning, in independent collaboration, and with transparent and shared information—with all those positive effects on the individual, organizational, and societal levels that we describe for the shift from now:land into next:land.

Download our next:land Manifesto and our five principles of self-organization!

SHIFT FROM MOUNT STRATEGY INTO THE STRATEGIZING HILLS

Four different principles of strategy work in now:land and next:land of organizing
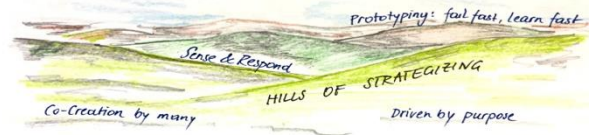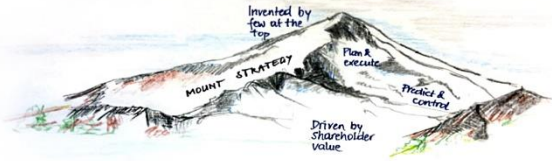
TENSION	MOUNT STRATEGY	STRATEGIZING HILLS	BENEFITS
Illusion of omniscience and overview, separation of head and hand, high development cost, not 'enough' or 'unfiltered' data, management as a bottleneck, lack of involvement of those who are supposed to put things into practice.	Invented by few at the top	Co-creation by many in the organization	Acknowledgement of the complexity of a VUCA world, collective sensemaking: benefit of multitude of perspectives of many sensors from all company contexts, Agile sense and respond on the basis of feedback from reality, development and implementation are not separate phases anymore.
Focus on maximization of profit figures that have a positive impact on bonuses or renewals of temporary management contracts, hardly understood by employees, therefore seldom guiding principles for daily resource allocation, extrinsically motivating.	Driven by shareholder value	Driven by purpose	Anchor point for different companies for a common corporate purpose, relevance and efficacy in daily resource allocation and in decision-making processes, potential for high employee commitment and identification (meaningful and motivating).
Acceptance of stable contexts and parameters, belief in predictability and deviation control, dead end for the search for the 'right' strategy, longing for stability and predictability as a trap, illusion of prognostication of complex and unforeseeable developments or undecidable alternatives.	Predict and control	Sense and respond	Ongoing strategic dialogue about guiding preferences (rules of thumb) that become relevant for daily decisions, focus on pragmatic applicability in many situations, repeated reflection of assumptions and changes.
Misjudgment of the operationalizability of global strategies and implementation periods, high expenditure of time and cost in planning, low speed in implementation, plans rarely reach significance and identification with grass roots of the company.	Plan and execute	Prototyping: Fail fast, learn fast	Strategy development as a continuous process of adaptation and learning, ongoing dialogue with high speed of development and reaction, new culture of mistakes, 'permanently BETA.'

[1] Steve Denning, Can the 21st Century Corporation Operate Without Agile? *Forbes* 10/23 (2015).

[2] Michael Porter, What is Strategy? *Harvard Business Review* 11 (1996).

[3] "91% of Companies Report Unsuccessful Change Programs: Strategy Execution Failure is the Norm." According to Harvard Business Review Analytic Services, only 9% of people say that changing initiatives succeeded in their company. The study, "Business Change: From Disruptor to Differentiator," was sponsored by customer experience strategy leader Strativity Group. https://hbr.org/sponsored/2016/09/business-change-from-disruptor-to-differentiator
Cf. also:
- http://www.harvardbusinessmanager.de/heft/d-133760009.html
- https://hbr.org/2015/03/why-strategy-execution-unravelsand-what-to-do-about-it
- https://hbr.org/2016/11/the-world-just-got-more-uncertain-and-your-strategy-needs-to-adjust
- https://hbr.org/2016/12/the-scary-truth-about-corporate-survival

[4] Karl E. Weick, *The Social Psychology of Organizing.* Second Edition, New York 1979.

[5] Generation Flux's Secret Weapon, FastCompany 12/2014.

[6] Generation Flux's Secret Weapon, FastCompany 12/2014.

[7] Generation Flux's Secret Weapon, FastCompany 12/2014.

[8] It can already be seen that purpose-oriented companies have a better performance. MIT Sloan School already refers to them as Game Changing Organizations, and their number is on the rise worldwide. Companies such as Apple, Chipotle, Google, and PepsiCo are just the best-known players among them. In a world that it changing faster than ever before, companies focus on their purpose in order to release product differentiation, talent acquisition, as well as staff and investor loyalty. And the more they align themselves and their purpose with something beyond profit maximization, the more money the make.

[9] Darrell K. Rigby; Jeff Sutherland; Hirotaka Takeuchi, Embracing Agile. *Harvard Business Review* 5 (2016) 40-48. https://hbr.org/2016/05/embracing-agile