

# Ashridge Strategic Management Centre

## *Strategy Journal Retrospective, January-February 2018*

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Pointing you to articles of interest to strategists in leading publications

### ***Here's Why Strategy Chiefs Succeed or Fail***

Jo Whitehead, Felix Barber and Rebecca Homkes. Harvard Business Review

Three of our colleagues here at the Ashridge Strategic Management Centre have completed an in-depth review of the strategy function. They looked at 55 heads of strategy, deep-diving on 11 who were particularly successful and 10 who were not. (You can download the full white paper [here](#).) In this HBR article, they summarise their key findings, illustrating them with case studies. First, the head of strategy's capabilities should fit the challenges facing the organisation – but, as corporate priorities change, so should the head of strategy. The head of strategy's critical skills shouldn't be duplicated in house (which means, as a corollary, that a company should consider whether other members of the senior team could do all or part of the strategy role). Conversely, if a candidate for head of strategy has unique capabilities, it may pay to tailor the job accordingly. Finally, for all the emphasis on the head of strategy's skill profile, our colleagues warn not to neglect cultural fit, which can be a tripwire on the path to a head of strategy's success in his or her role. If any member would like to discuss the research in more detail, please contact [jo.whitehead@ashridge.hult.edu](mailto:jo.whitehead@ashridge.hult.edu)

### ***What sets breakthrough strategies apart***

Teppo Felin and Todd Zenger. MIT Sloan Management Review

In these Roundups, we've frequently looked at how to eliminate decision-making bias, and we've recently covered the role of AI in supporting strategy. Now, in the MIT Sloan Management Review, two authors say enough is enough: de-biasing decision making, eradicating errors and ceding strategy to AI will not improve strategy performance much, they say, let alone lead to breakthrough performance. That's because innovative strategy needs new insights and unique points of view, and those come not from mining data but from taking a contrary, even distorted perspective on the world around us. If everyone uses the same tools and eliminates bias, the result will simply be shared-conclusions and me-too strategy - better executed than before, perhaps, but nothing special. Strategy works well, the authors say, when the strategist starts with a major problem, uses the problem to come up with a theory (which is his or her unique perspective), and then proceeds to road-test the theory. [More](#)

### ***Robo-Advisers Are Coming to Consulting and Corporate Strategy***

Thomas H. Davenport, Barry Libert and Megan Beck. Harvard Business Review

Taking a robustly different view from the authors in the article summarised above, Thomas Davenport and colleagues have a provocative message for you: the robots are coming, and they may be coming for your job. Many of us, the authors say, are quite comfortable being given "robo-advice" about our investments; indeed, Deloitte has estimated that about 10% - 15% of all retail funds will be under automated management by the year 2025 ([more](#)). Could corporate strategy be next in line? The authors point out that strategy consulting firms bring data-driven advice that's guided by previous experiences – an ideal substrate for machine learning. The amount of data available to corporations is constantly increasing, and the cost of AI is dropping, while what it can do is increasing. The authors offer three ways forward for strategists: they could become integrators of robo-advice from multiple sources, they could narrow their scope and advise on business models only, or they could even redeploy as behavioural coaches, "coaching leaders on the best approach to success using their EQ skills". [More](#)

### *How to Develop Strategy for Execution*

Donald Sull, Stefano Turconi, Charles Sull, and James Yoder. MIT Sloan Management Review

The key to formulating strategy well, these authors say, is not to start by defining your strategic priorities. Rather, you first need to define where the pieces of your strategy belong: **what goes at the corporate level, and what goes at the level of the business unit?** With that clarified, the rest of the strategy process should be structured around three questions. Rather than beginning with a review of current challenges and projecting the current business into the future, strategists should begin by **reflecting on what's in the company's vision**, as the authors' research shows that linking strategic priorities to a long-term aspiration improves the odds of implementation. Secondly, strategists should **assess their company's key strategic vulnerabilities**, by creating a visual map of the company's main strategic choices. The authors helpfully suggest doing this as a group, writing your organisation's strategic choices on Post-it notes and arranging them for review on a whiteboard. With the key choices defined, draw lines between them to show the interdependencies between the choices. These are your company's key vulnerabilities, the strategic elements that are most important for success and also most likely to fail in execution. Finally, strategists need to **prioritise the choices available** – and, the authors caution, should not spread their bets too widely. Rather, they should make sure that the critical strategic initiatives have the resources they need to succeed. Because this process inevitably produces winners and losers among the executives whose projects are chosen or deprioritised, this part of the process, if done robustly and well, will produce conflict that needs to be managed. [More](#)

### *Why the British economy has done better than expected since the Brexit vote*

The Economist

Following Brexit, a recession was predicted. House prices were set to crater; unemployment would rise. But GDP growth is at 2% (similar to 2015), house prices are steady, and unemployment is at a 42-year low. The Economist wonders: what went right? Why are companies in Britain doing so well? The reason, in the Economist's view, is that no one has noticed anything changing yet: Leave voters got what they wanted and Remainers still perceive the real impact of the referendum as a long way off. With consumer confidence high, businesses have not yet reined in investment. And the global economy, where trade volumes have been growing, has also floated British boats – especially for exporters, who have been helped by the 10% fall in the value of the pound since the vote. Foreign investors may be nervous, but they still trust Britain's legal system and low rate of corporation tax. For all this good news, the Economist remains lugubrious, stressing that Brexit will have “profoundly negative long-term economic consequences.” [More](#)

### *Open innovation: research, practices and policies*

Marcel Bogers, Henry Chesbrough, and Carlos Moedas. California Management Review

In this special 12-page roundup, open innovation guru Henry Chesbrough and colleagues review the history and current challenges of open innovation (which the authors define formally as “a distributed innovation process based on purposively managed knowledge flows across organisational boundaries,” and which you could also think of as “sourcing ideas from outside”). Drawing a long historical arc, the authors point out that the world before 1914 was much more open to the cross-border flow of people, ideas and investment than it became for much of the twentieth century, when nationalist, protectionist ideas held sway. In the authors' view, we are re-emerging into an era where regulatory policy supports openness. New sources of capital are emerging, although slowly: crowdfunding has lagged the crowdsourcing of ideas by several years; nonetheless, open innovation is under-funded in general, which means that large firms still have a competitive advantage. [More](#)