

Strategic Conversations

Most organizations fail to take full advantage of their employees' knowledge, initiative, and imagination. In this accessible and practical book, J.-C. Spender and Bruce A. Strong provide a guide for building entrepreneurial workforces through carefully designed conversations between management and employees. These "strategic conversations" make employees partners in the strategy development process, engaging them to help shape the organization's future. The result is transformational: instead of strategy being a dry, periodic planning exercise for the few, it becomes a dynamic and continuous act of co-creation enriched by the many. Case studies illustrate how leading organizations have used strategic conversations to build sustained competitive advantage, create innovative business models, make better decisions under uncertainty, reduce the need for change management, and enhance employee engagement. The book will appeal to managers, entrepreneurs of all stripes, and teachers and students in schools of business and public administration.

J.-C. SPENDER is Research Professor at Kozminski University, Warsaw and Visiting Professor at Cranfield University and ESADE (Ramon Lull University). Before entering academic life he worked for Rolls-Royce, IBM as a large account manager and special products planner, in merchant banking, and was involved in several Silicon Valley start-ups. He was on the faculty at various universities, including UCLA and Rutgers. In 2003 he retired as Dean of the School of Technology & Business at SUNY/FIT, and between 2007 and 2008 he served as the Fulbright-Queen's Research Chair. His current research involves theorizing on firms and markets under conditions of Knightian uncertainty, with additional interests in, and publications about, the history of management and management education, strategy, and knowledge management.

BRUCE A. STRONG is a founding partner of Cambridge Partners and Associates Inc., a multidiscipline consulting company serving the US and international business communities. He is an entrepreneur, founding systems integration firm Context Integration (that did more than \$250 million in sales), he is also a consultant to the senior management of global organizations such as PwC, the World Bank, and State Street Financial, and is a featured speaker and lecturer on knowledge and strategy. He has been written up in Fortune and Fast Company magazines for his knowledge management work, and has written both academic and business articles, including two for the Wall Street Journal, one on knowledge management and the other (with J.-C. Spender) on innovation.

“*Strategic Conversations* redirects our focus to the pent-up, under-utilized asset right in our own back yards: our people and the powerful ideas they are capable of generating. For leaders, the book provides a practical blueprint for what it will take to effectively design, motivate, and harvest this kind of employee engagement. It shows that successful strategies aren’t the product of a regimented, top down process, but of passionate conversations constructed by leaders who know how to listen.”

Sindri Anderson

Managing Partner, Enact Global Consulting

“In health care, innovation that makes a difference is rarely the product of a single individual – it takes a team. *Strategic Conversations* shows how to engage a range of stakeholders, from employees to external partners, to create business-model-enhancing change.”

Naomi Fried

Chief Innovation Officer, Boston Children’s Hospital

“The financial markets are increasingly complex and challenging. There is no room for slack in the system. We have to tap into our greatest asset – the intelligence of our employees – in a meaningful and engaging manner to shape our future optimally and responsibly. *Strategic Conversations* provides managers with a guide for engaging employees directly to become active contributors.”

James Hardy

COO Global Markets, State Street

“The authors’ notion that the purpose of strategy is to address knowledge absences is insightful. Their prescription for dealing with fundamentally irresolvable uncertainty is a unique contribution to the strategy literature.”

Mary Lee Kennedy

Former Chief Knowledge Officer, Microsoft; Senior Associate Provost, Harvard University; Currently Chief Library Officer, New York Public Libraries

“It takes a few entrepreneurs to start a business. Sustained success needs many entrepreneurs. *Strategic Conversations* shows how great companies create and sustain a culture of employee entrepreneurship.”

Tony Lent

Senior Managing Director, Wolfensohn

“The ‘secret sauce’ of an innovative company is ability to sustain a culture that is agile, fearless and in sync. *Strategic Conversations* demonstrates how to create engagement across your entire organization.”

Michael Maddock

CEO, Maddock Douglas

“It’s rare to read a strategy book that says something new, insightful, and useful. *Strategic Conversations* by J.-C. Spender and Bruce A. Strong does. They argue strategy calls for judgment as well as analysis, so senior management does well to call on the practical judgment of their colleagues inside and outside the business. Their book is a practical handbook for doing this and will help you think differently and creatively about both developing and executing strategy.”

Professor Andy Neely

Founding Director, Cambridge Service Alliance

“In work and in life there is a higher return on invention. The authors understand this new value equation and extract many wonderful examples of how companies are accelerating their businesses by creatively engaging employees in re-imagining the future.”

Lori Senecal

CEO, KBS+

“To innovate its business model, the World Bank is increasingly engaging its partners and clients in strategic conversations. This act of co-creation is imperative for keeping the Bank focused on achieving its goals and fulfilling its mission.”

Klaus Tilmes

VP Financial and Private Sector Development, World Bank

Strategic Conversations

Creating and Directing the Entrepreneurial Workforce

J.-C. SPENDER

BRUCE A. STRONG



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press & Assessment
978-1-107-62117-6 — Strategic Conversations
J.-C. Spender, Bruce A. Strong
Frontmatter
[More Information](#)



Shaftesbury Road, Cambridge CB2 8EA, United Kingdom
One Liberty Plaza, 20th Floor, New York, NY 10006, USA
477 Williamstown Road, Port Melbourne, VIC 3207, Australia
314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre, New Delhi – 110025, India
103 Penang Road, #05–06/07, Visioncrest Commercial, Singapore 238467

Cambridge University Press is part of Cambridge University Press & Assessment, a department of the University of Cambridge.

We share the University's mission to contribute to society through the pursuit of education, learning and research at the highest international levels of excellence.

www.cambridge.org
Information on this title: www.cambridge.org/9781107621176

© J.-C. Spender and Bruce A. Strong

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press & Assessment.

First published 2014

A catalogue record for this publication is available from the British Library

Library of Congress Cataloging-in-Publication data

Spender, J.-C.

Strategic conversations : creating and directing the entrepreneurial workforce /
J.C. Spender, Bruce A. Strong.
pages cm

Includes index.

ISBN 978-1-107-03619-2 (Hardback) – ISBN 978-1-107-62117-6 (Paperback)

1. Strategic planning. 2. Human capital–Management. 3. Knowledge management. 4. Organizational effectiveness. 5. Organizational behavior.

I. Strong, Bruce A. II. Title.

HD30.28.S6385 2014

658.4'5–dc23 2013045298

ISBN 978-1-107-03619-2 Hardback

ISBN 978-1-107-62117-6 Paperback

Cambridge University Press & Assessment has no responsibility for the persistence or accuracy of URLs for external or third-party internet websites referred to in this publication and does not guarantee that any content on such websites is, or will remain, accurate or appropriate.

Contents

List of figures	<i>page</i> ix
List of tables	xi
Acknowledgements	xii
Preface	xv
1 Introduction – what are strategic conversations?	1
2 The strategic conversations imperative	7
3 Strategic conversations in the wild	23
4 Engaging employees in management’s agenda	48
5 Strategizing and the leaders’ role	71
6 Putting strategic conversations into practice – innovation communities	99
7 Conversation trumps structure – new norms for dialog	126
8 Strategic conversations across geographies, generations, and the multitude	148
9 Engaging the world outside in the conversation	164
10 Creating a self-reinforcing innovation platform – collateral benefits	182

viii CONTENTS

11 Measuring the future	196
12 Epilogue – on managing	209
Further reading	211
Notes	212
Index	228

Figures

Figure 2.1	Diagram of a hypothetical opportunity space	page 11
Figure 3.1	Based on the authors' observations, this figure shows the typical level of engagement for different types of "innovation days" participants.	25
Figure 3.2	Shows the typical level of engagement for the different types of participants in "competitions"	27
Figure 3.3	Shows the typical level of engagement for the different types of participants in "challenges"	29
Figure 3.4	Shows the typical level of engagement for the different types of participants in "sensing and operationalizing"	31
Figure 3.5	Shows the typical level of engagement for the different types of participants in "T-shaped management"	32
Figure 3.6	Shows the typical level of engagement for the different types of participants in "employee strategy reviews"	35
Figure 3.7	Shows the typical level of engagement for the different types of participants in "chaordic conversations"	37
Figure 3.8	Shows the typical level of engagement for the different types of participants in "innovation communities"	41
Figure 3.9	Graph showing typical levels of engagement of primary stakeholders for all types of strategic conversations	46
Figure 5.1	Diagram of a hypothetical opportunity space	83
Figure 5.2	Strategizing in an organization that fails to engage employees in its strategizing process	94

X LIST OF FIGURES

Figure 5.3	Strategic conversations and the strategizing process	96
Figure 6.1	Physician drawing documenting extent of retinopathy in one examination of a premature infant. Lines are drawn freehand on a preprinted template, provided courtesy of Boston Children's Hospital	107
Figure 6.2	Screen capture from "Hyde," provided by and used with permission of KBS+	112
Figure 6.3	Best Buy stock returns charted against the Standard & Poor's Index, 2002–2013	118
Figure 7.1	Strategizing wheel	128
Figure 11.1	Innovation attention map	206

Tables

Table 3.1	Comparison of participant engagement levels by strategic conversation types	<i>page</i> 43
Table 11.1	Strategic conversation contribution map	205

Acknowledgements

We were introduced by Larry Prusak, one of the few people we know who has as firm a grasp of academic theories that might be relevant to management practice as of the management practices that might be illuminated by academic theorizing. We are flattered by Larry's interest, and grateful for his correct intuition that we would find each other's work intriguing and expanding – even as he left us entirely to our own devices. We thank him warmly for the introduction, and hope he is not too disappointed by what he helped bring forth. At the same time we thank our commissioning editor at the Cambridge University Press, Paula Parish, for her great commitment to our project. We also thank Claire Poole of Cambridge University Press, who ushered our process along. Alexis Adair was invaluable in locating, and then convincing, our prestigious and very busy interviewees to take the time to talk with us. She was also instrumental in helping to edit the text. Finally, we extend our appreciation to Michelle Suazo who designed our graphics, and was always gracious and patient with our changing notions of what was needed.

Over the years, as we've ruminated on the subjects presented here, and wondered aloud whether there was a book to be written, we received guidance and encouragement from several fronts. Especially inspirational were Thomas Davenport, Brook Manville, and Herminia Ibarra, all masters of taking complicated ideas and research and rendering them useful to practicing managers. Friends and colleagues Ellen Kamp, Joshua Middleman, Joselyn DePetta, Patrick Moran, Linda A Smith, Rachel Newton Bellow, Marc Roudebush, Carlota Vollhardt, Sudhir Chadalavada, Tim Hargrave,

Pamela Mattsson, Al Jacobson, Charles Burck, and Mary Lee Kennedy provided substantial commentary on the text as it was developed.

This is a book about practice, and over the years we've had the privilege of working with some very talented leaders in organizations both large and small. Chris Cipriano and Corinna Snyder at PricewaterhouseCoopers, Ana-Maria Arriagada, Phyliss Pomerantz, Jan Weetjens, Klaus Tilmes, and Ani Dasgupta at the World Bank, Charles D'Antonio, James A. Hardy, Jee Chung, Julee Sanderson, Matt McKillop, Telly Theodopolous, Flora Sah, John Looney, David John Grady, Jesper Kornerup, Sanjeev Kumar, and Joe Salvatore at State Street, and Sarah Telford of the United Nations, have been sources of great inspiration.

Inspiration also comes in (organizationally) smaller packages. We've benefited from being exposed to the genius of entrepreneurs like Armond Cohen, Joe Chaisson, Brad Kain, T. C. Lau, Reagan Coleman, Abdou Touray, Sindri Anderson, Tony Lent, Ruth Reber Long, Owen Davis, Andreas Merkl, Jeffrey Rosenberg, and Michael Dunn.

Finally, we offer the usual disclaimer that none of the people acknowledged here should be implicated in any way as being culpable for any of the errors of commission or omission found in this book. For these the authors take full responsibility.

Chapter heading icons: illustration 2013 © Igor Kisselev

Preface

This book is the fruit of a mutually exploring and informing conversation that has lasted several years, kept going by our shared passion for the topic. Some people argue over baseball, others over astrophysics; this book's authors are hooked on managing – a strange hobby perhaps. Admittedly, we are an odd couple. Spender is a retired business school professor who had earlier careers as a nuclear engineer and consultant, Strong is a full-time management consultant with a new family. For more than forty years Spender has been working on ideas in the relatively recent field of knowledge management. In an earlier era Strong founded and helped manage an information technology services firm that did over \$250 million worth of business before it was sold. Strong has been looking to underpin his intuitions about management practice with robust theory. Spender has lately been questioning the theories current in business schools, finding them increasingly rigorous but of declining relevance to real-world managers.

Our book is intended to offer actionable advice to managers on how to develop and execute superior strategies, and to do so more effectively and efficiently. We believe we offer managers techniques that will allow them to make better decisions under uncertainty, engage employees more fully, and deliver better results more quickly. Our conceit is that when leaders are able to harness the imagination of employees to the purposes of the firm, the result is valuable business model innovation. Our book shows managers how to make this rewarding connection.

Writing a book along these lines, offering practical advice rather than sketching a theory or design, demands a certain humility. Writing is one thing, managing is quite another. It helps that both of

xvi PREFACE

us have been managers at various times. We are abundantly aware that it is easy to suggest a new management aesthetic as we sit writing, it is quite another to carry it through in the press of the managerial life. So we hope our book captures and communicates our admiration for those engaged executives – especially those prominent in the cases we offer – whose work helps create new value in ways that neither our consulting advice nor our theorizing can claim to.

September 2013

*J.-C. Spender
Bruce A. Strong*