



PURPOSEFUL TRANSFORMATION

We are in a VUCA world: volatile, uncertain, complex, and ambiguous. Where transformation used to be a one-time event in the careers of CEOs – or episodic, at most – it is now continuous. How do business leaders stay ahead and prepare for it? How do they create an adaptable, agile, flexible, fast-moving, and responsive renewal of themselves and their organizations?

TEAM CHALLENGE

Building strategies to win the last war will never prepare you for all the possible unknowns. Guide your teams through the following choice cascade to develop resilient strategy:

1. What is winning?
2. Where are you going to play?
3. How are you going to win there?
4. What core capabilities and competencies are you going to create so you can win?
5. What simple systems are you going to put in place so you can maintain consistency?

01 THE TRANSFORMATIONAL LEADER

“I really believe leaders are made, not born. The process to go through is: I observe, I learn, and then I do.”

- A.G. Lafley

Think

The most important role of the CEO is connecting the meaningful outside correctly to the inside. Seek first to understand the outside environment. A problem well defined is half solved, an opportunity clearly described is half seized. Too much debate occurs on what to do before the challenge is specifically defined.

“Manage your energy, not your time.”

- A.G. Lafley

Decide

A CEO should make very few decisions. Be clear about the ones you do make. Be clear when you make them. A big part of the decision-making is deciding how you are going to delegate. To make that work, your delegation of authority has to be clear. People have to know that they really have the decision. Push decision-making to where the knowledge is.

PERSONAL CHALLENGE

Write a letter to yourself as if it were written by one of your team members. Comment on the extent to which your actions as a leader represent what you demand of your teams.

PERSONAL EXERCISE

The current business environment requires leaders to influence rather than command.

Know who you need to influence, when and why, and follow three steps:

1. Inspire
2. Focus
3. Unleash

Then,

1. Check
2. Adjust
3. Re-inspire
4. Re-focus
5. Unleash again

Do

You have to first be the change that you want to see. People may listen to what you say but they always watch what you do. If there isn't congruence and consistency between what you do and what you say, they are not going to join you. It is a personal choice. Think through what you will change, how you will change, and why you change.

Connect

Build a network outside of your company. Open up, connect, make unlikely connections, and begin to collaborate. Some of them will be dead ends, while others will yield surprising insights.

02 TRANSFORM INTERNALLY

“The more VUCA the world gets on the outside, the simpler, clearer, and more focused the company has to become on the inside.”

- A.G. Lafley

Focus control

When viewing the business environment through the model of three concentric circles – concern, influence, and control – the list of concerns is growing while the number you can control is shrinking. Acknowledge concerns, and check whether there are any of significance, but do not get consumed or distracted by them.

Be very intentional about the few things that you do control. Recognize the ever increasing importance and need to effectively influence.

CASE STUDY

Transformation is an attitude

On the day after going public in March 2017, Snapchat's share price reached a high of \$29. By the end of 2018, it had dropped below \$5.

While a panicked energy gripped the board meeting, AG asked the members three key questions:

1. Are there more daily active users than a year ago?
2. Is daily engagement still growing?
3. Are the users satisfied?

The answer to all three was yes. AG steered the company to focus on what it could control, to delight the community, and to keep building innovation. By the end of 2020, the share price had exceeded \$50.

QUESTIONS FOR YOUR TEAM

1. What business do our consumers think we are in?
2. How does that differ from what business we think we are in?

Choose transformation

Some disruptions pose such a threat to the organization that they cannot be avoided. Yet, these are rare. In most cases, you can and should choose which disruption to focus on. You cannot win them all. Pick the transformation where you can make a difference.

"When I went back to P&G in 2013, I promptly sold eight out of 18 categories that we were in. We shed 15% of the revenue and about 5% of the profit of the company to get focused. I was very clear about our choices. We were going to win by understanding consumers better."

- A.G. Lafley

Encourage ideas

Transformative companies are constantly looking for the next opportunity. Encourage teams to propose new ideas for the short, medium, or long term – daily if possible. Create a safe environment where teams have permission to fail in the process. Guide conversation around the ideas to prioritize which would have an impact. Even parked ideas may suddenly become relevant during a new context or crisis. Build a thinking organization rather than a purely doing organization.

Sense the customer

Changing customer needs and wants should drive new ideas. Stay close to the customer to sense what is changing on the ground. Understand your space and own it. Stay focused on what your consumer thinks your core is.

Distinguish between changes in consumer behavior that are temporary and those that are permanent. Ask how you can influence the permanent behavior that benefits your brand, product, service, and company.

CASE STUDY

Strategy before speed

One of P&G's largest strategy failures was to encourage stretch and speed before developing a detailed roadmap. Speed is important when the company and everyone in it knows where they are going. It works when the course, tactics, and operations are set and everybody is ready to execute.

P&G pursued speed with a vision rather than a plan and missed its numbers by over 15%.

Empower small and agile teams

Keep teams small and tight. If you don't get the fit right, change fast. Set a strategy and vision that gets everybody excited and then have an army of believers that will try to make sense of it, turn it into something more practical, and autonomously start executing in that direction.

Do so without cutting off pathways to a broader voice. Solutions, ideas, or early awareness of a new disruption can come from anywhere. Sense your organization.

"I spent an insane amount of time on talent and training. I really did know the top 250 people in the company. I knew them really well."

- A.G. Lafley

Do not be self-sufficient

No matter the size of your company, you cannot and should not do it all yourself. Create a network of the best players to partner with to get things done. Expose the company to new ideas, new technologies, and new ways of working.

Do not fear failure

Failed strategies are a gift. Fail early and fail fast. Remove blame and focus on what happened and what you learned. Do not create a 'one strike and you are out' culture.

"You control you, your values, your purpose, and whether you lead effectively."

- A.G. Lafley

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CNEXT creates Virtual Leaders Forums, consisting of high-potential senior executives supported by former successful public company CEOs.

Members participate in virtual meetings to gain insights, approaches, and tools to tackle their most pressing leadership and business challenges, while also developing valuable peer networks for the future - all to accelerate organizational performance and achieve their business objectives and professional aspirations.

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