

# Argyle Conversations

by ARGYLE EXECUTIVE FORUM<sup>SM</sup>

*featuring*

**Jonas Akerman**

Chief Executive Officer  
and President  
BTS USA

&

**Jason Redlus**

Managing Partner  
Argyle Executive Forum

*On Tuesday, October 25, 2011, Jonas Akerman, Chief Executive Officer and President, BTS USA, and Jason Redlus, Managing Partner, Argyle Executive Forum, discussed the business of strategic consulting, including the use of discovery learning simulations in effecting change from the bottom-up, the importance of building a culture of innovation, and the value of practice in business.*

**Jonas Akerman** Jonas founded the BTS North American subsidiary in late 1992. Today, BTS USA is responsible for 70 percent of the global revenues. BTS USA works actively with 140 companies, including 53 of the Fortune 100 companies such as Accenture, AT&T, Bank of America, Coca-Cola Company, Microsoft, Sony, Time Warner and Xerox.

In addition to being a member of the BTS Group senior executive team, Jonas is chairman of the board for BTS South Africa and BTS Interactive. He sits on the board for Advantage Performance Group and the BTS Board Division as well.

Jonas was ranked number four of all Swedish executives working for a public company in 2004. That same year, BTS USA was voted “Best Swedish Company in the United States” by the Swedish Trade Council (earlier recipients were IKEA, Volvo and H&M).

In 2008, BTS and Accenture were recognized for the Enterprise Senior Manager Core Program and received the Brandon-Hall Excellence in Learning Awards. BTS also received the Chief Learning Officer’s Learning in Practice Award for excellence in simulations based on a unique business strategy leadership development program at Tiffany & Co.

Jonas holds a master’s degree in mechanical engineering from the Royal Institute of Technology in Stockholm.

Prior to BTS, Jonas founded Data Trend AB and was employed by Ericsson. He is also chairman of the board for Bridges School of Early Childhood Development.

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**Jason Redlus** Jason is the managing member and founder of Argyle Executive Forum, a professional services firm that convenes and connects leaders from highly targeted business-to-business communities for strategic collaboration and business development.

More than 40,000 executives participate in one or several of Argyle Executive Forum’s communities with more than 700 new members joining every month.

Prior to forming Argyle Executive Forum, Jason launched the private equity business effort for Capital IQ, which was acquired by Standard & Poor’s in 2004. Prior to Capital IQ, Jason was an investment banker focused on middle-market M&A and LBO transactions. He holds a Bachelor of Science degree from Cornell and an MBA from Harvard Business School.

**JASON REDLUS: Why don't you give us a little information about you and who BTS is?**

JONAS AKERMAN: I am originally from Sweden, where [BTS](#) was founded back in 1986. I was hired in 1991 to start the U.S. subsidiary and came to the U.S. in 1992. The goal was to come over for four years, find a successor to lead the business and move back to Sweden, but I'm still here. The weather and taxes are better!

BTS started out as a strategic consulting firm back in Stockholm, Sweden. One of our clients made a great suggestion about how to change the scope of what we were doing. We realized that, when it came to working with clients, 50 PowerPoints were not going to do the trick to get people excited about and give them the capabilities to execute their strategic priorities. So we started to

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look at how people learn, take things to heart, and then go out and actually do it. We realized that if they come to the conclusion themselves, it's a lot more powerful and effective than telling them what to do. We looked for tools to aid us in making this happen. We found a new approach in the form of simulations that were being used in leading business schools in the U.S. So we decided to try building them ourselves. We took the strategy of one of our clients and built it into a simulation where people got the opportunity to run a company into the future and try out the new strategy. Effectively, the top 400 executives of this company got to discover the motivations for the new strategy and practice its execution in a risk-free environment. They got to work with the same challenges the executive team had grappled with over the last year, but in a much shorter period of time. This allowed them to come to the conclusion themselves about what should be done. From there, we developed the critical skills to enable people to lead the strategy back in the real world.

This approach is different from strategy formulation consulting in that our focus is on [strategy execution](#). So we formed BTS, which really focuses on building the alignment, mindset and capability in people so that they can execute the strategy or strategic initiatives better and faster than ever. We discovered that developing [business acumen](#) in corporations was a big gap in execution capability. One of the things that we notice most is that people are very functionally oriented and focused on their part of the business silo or functional silo, but when they make a decision, they don't consider how it impacts across the business over time. Companies see tremendous impact when people are able to work across businesses and functions within a company.

**Can you give an example or two of the types of simulations you use? What data is going into those simulations and what questions are they helping people answer?**

There's an array of different types of simulations that we use. Usually, the first step is going into work

with the very senior executives, either of the entire company or a business unit, to understand what it is they're focusing on and what they're not. We do this through a series of interviews and research on the company and the industry. The simulations are often then either about running the entire company or the business unit with a magnification on things that are most critical to the company's success. We put people in teams where they get to compete in a realistic market place. The simulations usually involve how they go to market, deal with people issues, etc. Often, there is no right answer because of the collective actions of the industry competitors. It's about who can consistently make decisions across their company that are in line with the strategy.

Often, it's not just about making financial decisions but also about the leadership and talent challenges faced in leading strategy into action. The whole idea is to communicate the same message about where you're trying to go and make it relevant for people because they're practicing what they might actually experience in their current or future role.

**Is there regression analysis that you do on the models to see if they predicted things?**

No, it's not a predictive simulation. The simulations are for the sake of learning and practice. The idea is to show the most important things a company should focus on. Kind of like a pilot in a flight simulator. He/she will never experience the exact situation in real life as in the simulation, but they will be a lot more confident and know what to consider before making a decision. For example, if a company wants one of their plans to go into a certain market and reach certain customer segments, we first get a sense of where their sensitivities should be by doing interviews with the executives and research on the market. We try to pick the five to seven most important issues that the company will have in entering the markets it wants to enter. We validate our findings with the client and see if they agree, and then we have their employees go through the simulation. The simulation allows them to discover on their own which things have an impact and which don't.

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**The general space in which you operate is referred to as strategy executive consulting. On your website, there's a distinction made about how your business has grown quite a bit faster than the traditional strategy consulting firms. Why is that?**

Yes, we grew even in 2008 and 2009. Whenever we talk to our clients, they tell us that their biggest challenge is the execution of the strategy. There are a lot of things that have to happen in the execution—things like IT systems, infrastructure, comp. models, etc.—but one of the biggest challenges is actually getting people on board and then getting them to feel confident in their capabilities that they can do what is asked of them. Even a perfect strategy doesn't matter if it doesn't get executed throughout the company. The biggest pain is in making that happen because people are resistant to change, and they like to do things the way they've always done them. We're very focused on managing

that change process, and I think that's why we've continued to grow.

**It sounds like the biggest lever to drive strategy execution is people. Is that fair?**

Yes, I think that's fair. I'm amazed by how much companies spend on strategy formulation compared to the execution side. Yes, you'll spend enormous numbers on IT systems, SAP and other technologies, and you need those things. But in the actual execution, executives often think that just telling people that there is a change—having a town hall or making posters or a video—is enough. But if you look at any type of brain research or cognitive reasoning, it'll show that people don't change that way. The most difficult thing is getting people aligned and then making them capable, and if you don't do that, change doesn't happen or at least not anywhere as fast as the companies would want.

**Let's draw a distinction. What's the difference between what a lot of our audience would call traditional L&D—learning and development—versus building the capability to execute these strategies?**

A lot of L&D executives are coming up with skills and competencies needed that are sometimes aligned to what the company is trying to do. Instead, HR and L&D executives should really be part of the discussion of what will drive the strategy versus just being aligned with it. L&D has a tendency to feed competencies but doesn't necessarily think about how it aligns to the business results, which frustrates many executives. My experience is you need to know what behaviors are needed to accomplish the business goals and results that the company is looking to achieve. Once you answer that, then you can start considering what competencies you need and design L&D from there.

I think a key part of building capability to execute is practice. There was an interview done with Captain Sullenberger a while ago, and he said something that I thought was really interesting. He said that he never practiced landing on water in a flight simulator, but when things started going wrong, he very quickly knew what to focus on and, more importantly, what

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not to focus on. For example, if I'm about to land on water, I don't have to worry about the gears or the wheels. And knowing that comes from practice. Whether it's in sports or another occupation, people practice before they execute, but I'm always surprised to find that, in business, you don't really practice a lot. You learn on the job. But there are a lot of things that people learn on the job that can get fairly costly. I often ask executives I meet: what would you prefer your managers not learn on the job?

**Can you talk about some of the anecdotes from your engagements with clients?**

When SBC bought AT&T, it became a company of 300,000 people with two very different cultures. Randall Stephenson, the Chairman and CEO, knew us from previous work at SBC and had some very clear strategic initiatives. We were one of those key strategic initiatives because he wanted people to understand the new direction of the company and which levers people could affect. We started with

a series of interviews with all the executives and officers in order to understand those key initiatives. We then go through a very intensive process of designing the initiative, building out the program components including the simulation and application session. We then pilot it. AT&T started with the officers and then cascaded down to all the managers—about 100,000 people within AT&T—and the whole idea was to get everybody aligned and then build some of the most important capabilities to execute most effectively.

As a next step, AT&T wanted to focus on building a culture of innovation, which is what we've been a part of helping them with for these last two years. The work involves figuring out how to identify good ideas, create a culture of people who can come up with ideas and also establish limitations so companies aren't investing in ideas that aren't very valuable.

Another great example of a business being very targeted towards initiative and very results-oriented is UBS. We started working with them in 2008 or 2009, and the same day that we piloted our program with them, which was a program on cross-selling throughout the business, they announced that they had to take something like a \$14 billion write-off. They canceled all learning and development in the company, except for the one thing that we were doing because they realized their strategy really called for cross-selling. They were clearly focused on driving more revenues for the bank, and it had a bottom-line impact of \$300 million in increased revenues within their clients.

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development in the company, except for the one thing that we were doing because they realized their strategy really called for cross-selling. They were clearly focused on driving more revenues for the bank, and it had a bottom-line impact of \$300 million in increased revenues within their clients.

Another interesting example is of a leading global pharmaceutical company. It was important to them that their brand and strategy be lived on the frontlines, but it was also important that the senior level understand what that means. So we developed a simulation that the president and his senior leaders went through. Then all three-and-a-half thousand front-line managers got together for three days in Orlando, Florida and really focused on building the critical capabilities for them. The president and senior leaders participated as coaches and were able to draw from their experience of having also gone through the simulation.

### **What other areas are there that you see trends in the space?**

I think we have to think about the younger generations getting into the work place. The whole idea of playing games is becoming more and more critical to capture the workforce. We worked with one of the large car manufacturers for their dealers, and they have a program called “Sons and Daughters.” They were so excited at first, but this simulation had a lot of numbers, and eventually they got bored. We realized we had to change. Now we have the capability to build simulations with virtual worlds and utilize social media. It's important to move this way.

At the same time, we can't forget the pieces of learning and development that can't be done online. There's enormous value in getting people together in a room or at a conference to talk and share ideas. My bet is that in ten years, we're going to have to train our younger generations how to actually interact

with people face-to-face. Right now, they all interact with each other via texting and aren't really meeting other people as much.

**If you had to bottom-line it, what are the three or four most popular uses of a partner who helps execute strategy? When executives sit around a table, what is the catalyst or business problem that tells them that they need to invite BTS?**

When there's a change in business, like a merger, or when people need more of a focus on a specific area of the company, that's when you want to call BTS. For example, Texas Instruments and their head of worldwide sales, Jeff [McCreary], came to us because they needed to become more customer-centric. So we built a simulation where their people got to run a customer business like

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Nokia, which at the time was TI's biggest customer, and had teams competing against each other. In the simulation, they were trying to launch a phone to the market and had a certain time that they had to hand their decisions into us. Just before they were about to do so, we came in and announced that we were a supplier of Terrific Instruments. The supplier looked a lot like Texas Instruments at the time. We said, “You know the chip that we're supposed to give you for your new phone for Christmas launch? Well, we've got great news. It's going to meet 85 percent of the specs we promised, and it's only going to be two months late.” And the teams were furious because this meant their financials were going to be terrible, and they were going to miss their Christmas launch. Many of the managers thought that at this point the program was garbage because Texas Instruments would never treat their customers that way. Then we gathered about 30-35 people in this program in a room, and we played a customer video in which Texas Instruments had been two or three months late and 15 percent off-spec to a client. You can believe that room became so absolutely silent that you could hear a pin drop. Suddenly, they had experienced what it felt to be a customer of Texas Instruments.

That's so descriptive of what we see out there. I've seen a lot of great leaders and great work and a lot of trends, but if you don't hit the message home for them, you'll get some changes, but you won't get them as quickly as you want to. You'll have a lot of frustrations. You really have to make people experience a problem viscerally in order for them to understand your message. Then you'll get a change.

**If you take a look at whatever state you think the economy's going to be in next year, what is your prognosis for experiential learning and the general challenges or considerations that corporate leaders—whether it be HR, CFOs or COOs—need to be aware of? What are you hearing from people as they prepare for 2012?**

I think 2012 is still going to be a very uncertain year because of the U.S. economy and all of Europe's challenges. Right now, what we generally see are more risk-averse companies. We saw the same thing in 2008 and 2009. L&D is one of those things that people cut because, right now, it's a matter of survival. The softer skills, like leadership, managing conflict and good management, are always going to take a cut in tougher times. But revenue generation, sales transformation, sales training, etc., will always

be good. Businesses still have to develop their sales force because, if you can't bring in the revenues, things fall apart quickly.

But there are some companies that are growing quickly, like those in the high tech space, and innovation is a big area in which companies are focusing. We see enormous growth there because innovation is the key to organic growth. I'm not just talking about innovation in products or market innovation; I'm talking about how you do business, even in sending out an invoice. Everybody has to think more innovatively. And L&D has to focus on being business results-driven; otherwise it's not going to happen. You really have to be there to drive tangible business results, and companies really need to focus on growth and the bottom line. ■