Contents

How Innovation Leadership is Shaping the Future: BTS Interview with Felipe de Stefani

Competency Models are Failing. Why?

The Last Mile: Connecting Strategy to People

Having Great Business Acumen in Your Organization is No Joke

Fostering Collaboration: Research Report from BTS and the Economist Intelligence Unit

Your Next Leadership Off-Site is Going to Waste a Lot of People’s Time
Let’s start big picture. How was the media industry changing, and what challenges was Turner facing as a result? Where did your interest in leading and building a culture of innovation begin?

There are two sides to the story: first, the side of business and second, of the company internally. The business side is pretty straightforward – it was 2014 and paid TV was decreasing in terms of subscribers, the business model as it was had plateaued, we were looking at diminishing returns and a scenario where we could not continue growing as we did before because the industry was becoming so different. The main disruption was coming from new technologies, on-demand consumption and OTT (over-the-top) content.

So we were looking at that, and thinking, ‘What is the future of our company?’ Historically, we had been a business-to-business company, a wholesale company, and we suddenly had to become a retail company. We had been advertising- and distribution-centric, and we suddenly had to become consumer-centric.

Internally, these business changes had led to new strategic changes, because in a way we were being asked to re-imagine TV. Our CEO was calling on us to have more fun, have less fear, to try more, be more consumer centric, and everybody was trying to understand exactly what this meant for our culture. I think the main thing that we had was a cultural challenge. Why? Because we were used to working on just one business, and all the improvements we’d done to that business had been incremental. All innovation that we’d worked on had been incremental innovation, making [existing] processes faster or more efficient...but this paradigm and this new on-demand world were calling for a whole new way of approaching it. How do you make a company that is routine-based and used to
working in silos or on specialty projects work together in teams and think differently? How do you make a company that is used to ten-year business plans work on trying different things?

[As part of this challenge], we needed to downsize the company...We had a lot of structure there that didn’t make a lot of sense, and we needed to allocate more funds to significant investments in content. [As] the second biggest office, Argentina had to go through substantial downsizing. So I was grappling with, on one hand, this new paradigm being formed and the company being open to the fact we need to innovate and really work in a different way, and on the other hand my practical, day-to-day responsibilities where I was going to see a dip in morale because of the downsizing. I was trying to put those two things together and prepare for the future. What could I do that would re-energize the employee base after we downsize?

Then, [by coincidence,] I got an invitation for the alumni of a program BTS did with Time Warner to go to a new innovation program in New York... At this program, you, Peter, gave this amazing speech about innovation, and it was one of the most transformational things I’ve ever heard. Afterwards, I talked to my colleague in HR, and say ‘Listen, this was one of the best things I’ve ever heard.’ She was happy to hear that, obviously, since she’s the one who hired you. I asked her if we could do something like this in Argentina, because it would be a home run for us. I didn’t even really think it was possible due to budget restrictions. But my HR colleague told me that, actually, she had some budget and would love to help us do it. I was like, 'Deal!!' And that was the beginning of our program, Shaping the Future. Without [the HR team], I wouldn’t have been able to do it.

So in November, 2014, we invited the 120-person management team of Turner Argentina to Shaping the Future to see the presentation and be introduced to the innovation techniques and the rationale behind it all. It was right after we had downsized, and it was one of the most energizing things for employees. I think that was a moment where things completely changed. People really got it and were able to work on specific innovation projects. Amazingly, from that session, there were a couple of ideas that didn’t sound transformational but had something there, which we didn’t expect.

What happened next? What was the impact?

We used to have people here who really liked Turner, but didn’t think it was an innovative company. They probably had stuff they really were interested in but not able to do because it wasn’t in their job description. But after Shaping the Future, managers started to work on the ideas [they’d come up with at the program], and they were amazingly energized and happy. I started to see the momentum. I thought okay, what if we can continue this work even further?

So I called my colleague in HR again, and [asked] if we could do another one of these... Maybe something a little different, where we could iterate some of the ideas from part one and present them on a demo day, so everyone could actually see that there is some consequence to what they did, that it is not a spasmodic thing but that there actually is a strategy behind the innovation and it keeps moving. So we had an innovation event...a talent demonstration, and a place where people could present and vote on the innovation projects that started in Shaping the Future I. And then, we took those ideas and did Shaping the Future II.
[By the time] we did *Shaping the Future II*, people had been working on and reiterating their projects for some time, and guess what? We had some that were really interesting, like a gaming one that is being launched in two test markets in the spring of 2017. We’re working on a few others as well – so two years after *Shaping the Future I*, we have four projects that came up out of it, against all odds.

Through this, innovation has become something visible at the company, and people are talking about it. It’s not only that people are now working on cross-functional projects, but also that we are starting to see how people are working differently on existing projects. People are putting together cross-functional teams to work on projects where before they would have been very silo’d. Why? Because they had been starting to try, to see how good it feels to work with people you’d never worked with before.

This revolution is starting to happen, and I’m thinking ‘We’ve reached the managers and second level of the company, how about the real employee base?’ We have 850 people, we’re touching 300. How about the other 500? To make a long story short, we’ve now developed innovation labs where we have people working one day a week… using methodology you taught us in *Shaping the Future I*. Now we have multiple levels of that happening.

As you look back on everything – where you were, what you were thinking when you started *Shaping the Future*, what benefits you expected from it – what would you say was the biggest, most surprising learning you’ve had from this experience?

Well, the first [learning] didn’t really surprise me, but it’s that one thing leads to another. If you don’t move, you will never get anywhere. It sounds silly and simple, but it’s not that simple. Some people in corporate life think that they can always be in the same place, not change, not move, and they will be fine because the corporate structure will support them.

[Looking back], I didn’t know what the end game [of *Shaping the Future*] really was. Which really speaks about a mindset change. In these times, a lot of what you do, you do it not because you have an end game in mind, but because you don’t know what the end game is going to be. If you know what the end game is going to be, you can probably manipulate people into doing what you think is going to be best while giving the illusion everybody is participating. But if you really start experimenting, not knowing exactly what the end is going to be, you will eventually end up closer to your objective than if you’d even know what the objective was. I’m not saying getting there by accident, but rather doing so by being consumer centric, by using tools and techniques to better your odds in the probabilistic game of success. You need to move regardless, because even though you might fail at least you have a chance of getting somewhere.

You have to move, not just by placing random bets and gambles but by constantly experimenting, taking small bets, trying things, learning, pivoting, moving…

Yes. Success is a probabilistic game. This is especially true in media and technology, because there are so many variables that you don’t manage, that you don’t know about, that might have an impact in what you are doing. It’s a probabilistic game; therefore, you have certain odds of being right. You can improve the odds of being right if you start out right. If you start through customer insights, customer needs, techniques that we learned [in *Shaping the Future*], then you are starting at least with better odds of being right.
Is there anything we didn’t ask you but that you would really like your readers to know about this whole experience?

Generally, you know, I think that as managers, we are paid to think rather than do. And we need to think about the patterns that we are seeing in this day and age. Like shortening invention cycles. Like the democratization of information. We used to think that information was power, but it is not power anymore. The speed to which you use or process information is now power. When you get data on something you are not necessarily getting the full picture, you are getting pieces of a picture, like a puzzle. You can take data and get to the wrong conclusion. So however you process that data, the theories you use to process that data, all help improve the odds of success. I think where companies have a bigger challenge with this way of thinking is where, sometimes, it makes you do things completely opposite to what you think you should.

Companies have to be very open these days. Information is not a scarce resource anymore. There’s no value in closing yourself off as a company. You should be having conversations, trying to do good business with outside parties, even competitors – not collusion, I just mean that you shouldn’t be scared to give your competitors some information because it doesn’t actually mean anything to them anymore. [We’re doing that], and as a result we are more open and we are thinking more. That formula you gave me, I’m using it all the time – good decision making = quality x speed x yield - effort. That has become the key for what we do. It’s not logical reasoning anymore. If logic was the base of success everybody would be successful. A lot of stuff that you need to do now is not logical stuff... we have to think more about those things.

If I could tie a bow around that, you just said a couple interesting things. One: data and knowledge is a commodity. It’s become so ubiquitous is that it’s not a source of competitive advantage anymore, but even worse, it can actually become a source of disadvantage if you over-rely on it or if you rely on one piece of data without seeing what the data represents in a bigger context. It can actually lead you in the wrong direction. Then I heard you say information isn’t power anymore but the speed at which you use it is. If I combine that idea with what you said about experimentation, then it suggests you should move quickly into the unknown, take action fast, but do it cheap, do it smart, have a mindset of exploration and curiosity, have leaders who embrace that...

...and have a certain framework which would improve the odds of success.

like the one from Shaping the Future! There it is.

"The effect of the work has been great. The leadership team is really excited. New projects keep coming up every day. Turner Argentina was in fact ranked one of the best 20 companies to work for in Argentina by Apertura, the most prestigious business publication in the country. Teams are working cross-functionally around projects --using innovation techniques, prototyping and executing, as if they were startups. All the projects that are in the presentation are being funded."
About the Authors:

Felipe de Stefani is General Manager at Turner Argentina and Senior Vice President & General Manager at TBS, TNT Series, MuchMusic, HTV, truTV, and Glitz*, for Latin America and Brazil. Based out of the Turner Buenos Aires office, Felipe leads the company’s business in Argentina and is in charge of establishing overarching strategic direction for all of Turner’s business operations in the country. In addition to his corporate duties, he oversees programming, original production, creative services, digital media, marketing, public relations and network operations for 6 of Turner’s 17 networks in Latin America.

Peter Mulford is Executive Vice President and Chief Innovation Officer at BTS. He joined BTS in 1998 and has worked in its offices in San Francisco, London and New York. He has advised numerous global firms on developing business acumen and innovation capability, including Coca-Cola, Sony, Hewlett Packard, Barclays Bank, Toyota, and McDonalds. His articles on Innovation and Business Acumen have appeared in CLO and Training Magazines.
Competency Models Are Failing. Why?

Many organizations are questioning the value of their existing competency models. Over the past few years, multiple clients have voiced their concerns or outright dissatisfaction with their models. Here is one message that we recently received from a client that provides a good example of this growing trend:

“Our current competency model was designed five years ago and has not been well embedded in the organization. Almost 70 percent of our senior leaders either are not familiar with the model or do not use it. While the model is comprehensive in nature, it is also complex and theoretical.”

The unfortunate result described by this client is not surprising. Most competency models built and implemented these days are thick in content due to their large nature. Many models incorporate as many as 15, 20, 30 or more competencies.

The main cause of this explosion in number is due to building the model around multiple levels of competencies (e.g., enterprise level, functional level, leadership level). When each level is defined by five to 10 competencies, it is easy to see how the size of the total models can start reaching 20 or even 40 competencies. Adding in multiple levels of proficiencies (e.g., Excel, Solid, Development) for each competency creates the perfect storm for the development of a textbook-sized model.
So why are such models failing? Isn’t being comprehensive a good thing to ensure the models cover every single capability required for success? Based on feedback from our clients, we see a couple of prevailing reasons. The biggest reason is that line leaders and employees alike strongly dislike working with large and dense competency models. For them, work life is complicated enough. As users, they find large models difficult to comprehend and navigate. They want a model that is easy to understand and adopt when it comes to selection and development.

Employees also want a model that resonates with them. Too often models are created from competency libraries developed by external consultants. The language used within these competency libraries is built to be generic in nature, so the content will work for any company. While that’s great for selling the content of these libraries, the language can miss the uniqueness and nuances of the company culture, so the model ends up failing to speak to employees. Most line leaders and employees see the final models as something HR built—something not connected to their world.

Most consulting firms selling competency models usually treat the talent management function as their customer and user. When selling to fellow practitioners within the talent function, they typically focus on selling value around the research and validity behind the models. In doing so, they forget about a fundamental element that is key to the model’s success: that the Talent Management function is not the true customer. The business is. This misalignment results in competency models being designed without any thought or regard for business leaders or the talent base that must use them.

When employees fail to buy into a competency model, negative consequences are quickly felt for both the model and the business. Lack of buy-in turns into the kiss of death for the model; line leaders simply ignore it and don’t use it as it was designed for talent management processes. This result, of course, does not play out well for the talent functions, since the base of their work is grounded in their competency model. They end up struggling to deliver their services across the enterprise to select and develop the best employees.

The problem with competency models is mainly derived from their roots in academia. In this world of research, the value of a model is largely predicated on how much variance it can explain to predict the future. As such, complex models are welcomed with open arms in an effort to explain employee behavior.

Given this research mindset, competency models are built to be extremely comprehensive in order to, in theory, explain maximum variance or predict employee performance on the job. While there is indeed great value in creating a model that can maximize prediction, there are diminishing returns where adding more competencies to models does not increase their ability to predict the future. Incorporating large numbers of competencies into a model does not mean a better model, even when looking at it from a research point of view.

Based on what we have heard loud and clear from our clients, we have adapted our approach toward defining success for roles or levels within organizations through our Great Profiles. We have also moved far away from the misconstrued
ideal that the best model is the most thorough in terms of content. Our belief is to balance comprehensiveness with practicality to maximize the level of buy-in from employees. Rather than coming in with some preformed bias in terms of what great looks like for a role or level, we come in curious to learn what great truly looks like within the context of the client's own world. We start out with a blank canvas, then bring it to life based on what we hear from key client stakeholder interviews.

We truly believe context is king. Whereas every client is unique in their strategy, culture, environment, and values, there is absolutely no reason to assume great performance in one company will look the same in other companies. In fact, we assume just the opposite when building our profiles. Each Great Profile should include content that reflects the unique reality of each organization.

Based on our experience, we have found the following five design principles to deliver the most value to our clients when building Great Profiles for them:

1. **Business Outcome Focused:** Defines what the very best talent do to help their company achieve its mission and aspirations
2. **“Great” is the Standard:** Behaviors are written to define what it takes to be great and set clear performance expectations for leaders in terms of actions to take on the job
3. **Real:** Developed from the “mouth and finger tips” of our client rather than a competency library. Content is delivered in the language of the client
4. **Culture Specific:** Expresses the secret sauce for getting things done within the client’s own unique culture and environment
5. **Simple and Practical:** Balances length and comprehensiveness to cover the essentials of the role and what's most important to the strategy

There are tradeoffs, of course, when using different leadership modeling approaches. As noted, our Great Profile approach develops just one level of proficiency – great. While adding more levels might seem better, it only makes the models more complex, longer and more difficult to use in the field.

Our approach also restricts our ability to produce benchmarks, since we build unique models for each client. While some clients like to see these types of comparisons, such results do not help them shape their talent management priorities. In reality, benchmarks are interesting to look at, but don’t add real value back to the business. Other data is actually far more relevant to help them achieve talent management goals. In particular, gathering data using the Great Profile as the foundation will help clients identify development gaps in talent. These are the results that truly bring value to companies by helping them prioritize talent management objectives and initiatives around the largest gaps found across talent populations.

Regardless, companies should be focusing on being different rather than on the competition. It would benefit organizations to maximize their uniqueness from the competition rather than set their targets on being the same. They can do this by extracting the company’s distinct culture, values, and how great talent...
takes action on their strategy. These elements are ripe for the picking within every company and should not be ignored. They can provide the necessary kernels to build company-specific models that will help them win against the competition.

Given that the total value of the model is lost if it fails during implementation, mitigating such risk should be prioritized so organizations can see return on their investment instead of a total loss. As we work with clients, the first sign of success occurs when we see business leaders carry our Great Profiles around with them and use it as part of their 1:1s, reviews, hiring, and promotion discussions. A bigger plus occurs when we see employees ask their managers for feedback on how they are doing relative to the profile because it feels like it is “us” and they believe in it.

About BTS

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we’ve been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It’s strategy made personal.

For more information, please visit www.bts.com.
The Last Mile: Connecting Strategy to People

When telco CEOs discuss capital expenditures with stock market analysts, they are often focused on expanding, upgrading and maintaining their network infrastructure. At some point in an analyst meeting, the analyst will ask the CEO to talk about investments in the “last mile”. The last mile is the critical connection to the end-user at their homes where demand is created. Without the last mile secured, the billions spent on the other parts of the network infrastructure are rendered instantly useless.

Similarly, inside every enterprise there are large investments being made to enable execution through the people “infrastructure”, and this people infrastructure also has a critical last mile. For example, large companies spend tens or hundreds of millions of dollars annually on major people infrastructure areas, such as new IT infrastructure and collaboration tools, new ERP systems, and new performance management systems, to name just a few. During times of change and transformation, these investments can double or triple.

However, your company is very likely mismanaging the last mile when it comes to people. The last mile in this context is defined as the beliefs, behaviors and capabilities people need to execute your company’s strategy. The last mile is where engagement is built and where employees apply discretionary effort to drive execution. The last mile is also where strategies go to die.

When change gets difficult and progress stalls, everyone looks at the “unconnected wires” of the last mile and wonders why it’s so difficult to make the connection with individuals in your company. Why is it so hard to build alignment? Why is it so hard to influence the right “daily execution” to support the strategy?
Your CEO, company leadership and HR departments have been puzzling over the last mile for some time. Your external consultants in IT, Strategy, Comp/Benefits and Recruitment all scratch their heads while staring at the last mile. If it were as easy as connecting a fiber optic cable to a home, then your nearest IT consultancy could easily solve this problem for you. But people are complicated, and they’re smart, and they have low tolerance for poor practices in this area.

First, Stop Making These Mistakes

1. **Stop putting process over people:** Stop over-attending to structures, processes and systems while ignoring individuals’ beliefs and assumptions. Beliefs don’t fit on an org chart or a process flow diagram. So, while you’re busy plotting your new processes and structures, the org is busy plotting ways to undermine your efforts if you don’t help people develop new beliefs and capabilities to support the new strategy.

2. **Stop this 95%/5% time allocation:** You are spending 95% of leadership time on Strategy, Goals and Metrics and 5% of leadership time on Mindset, Beliefs and Capability. On the surface, business seems to be a perfectly analytical domain. Describe your strategy, pick your goals and metrics, and allocate resources—what could be more black and white? However, your organization is filled with the same human beings that anthropologists, sociologists and psychologists have spent the better part of a century studying for what drives beliefs and motivation. Because your business is not populated by automatons (yet), you must bring people along, and that means realizing that the shifting of values and beliefs during times of transformation is not an event, but a continuous and critical part of your job. The building of new beliefs and capabilities deserves as much senior leader attention as the attention your C-suite spends on creating the strategy in the first place.

3. **Stop believing that change in information equals change in behavior:** This statement may seem obvious, but we see this repeated constantly with the same low yield. If business were a purely analytical sport, then the logic of your strategy ought to compel people. We repeatedly see one-way communications being delivered by senior leaders during town hall meetings, off-sites and more. The audience passively receives the one-way transmission and is expected to go demonstrate new behaviors to support execution.

New Experiences, New Beliefs

In times of rapid change, you need to provide powerful experiences that allow teams to practice with the new behavior and capabilities you are so urgently asking of them. Why? Successful adults in corporate environments are a particularly stubborn group of human beings. They don’t like to be told what to do. Instead, they persuade themselves based on their own experiences.

Reflect for a moment on all the important things you have learned both professionally and personally. Most of the knowledge and beliefs you hold today can be connected to past experiences. This linkage between current beliefs and past experiences is key. So, if you want your organization to adopt the new beliefs that a strategy shift is right for their business, their customers, their teams and
themselves, you need to create powerful experiences that demonstrate why and how the market is evolving and what the implications are for their roles in the organization.

Your people need these experiences to practice new habits, and unlearn old habits. Simulating new ways of working and leading gives your people the practice they need to increase performance and speed execution. When people can practice making new decisions, make mistakes (safely), and create their own “self-induced” beliefs about the strategy, ownership and commitment increase.

Designed right, these experiences will instill in your teams the same level of conviction that the C-suite has around market evolution and the need for change. Further, when your senior leaders are involved in creating and facilitating these experiences, the last mile begins to shrink.

**The Last Mile: Strategy Execution = Alignment x Mindset x Capability (E = AMC)**

The last mile, when managed correctly, puts peoples’ beliefs and behaviors at the center of execution. The three biggest factors on the people side of execution are: Alignment, Mindset and Capability. The examples below come from several major global companies who are undergoing massive transformations in 2016. These companies are spending millions of dollars on infrastructure, systems and processes, but they are also attending to the people side of execution—they are attending to their last mile.

**Alignment — Getting people to understand the “Why, What, How” of the new strategy**

At a global software company, a rapid cascade of strategy communication and alignment sessions are being delivered in an experiential format by leaders at all levels. This company’s leaders own and communicate the strategy in a powerful and engaging way as they share it with their employees. Within two months, the new strategy was delivered in a high-impact and meaningful set of experiences to 20,000 key employees.

**Mindset Shifts — The shifting of core beliefs to support a re-set of a company’s strategy**

At a global IT company, senior leaders are grappling with one of the most intangible aspects of change: shifting mindsets. To jump from an old mindset to a new mindset, individuals and teams need opportunities to practice, test and apply new behaviors. Below are examples of two major mindset shifts that are being worked on by this organization. In both cases, carefully designed experiences take people on a journey of understanding why and how they need to shift mindset:

**Old Mindset:** “My job as an executive used to be to create a strategy roadmap once a year, break it down into tasks and metrics, and get teams to follow.”

**New Mindset:** “Today, my job is to know that the best customer-centric ideas come from my team, and that our focus and strategy may change in a matter of weeks, and I need to be comfortable with uncertainty and ambiguity.”
Old Mindset: “It’s just an enterprise solution; it doesn’t have to be beautiful.”
New Mindset: “Enterprise solutions must now meet the same ease of use standards and design elegance as consumer solutions.”

Capability Building – defining and building the new capabilities required for a new strategy

This client’s core financial services business is being disrupted. The key issue going forward is “defining what great looks like” for multiple manager levels in the new business model. This client’s transformation requires new daily behaviors, new business logic and new capabilities.

For example, the organization must build new capabilities in product development, customer experience and revenue recognition. To achieve this level of capability-building in a short period of time, this company is using a series of powerful business simulations and experiential learning events, combined with performance coaching, laid out over 12 months in a highly contextual and results-oriented learning and execution journey. The journey assures that the practice translates directly into actions and results.

Conclusion

New strategies and business transformations require new beliefs, new mindsets and new capabilities. When your organization takes the time to understand market shifts and ‘what great looks like’ in the new environment, practice new ways of working, and test new beliefs, employees generate their own commitment and conclusions. This results in a much higher degree of ownership and accountability, and accelerates execution. When your senior leadership team helps create and facilitate powerful experiences that build alignment, mindset and capability, then your organization is beginning to master THE LAST MILE.

About BTS

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we’ve been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It’s strategy made personal.

For more information, please visit www.bts.com.
Having Great Business Acumen in Your Organization is No Joke

Why business acumen is critical to leadership development and business success – and what to do about it.

As we go out and talk to different organizations about their leadership development needs, we’ve learned a lot. There’s one thing, however, that surfaces again and again: there are a lot of gaps in developing people’s business leadership or business acumen skills. Very often, as our clients assess and evaluate what is needed in their organization, they find that they’re still not clear on what specific business acumen skills are required at different leadership levels.

Business acumen cannot be overlooked. As Jeff McCreary, former Chief Sales and Marketing Officer at Texas Instruments, said, “If your organization doesn’t fully understand how your company thrives economically and how it delivers distinct value to the marketplace, you won’t be as successful as you can and should be.” A study sponsored by BTS and conducted by the Economist Intelligence Unit titled “Skills Mismatch: Business Acumen and Strategy Execution,” reports that two-thirds of corporate executives believe a lack of business skills or business acumen inhibits their company from meeting strategic priorities.

So what specific business acumen skills and capabilities should an organization focus on building for their leaders at different levels? In our 30 years of doing this, we’ve consistently found the following:

- Entry level or frontline managers, to properly execute on the company strategy and progress to the next level, need a strong understanding of the company’s business, business model and how it makes money.

- Moving up through the hierarchy, those at the mid-level or director level need to not only think broadly and understand how the company makes money, but also recognize how it uses its assets to create shareholder value. Directors need to get out of the nitty-gritty, tactical mindset and start thinking more broadly and strategically about how different functions and parts of business work together – and the role they play in that themselves.

- At the senior level, business acumen centers on three key things. First, leaders must think about all of the levers that they can impact to drive shareholder value – from making profit

**What exactly is business acumen?** Synonymous with business skills, business acumen is defined as an intuitive and applicable understanding of how a company makes money and includes:

**Strategic Perspective:** An overall big picture understanding of the business; the critical interdependencies across functions and divisions; the short- and long-term trade-offs of decisions.

**Financial Acumen:** A comprehensive understanding of the drivers of growth, profitability, and cash flow; a firm’s financial statements; key performance measures; implications of decisions on value creation.

**Market Orientation:** The ability to analyze and synthesize market and competitive data; a deep understanding of the customer’s business objectives and purchasing criteria; an appreciation of the value of each customer to the company.

**Leadership & Collaboration:** The ability to successfully execute strategy through others; create alignment, a positive mindset and build capability in people; and collaborate effectively with others.
to using assets efficiently to managing cash flow effectively. Second, they must have a long term strategic perspective while balancing short term requirements of business. Third, leaders must understand the need for and value of working collaboratively with peers across functions and other parts of the business to make 1+1=3: to make the sum of their combined efforts greater than what they would be if each individual was working alone in siloes. Collaboration is a critical driver of strategy execution and business success. A BTS-sponsored research report conducted by the Economist Intelligence Unit, “Fostering Collaboration,” found that market share-leading companies not only collaborate more often than do their average or below-average competitors, but they also do so better at every level of the organization.

Now here is the secret sauce – developing business acumen is like learning to ride a bike. You don’t just read about it or have someone tell you how to do it. You get on the bike, fall a few times and voila, you are off to the races. Business simulations and other discovery learning technics are ideal for building this important skill set rapidly and in a way that truly sticks with the learner forever.

Having strong business acumen in every leader is essential in driving long-term business results and successful strategy execution. It is no joke. Increasing each individual's business knowledge not only promotes individual growth but also ultimately gives the whole organization a competitive edge. When your leaders truly understand the business and how they can personally influence the business results, you drive engagement and set the whole company up for success.
Fostering Collaboration

An Economist Intelligence Unit research program sponsored by BTS
CONTENTS

About the report 2

1 Effective collaboration correlates with better business results 3

2 In top-performing companies, collaboration is more effective at every level 4

3 Top-performing companies use collaboration to fix organisational issues while others are putting out fires 5

4 In top-performing companies, employees have a strong belief in, and commitment to, collaboration and its benefits 6

5 The potential pitfalls of collaboration 7

6 Large companies more often find collaboration more challenging 8

Conclusion 9
About the report

The Economist Intelligence Unit (EIU) conducted a survey of 249 business leaders to determine how and why companies collaborate internally, the barriers they face to doing so and how internal collaboration influences business results. For the purpose of this research, we define collaboration as the practice of working together across different functions and across different locations or business units.

The survey, sponsored by BTS, was conducted in March 2016. About half the respondents are C-suite executives, with the balance holding a variety of high-level management positions. North America, Europe and Asia-Pacific are all represented — nearly six in ten respondent organisations have annual revenues exceeding $500m.

This research report explores whether firms are leveraging collaborative techniques to improve business success, the difficulties of collaboration and the value of collaborating across functions and levels to achieve strategic alignment.
Effective collaboration correlates with better business results

The survey respondents’ companies were segmented by self-reported revenue growth, market share and annual revenue. One of the most striking findings comes from the small category of market leaders by revenue growth. Leaders in this category more often say collaboration is “very effective” (48%) or “mostly effective” (40%) at the highest levels of their organisation, while those with average and below-average revenue growth report “very” or “mostly” effective collaboration substantially less often (18% and 34% respectively).

In terms of market share leadership, the study found that leader organisations more often say collaboration exists in many pockets of the organisation (80%) or it is practised routinely, than non-leader organisations (73%). And, though leaders and non-leaders are fairly closely aligned in terms of the collaboration initiatives and actions they undertake, leaders consistently try to make it easier for people and departments to collaborate freely and openly—from robustly supportive accounting/resourcing systems (69% v 60% say such systems are “completely” or “mostly” implemented) to the sharing of best practice models between units (71% v 57%) or the sharing of resources without any hurdles (59% v 55%).

Please indicate to what extent each of the following statements is true for your organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, strategies and goals are aligned at the top level</td>
<td>80.00%</td>
</tr>
<tr>
<td>All units in our company share the same brand</td>
<td>80.00%</td>
</tr>
<tr>
<td>All units in our company share the same terminology</td>
<td>80.00%</td>
</tr>
<tr>
<td>Employees enjoy collaborating with peers from other groups</td>
<td>77.00%</td>
</tr>
<tr>
<td>Units with similar functions share best practices freely</td>
<td>75.00%</td>
</tr>
<tr>
<td>We execute new strategies and initiatives effectively</td>
<td>73.00%</td>
</tr>
<tr>
<td>Our accounting/resourcing systems fully support collaboration</td>
<td>70.00%</td>
</tr>
<tr>
<td>Employees freely collaborate across rank/level</td>
<td>68.00%</td>
</tr>
<tr>
<td>We allow business units and functions to share resources without any hurdles</td>
<td>59.00%</td>
</tr>
</tbody>
</table>
In top-performing companies, collaboration is more effective at every level

Market share leaders are better at collaboration at every level of their organisations. They are notably more likely to say that collaboration in their C-suite and among senior executives is "very" or "mostly" effective (73% v 62%); successful collaborations aren't isolated only to the top floor, however. Leaders also report a greater degree of success at more junior levels, particularly among middle managers (55% v 46%) and frontline managers (53% v 44%).

The fact that market share leaders achieve a fairly high degree of collaborative success among junior employees is particularly remarkable, because this is an area where nearly all companies struggle to some degree. Just under half of all respondents (48%) report that their middle managers collaborate effectively; the numbers are even lower for front line managers (46%) and line employees (43%).

The lesson for businesses is clear: While the most effective collaborations more often occur at the top of the organisation, success and collaboration are correlated at every level.
Top-performing companies use collaboration to fix organisational issues while others are putting out fires

Respondents cite many uses for internal collaboration, from fixing specific client and customer issues and planning future endeavours to creating new services across functions and business units. But the study reveals that the most successful companies in terms of self-reported market share don’t use collaboration in quite the same ways as the rest. They tend to call on it most often to solve intra-organisational issues by a significant margin (57% v 42%). The highest share of non-leaders most often collaborate to solve specific client and customer issues (57%). Market share leaders are also more apt to turn to collaboration to fix organisational and structural issues—possibly because those underlie customer issues, the development of new services and the success of future plans.

These divergent behaviours may suggest that leaders believe that an efficiently functioning and aligned company is better equipped to cope with the present and to plan for the future than one that must specifically seek out collaboration each time a crisis arises.

For what purposes do people in your company collaborate?

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Market share leaders</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>To fix specific organizational issues</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>To solve specific client/customer issues</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>To plan future organizational endeavors</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>To create new services across functions or business units</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>To plan future market endeavors</td>
<td>33%</td>
<td>27%</td>
</tr>
</tbody>
</table>
In top-performing companies, employees have a strong belief in, and commitment to, collaboration and its benefits

The emphasis on organisational issues among market share leaders is likely a direct result of what they perceive to be the chief strengths of collaboration, such as improving the quality of decisions and outcomes (37% state that "almost everyone throughout the organisation believes this") and organisational efficiency (33%), increasing productivity (31%) and adding value to operations and output (31%).

By contrast, the survey suggests that companies that lag behind in terms of market share less often believe that collaboration can work for them. For example, only 17% state a near-universal belief within the organisation that collaboration can be useful in increasing employee productivity, while just over half the share of leaders say that it can. From this, we see that market leaders better understand that collaboration is important for success and have spent time building the belief within the organisation that collaboration is of great value.

What do people in your organization believe about collaboration?
% of respondents selecting 'almost everyone believes this'

- It improves the quality of decisions and outcomes
- It helps improve the organizational efficiency
- It increases the productivity of employees
- It adds value to operations and output
- It helps develop better employees
- It increases individuals' buy in to company strategy
- It increases employees' job satisfactions
- It produces more innovative solutions
The potential pitfalls of collaboration

The study discovered an array of concerns among executives about the possible downsides of collaboration. The most often cited is the potential complications of assigning project ownership (42%), followed by reservations about more complicated (and protracted) decision making (30%) and the looming spectre of group-think (26%).

But having successfully constructed collaborative cultures, market share leaders don’t voice such concerns as often. They are less inclined to believe that collaboration has any of the significant drawbacks listed in the survey, with one key exception: They suspect it increases tension between departments (25% vs 18%).

Which of the following beliefs about the downside of collaboration can be found at your company?

% of respondents

- It complicates the ownership of projects/initiatives
- It is perceived as not worth the time it takes
- It increases tension between departments
- It leads to group-think
- It creates an inaccurate impression of individuals’ performance/contributions
- None of the above

Market share leaders  Others
Large companies more often find collaboration more challenging

Organisations with annual revenues exceeding $10bn face an uphill struggle when it comes to collaboration, according to the study. They are more sensitive than their smaller counterparts to the potential risks and complications it may represent—from ownership uncertainties (53% v 39%) and slowed decision-making (40% v 27%) down to more granular concerns about employee frustration (21% v 15%).

Perhaps as a result of these misgivings, collaborative culture is less fully realised in many large organisations. Senior leaders are less apt to ask for volunteers on important developments (33% vs 49%), employees are less frequently rewarded for successful collaboration (39% vs 59%) and organisational structures that are not flat present an unappealing landscape for would-be team players (26% vs 60%).

Nevertheless, executives from the largest organisations remain convinced that collaboration will play an increased role in the years to come: Three-quarters say that it will increase in importance in the next three to five years, and more than one-third (37%) say that it will be “much” more important. If this increased collaboration is to succeed, the survey suggests that the largest organisations will need to focus more intently on employee training and promoting buy-in at all levels if they are to see the same collaborative benefits—including better decision-making, productivity and efficiency—that are enjoyed by their smaller competitors.

Which of the following beliefs about the downside of collaboration can be found at your company? % of respondents

- It complicates the ownership of projects/initiatives
- It is perceived as not worth the time it takes
- It increases tension between departments
- It frustrates employees
- It leads to group-think
- It creates an inaccurate impression of individuals’ performance/contributions
- It increases cost and risk

<table>
<thead>
<tr>
<th></th>
<th>Over $10bn</th>
<th>Under $10bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>It complicates the ownership of projects/initiatives</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>It is perceived as not worth the time it takes</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>It increases tension between departments</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>It frustrates employees</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>It leads to group-think</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>It creates an inaccurate impression of individuals’ performance/contributions</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>It increases cost and risk</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Conclusion

Collaboration is a hallmark of industry-leading companies. The survey finds that:

- Although collaboration levels decrease with every level down the corporate hierarchy, top-performing companies collaborate more effectively at every level of the organisation—from the C-suite to middle managers to line employees.

- Top-performing companies build belief among their employees that the benefits they gain from collaboration outweigh the potential pitfalls.

- Top-performing companies use collaboration to address organisational issues, to become more efficient and to gain alignment as an enterprise.

- Top-performing companies create an environment for all employees in which collaboration is both easy and rewarded.

Fostering an environment of collaboration is a continuous process that is not without its difficulties. However, collaboration plays a key role in making strategy personal—and the correlation between effective enterprise-wide collaboration and business success suggests that companies can be rewarded for making the effort.
Strategy made personal
We create powerful experiences that help leaders build the future of their business

Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor BTS can accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in the report.
Your Next Leadership Off-Site is Going to Waste a Lot of People's Time

By Dan Parisi
Executive Vice President, BTS
Right now, as you read this, your company is planning its next leader off-site and you should be concerned. For the purpose of this article, let's define a "leader off-site" as a one to two day gathering of your company's most senior executives and managers, usually held at a location removed from corporate headquarters. This is otherwise known as a very expensive and strategic 'all hands' business meeting. For our Fortune 100 clients, these meetings include anywhere from 50 to 400 participants, and the purpose is usually focusing the organization on strategy execution and key corporate initiatives.

In planning and preparation for this annual or semi-annual leader off-site, your company usually appoints two groups of well-intentioned professionals to execute a project plan and assemble the content. The off-site project plan will likely be delivered on-time and on-budget. The problem is: it won’t be effective. In fact, it’s likely to be a waste of your senior people’s time. Before I explain why, let’s zoom in on the two groups who are planning your next off-site.

The first group is your senior executives. These folks are very busy running the business, fending off competitors, driving innovation, managing teams and seeking profitable growth. However, a few of your most articulate senior executives will get tapped on the shoulder by the CEO to 'put some slides together for the off-site'. Some of these executives may even get high quality guidance from the CEO who will direct the newly elected speakers to focus on a key element of the strategy in a one-hour presentation. Perhaps your company is lucky and you have a cadre of senior executives who can fill a day’s agenda with fine presentations. Wonderful. Got relevant business content? Check.

The second group includes your corporate event planners. These folks are making sure all site logistics come together to make for an enjoyable experience. Myriad details need to be tied down. Right now, they may very well be grappling with the choice of which introductory music theme to play just before the CEO takes the stage. Will it be Tina Turner’s “Simply the Best” or Queen’s “We are the Champions?” Will the stage lining have the right shade of blue silk to match the company's logo? Are the chairs comfortable enough? Attention will be paid. In the hands of these professionals, the event will look and sound great. Got great audio, video, lighting, microphones? Check.
The First Mistake

So, you have strong content, and you have a good-looking ballroom, what could possibly be missing? Presumably, the C-suite has invested hundreds of thousands of dollars (flights, hotel rooms, conference rooms, break-out rooms, food, dinners out, entertainment, etc.) into this off-site because they were interested in teaching a very important group of people some very important things about the business strategy and key priorities. Presumably, they want the participants at the off-site to take action in support of the strategy and make better business decisions afterwards.

Unfortunately, your executives have fallen into a common trap. They very likely have blind faith in the premise that the communication of 'new information' is the critical driver of behavior change. Why else is your off-site almost exclusively designed around an audience passively watching smart people give speeches? Unfortunately, we have seen over and over again inside client organizations: "Change in Information DOES NOT EQUAL Change in Behavior". The enduring belief by senior line executives that a speech-driven off-site will change behavior is misguided. While some new information may be absorbed, very little will happen afterwards.

The Second Mistake

What about the audience? The assumption that the audience should be passive listeners to the "sages on the stage" is rarely questioned. However, the audience is filled with some of the best minds in your company. These are people your company should be investing in to bring out their best thinking, engagement and action. At BTS, we know how adults learn and engage with business strategy, and it is not by being PowerPoint whipped from the stage.
Getting Business Impact From Your Next Off-Site

BTS has worked with many leading companies to transform the way they approach the design of their leader off-sites. Well in advance of the off-site, we engage client senior executives to discover their top concerns around business challenges, time horizons and metrics. Second, we uncover what specific business insights they want the audience to take away from the off-site. Third, we collaborate with executives to identify the most critical high leverage behaviors for participants to focus on after the off-site to get results.

Throughout this discovery phase, we uncover insights around four areas that will be very helpful to senior executives trying to drive better strategy execution. The four areas below lead to deeper discussions (and coachable moments) with our senior line executive clients:

1. **Alignment** – What is the degree of alignment at the senior level in the organization around the new content that is being introduced to the organization? What about at the mid-level? What about at the front line?

2. **Mindset** – Understanding the new content is one thing, but what is the “buy in” to the content across the organization? Are people connecting in a meaningful way with the new business concepts being explained? Will they take ownership and implement back on the job?

3. **Capability** – What new skills do people need to practice and develop so they can focus on the right high leverage behaviors after the off-site?

4. **Accountability** – Lastly, how will people be held accountable for taking action to drive the company’s new initiatives?

Once all of the above is formulated, BTS can then pour rocket fuel into your off-site’s gas tank. The rocket fuel is simply the creation of a “designed experience” — a forum for practice (co-created with your executives) that is elegantly integrated into the off-site agenda. Successful adults in a corporate environment learn by practicing with real business decisions and scenarios, testing assumptions, making mistakes and improving.
So, if your CEO is articulating a new strategy or new initiative on-stage, the next step in the off-site agenda would be to put audience teams into the simulated cockpit of your company’s business and begin practicing with the concepts they just heard. This allows the formerly passive audience (remember them?) to make difficult trade-off decisions around the strategy, see the results of those decisions, and debrief those decisions with senior line executives. By driving a simulated version of your company into the future, and being accountable for results, audience members can now meaningfully reflect on the pitfalls, opportunities and risks associated with the strategy.

The audience at the off-site is now actively engaged with the strategy. They know exactly what to do and have the confidence to execute the strategy. They know where the risks are and they have a new appreciation for the upside. Got alignment? Check. Got Mindset shift? Check. Got new Capability? Check. If the off-site was designed right, the actions committed to by audience members will simply be the high-leverage behaviors the C-suite so badly wanted them to pursue in the first place.

Once you go experiential at an off-site, you never go back. We now have worked with many C-suite clients who will never go back to pure ‘sage on the stage’ at their next leadership off-site. And the return on the time their senior leaders spend at the off-site will be measurable — in terms of behaviors and actions performed back on the job as well as in business results.

About BTS

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we’ve been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It’s strategy made personal.

For more information, please visit www.bts.com.
Strategy made personal
We create powerful experiences that help leaders build the future of their business

www.bts.com