

Strategy

Thriving in Uncertain Times: How Boards Can Help Shape Long-Term Strategy

By Deborah DeHaas and John Hagel

Powerful technologies are generating new risks and opportunities that are transforming businesses and even entire sectors. As companies explore a world being reshaped by exponential change, boards have a critical role to play by advising and guiding management through this transformation. Moreover, in their roles as strategic advisors, directors are ideally positioned to challenge basic assumptions to help build a healthy transformation and keep the business evolving.

The following are several ways directors can serve their organizations in times of great change:

- **Own the big picture.** The board is in a strong position to take an outside-in view of the changes that are reshaping the business landscape, helping executives identify the company's highest priorities and mobilize resources accordingly.

- **Focus on the future.** When management is consumed by short-term issues, the board can help build awareness of longer-term forces that may transform the business, ensuring the organization thinks beyond the next quarter or the next year.

- **Champion creativity.** Directors can help liberate management to think more boldly and creatively about the future by framing change positively to help the company move forward.

- **Inspire boldness, but restrain impulsiveness.** If management is reluctant to take risks on new possibilities, directors can point to the relationship between risk and reward. Or, if executives are chasing multiple opportunities, the board can help focus their energies and investments.

- **Convey urgency, but discourage panic.** Today's biggest opportunities are often time sensitive. Once goals are identified, the board can help drive confident, focused, and timely action.

- **Foster learning, and model important behaviors.** Directors can be a source of new ideas and information. By modeling curiosity, boards can help management reflect on, and learn from, initiatives.

Boards are ideally positioned to keep the business evolving.

Is your company ready for exponential change? By asking the following questions, boards can assess how management understands the landscape and what gaps may exist.

- How are we responding to new technologies or business models affecting our industry? How are our competitors responding?

- Are new players entering our space? What are they doing differently?

- How do employees view change? Are certain departments or divisions more resistant or welcoming than others?

- What does the company need to look like to succeed in 10 to 20 years? What are the two or three business initiatives that can be pursued in the next six to 12 months to advance that vision?

- What initiatives are currently happening within the company that will best accelerate our movement toward that future within the next six to 12 months?

- How are strategic planning and capital allocation processes aligned with future exponential changes?

- What metrics will be used to measure success? What is the cost of doing nothing or moving too slowly?

Facing exponential business forces requires senior management and boards to address the most fundamental questions of, What business are we in? What business could we be in? And how can we harness technology to transform our current business? Many companies today are only at the start of that process, which makes directors' role in guiding strategic analysis and discussion all the more essential.



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