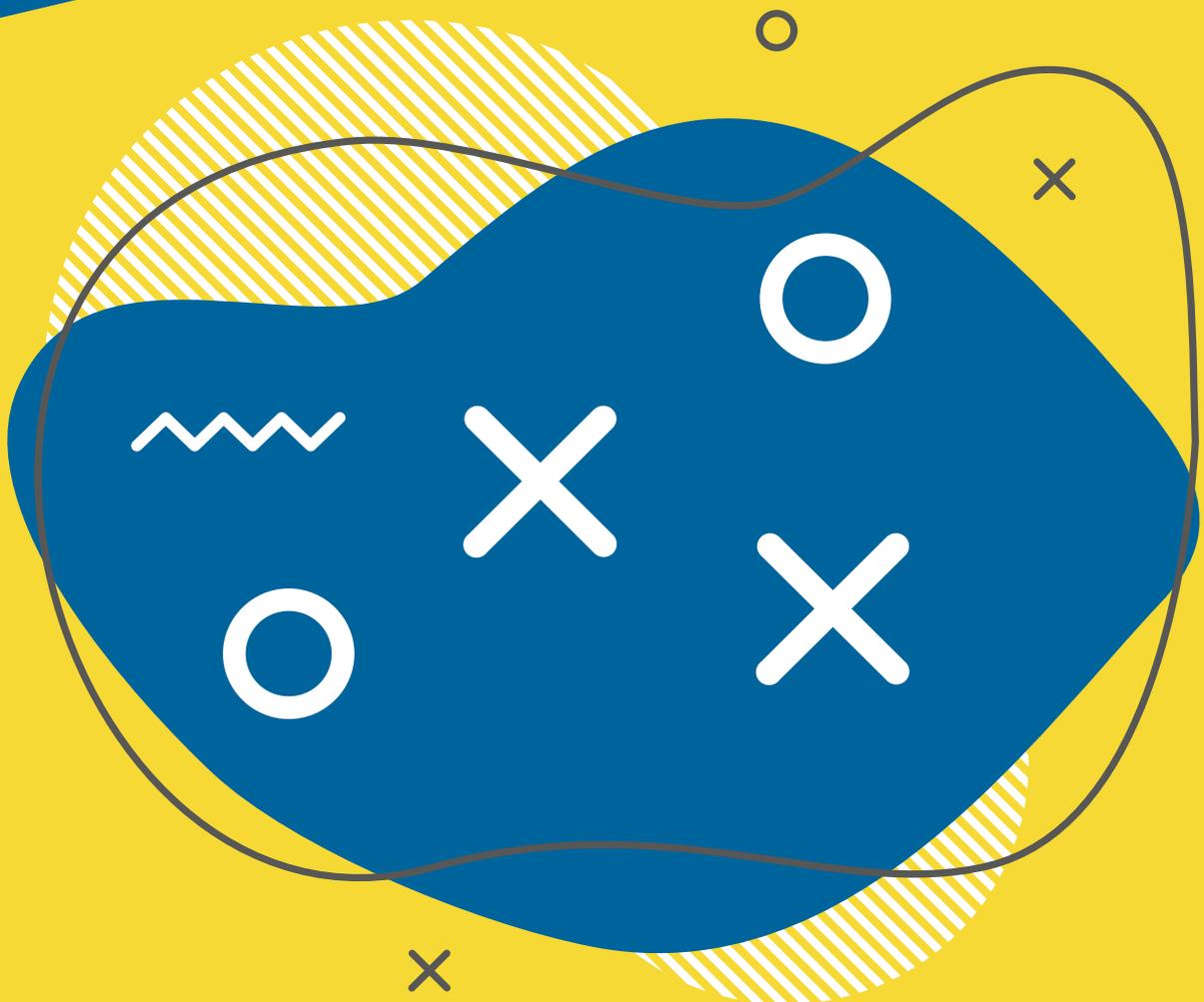


CHAPTER 7

Shaping strategy

Orchestrating the market



INTRODUCTION

Relatively new to the scene are companies like Apple, Amazon, Uber and AirBnB. They interrupt businesses with their great power and perfect timing. Moreover, though these companies often appear as case studies in management literature, their approaches to management are still among the least practiced strategies.

Our seventh article highlights the shaping strategy approach and accompanying company culture and leadership style. We will describe the connections between the three key elements that bring success or failure to companies. In businesses operating with a high level of uncertainty and with the opportunity to (re)shape industries, a shaping strategy can redefine an industry as a whole, override current business practices and create landslides in the competition arena. What does this mean for your strategizing process, your company culture and your leadership style if you are considering to become the orchestrator in your market?

Orchestrating the market

When circumstances are unpredictable but malleable, it can become attractive for companies who have the capabilities and resources to build a market quickly via a shaping strategy.

Successful platform companies orchestrate their market and their partners. To be successful, these firms engage with other stakeholders to create a shared vision, building a platform to exercise influence and orchestrate the collaboration. In time, they evolve the platform by working closely together with other players. Together, the platform companies create a new market, drive the economic system, and monetize their added value.

This strategy approach can be compared to the adaptive strategy due to the high level of

unpredictability. However, the difference lies between these two strategies lies within the flexibility of the market. Shaping firms presume that their environment is flexible.

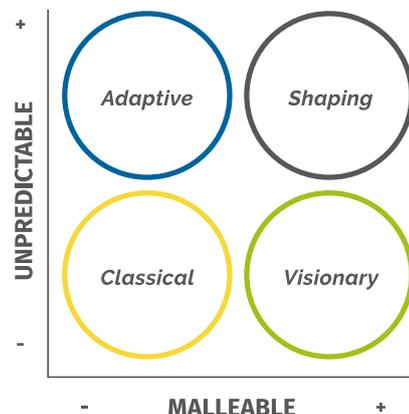


Illustration 1: 4 types of strategy approach

The basic idea behind a shaping approach is to be the orchestrator of the platform. The assumption that the rules of an industry can still be rewritten. This assumption can be applied to emerging markets, as well as in highly fragmented young industries. Both are in early stages of development, often fragmented, with underdeveloped regulation, and facing high growth and with only a few dominant players.

Underlying trends for the rise of shaping strategies are increasing global connectivity, accelerating technological change, and

new customer needs due to demographical changes. In order to be successful in these type of markets, impeccable timing and management are essential. A company must be able to dominate its economic system and dictate the rules to the other stakeholders. Only then, a company can put itself at the centre of an system.

As with the adaptive strategy, but contrary to the classical approach, there is no distinction between strategy design and execution. The three key elements; engagement, orchestration and evolution of the

ecosystem should be intertwined in all aspects of a company's structure, culture and leadership style.

Successful platforms facilitate direct interaction between the participants, or between participants and customers. In many cases, they are digital marketplaces that facilitate interaction at low cost. These platforms are managed most successfully when stakeholders are locked-in, when the value created is monetized, and the eco system evolved constantly to maintain win-win results.

Working on mutual benefits

Shaping organizations must look beyond the borders of their own organization. They need to be open and flexible, not focused on clearly defined outcomes but on leveraging the platform. In fact, orchestrators have less organisational boundaries and do not rely on control mechanisms which require constant intervention of the orchestrator. As mentioned for the boundaries of a company, it also applies for culture. These organizations need to have an outward focus, be open for cooperation, and encourage catalysis rather than control. The leader therefore has an important role: She needs to develop a leading vision, build external relationships based on mutual benefits and influence rather than control.

Organization culture accompanying the Shaping strategy

The culture that supports a shaping strategy is a culture in which the central themes are innovative products and/or services, transformation and agility. Such cultures focus their energy on looking outward, inclusiveness towards external parties, and encourage both catalysis rather than control in stakeholder interaction, and collaboration rather than competition. Internally, staff is inspired by entrepreneurship and the

creation of new products and services. Organizations with a shaping strategy often promote a nonmanagerial culture in which building relationships, rather than directly managing or controlling them, is preferred. Mistakes are seen as learning opportunities. Individual initiative is valued, and freedom is given to allow creative processes.

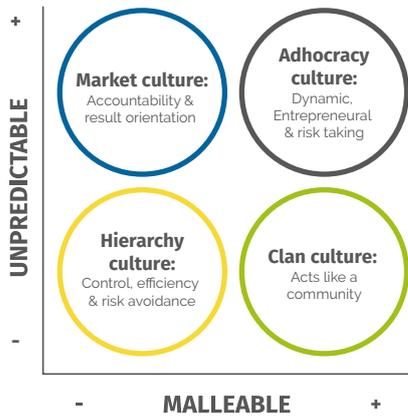


Illustration 2: 4 types of organizational culture

The culture needs to create a focus on the renewal and anticipate on the needs of its clients. To realize this, the focus needs to be on the main values: innovation, entrepreneurship and agility.

Leadership in case of a Shaping strategy and a Adhocracy culture

Key in the Leadership connected to a Shaping Approach is that the leader inspires and empowers his staff to the maximum. The leader's main task is to create a transparent environment in which there is a free flow of information and to take away any barriers for fast development. Ultimately, the leader builds a climate of trust where mistakes are seen as a learning opportunity and status quo is constantly challenged. The leader is coaching his/her direct reports and creates a learning practice in which people can and take responsibility for their own development. Giving and receiving feedback is seen as an important source of learning.

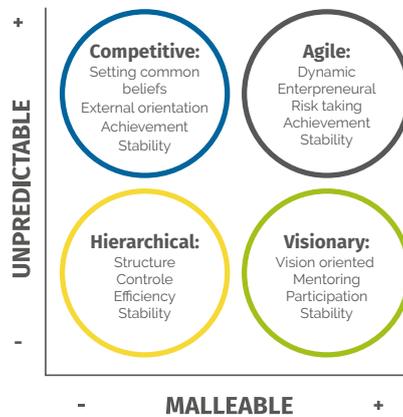


Illustration 3: 4 types of leadership

In illustration 4 we have identified the importance of each of the 4 roles that an Agile leader has in an organization. Each of the roles is scored from 1 (not important) to 5 (very important).

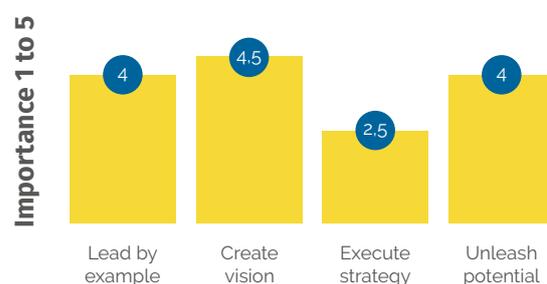
Lead by example: in an organization with a shaping strategy this role is limited, as the Agile Leader primary task is to empower and coach his staff. The leader creates a framework to secure transparency and the possibility for permanent challenging the status quo.

Create a vision: the vision of the organization is strongly connected to its purpose and gives direction, although a very narrow vision might limit the opportunities to focus on the needs of the clients.

Execute strategy: the agile leader has a more long-term vision and is focussed on growth. Success on the short term is measured in commitment to experimentation and innovation.

Unleash potential: The dominant focus of an Agile Leaders is on unleashing the available potential in the organization. Unleashing the potential is reached by giving freedom, the allowance to make mistakes, give and receive feedback and stimulation of opportunities for self-learning. Only by focus on potential an organization with a shaping approach has a chance of being successful.

ROLE OF A AGILE LEADER



Consequences of changing your strategical approach

The shaping strategy is typical for start-ups, which are often competing in technologically driven industries and internet services. In case of launching a successful innovation we often see that following an adaptive strategy can become obsolete, because on one hand, there becomes a need for a more productive approach focussed on a certain product and/or service, and, on the other hand, the success will attract competitors in the market that offer similar products or services. Giving up a strategic approach is internally quite often seen a dramatic decision.

When the decision has been made to change the strategic approach, the next step is to change the culture and style of leadership accordingly. This change will entail a change of behaviour of the staff that so far has worked in an environment in which trust, self-initiative and consensus were key values. From our observations, we can state that the needed change of behaviour of the community will take a lot of time and energy from the leadership and quite often leads to an almost unavoidable replacement of many of the current leaders.

Interested in a further conversation?

Successful shaping strategies are applied in certain environments. Do you know which environment you are? If so, are your actions consistent with that approach?

- 'Are current practices still valid or should we start to work with or combine other approaches as the shaping strategy process?
- 'Do we need a re-assessment of our current leadership style to give us better insights what we need to lead the organisation into the right direction?', and
- 'Is our current leadership team sufficiently equipped to answer up to the new requirements?'
- 'How do we evolve our company culture to respond faster and more effective to rapidly changing environments?'

Strategia Business Consulting and The Amsterdam Leadership Academy have a strong background in supporting companies where these types of questions arise. Interested to share ideas and receive our feedback? We will be happy to join you to have a good discussion about your Strategy & Leadership challenges.

“Encouraging cooperation rather than competition”

About the authors



STRATEGIA
BUSINESS CONSULTING

Peter Bassa - Strategia Business Consulting BV

📞 + 31 6 22 40 73 82

✉️ peter.bassa@strategia.nl

🌐 www.strategia.nl

🌐 www.linkedin.com/in/peterbassa



Andre de Wit - Leadership Academy Amsterdam

📞 +31 6 30 30 76 84

✉️ andre.dewit@leadershipacademyamsterdam.com

🌐 www.leadershipacademyamsterdam.com

🌐 www.linkedin.com/in/andre-de-wit-laa