

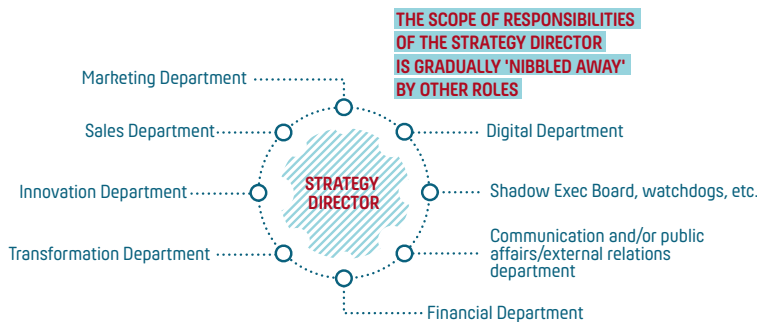


05

INCARNATIONS AND REINCARNATIONS OF STRATEGY

Will there still be strategy departments in 2025?

For several years we have seen **the role being broken up**: strategic consideration projects are increasingly conducted by departments responsible for strategic marketing, sales, innovation, transformation, finance and now digital and data departments.



We are also seeing **differing positioning** of strategy departments in organisations:

- **Member of the Executive Board, reporting to the CEO**: the strategy department is equivalent to a large projects department
- **Reporting to a member of the Executive Board** (generally the financial director or sales & marketing director): this configuration implies more junior profiles, who are responsible for projects, examine certain questions, conduct studies, etc., but don't have responsibility for the overall strategic plan
- **Personal advisor to the CEO**, official or secret, generally very experienced

This difference is explained by several factors. One reason is the difficulty, in a conventional structure, of positioning a 'fluid' role resulting in presence at different levels of the organisation (*Corporate, Business Unit*, projects, etc.). Next, the limited number of directly-reporting employees (from 0 to 10 people for the largest groups), as well as the little authority or direct control over the activity. Finally, a major factor is the profile of the strategist, which can vary from experienced former operational manager to ex-Senior Partner of a consultancy.

In this context, how do we best position and organise the Strategy function to avoid either its dilution in other roles or its reduction to the role of 'Sherpa' to senior management?

A few paths emerge from the experiences and practices of members of the think tank:

1/ Using strategic archetypes

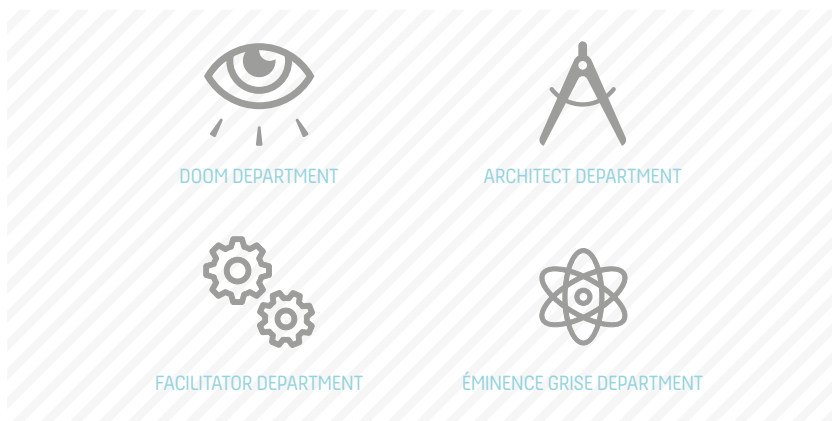
First of all, depending on the business and the situation at a given moment, it may be to choose the best practice/attitude of the role:

- > **The Doom Department:** the strategist is often the one to announce fundamental market changes that affect the business. Scout, interpreter and teacher, all at once, he anticipates, rephrases future disruptions and persuades you of the need to change.
- > **The Architect Department:** the strategist is then the architect who redefines the common purpose, explains how to turn and states priority actions and methods.

- > **The Facilitator Department:** this is the control tower to implement, facilitate, align people involved, preserve assets and the core business.
- > **The *Éminence Grise* Department:** this is a mission as the Prince's advisor, very close to him.

The example of La Poste is particularly illuminating on this point.

ARCHETYPES OF STRATEGY DEPARTMENTS



2/ Experimenting with new forms of the job

Imagining the best means of strategic consideration and motivating the people in involved sometimes demands evidence of creativity. Thus alternative structures and processes are born within the business to fulfil certain functions in strategy.

Business watchdogs are a good illustration. Their role is research, studies, action and influence. They are a development tool for the Board of Directors or Executive Board, to prepare business managers for current and future upsets, and to become a reference point in a volatile and uncertain world.

Examples of business watchdogs: *Observatoire de la confiance* (La Poste), *Observatoire des Seniors* (Damartex), *Observatoire de la Santé* (Areva), *Observatoire Entreprise et Santé* (Harmonie Mutuelle), *Observatoire de la consommation* (Cetelem), *Acceleration Teams* (Nestlé), *Institut Diderot* (Covéa), *Observatoire de la maison individuelle* (Geoxia).

Another illustration, **opening the budgetary and strategic planning processes** to people who were excluded until now: middle managers, the company's experts, customers and preferred partners, etc. For example, purchasing departments bring their preferred suppliers together to build the products of the future together. La Poste opened its strategic consideration to expressing all factors and all its staff in France. Camif initiated the OSE unit (Extended Social Object) that, with all stakeholders, defines the company's mission to be included at the heart of its corporate constitution. A few years ago the Saint-Gobain group set up strategic

co-construction processes that include a large number of subsidiary managers working together internationally.

Another example receiving media attention, the aim of *Shadow Executive Boards* is to bring together colleagues from different age groups to submit their strategic questions. These have been set up at AccorHotels, Compagnie de Phalsbourg and at the head of the Macif group.

3/ Strategy and transformation: false debate, true friends

Broadening and sustaining the scope of the role requires strategy departments to become **orchestra conductors**, with a multiple role requiring mastery of sometimes paradoxical skills and qualities, the common basis of which is to lead the strategic process (formulation and planning). In this regard, the Strategist leads numerous internal and external contributors and his role varies depending on:

- > The breadth of the contribution spectrum: from simple process management to *problem solving*
- > The complexity of the contribution: from methodological input to designing complex solutions (mergers & acquisitions, macroeconomics forecasts, transformation plan, etc.)
- > Attitude: solution provider, execution pilot, role of mirror, coordinator/support

Thus, the role now requires mastery of both technical aspects and '*hard*' skills as well as '*soft*' qualities and practices.



Furthermore, new skills also have to be included:

- > **Digital** in all its forms: understanding and anticipation of the impacts of artificial intelligence, the internet of objects, robotic automation, *Big Data*, *crowdfunding*, *blockchain*, SaaS and the *cloud*, *peer-to-peer*, etc.
- > Individual and group **coaching**: ability to increase the efficiency and cohesion of key managers
- > Skills associated with **experimentation**: *design thinking*, agile mode, *hackathon*

NEXANS: THE STRATEGIST AS JANUS

Traditional industries, committed to a global race to reduce costs, are becoming sources of innovation to regain and create new markets with higher margins. The strategist thus experiences a transition between apparently contradictory roles. He has to move forward with two faces.

Nexans is a case in point. Global expert in the cable industry, with four main activities – energy and data infrastructures, energetic resources, transport and construction – the group should perform with an energy transition background. Its current objective is to identify short- and medium-term development milestones. After having restructured or sold off certain activities to restore the margin, how to re-stimulate growth?

THE STRATEGIST, ARCHITECT OF EXISTING BUSINESS MODELS AND THOSE YET TO BE INVENTED

The group's growth agenda offers the strategist two fields of exploration, with the same business model: external growth, with acquisition projects that affect all of Nexans' business lines, and organic growth, by driving the execution of strategic projects, with the aim of achieving ambitions on different customer segments.

Going further, the role of the strategic function is to anticipate the change of business models. The strategist develops ideas about them that are inspired by megatrends in the market, in order to rethink the activity.

THE STRATEGIST, GUARANTOR OF A DIALOGUE BETWEEN CUSTOMER WORLDS AND THE MAJOR ROLES OF THE BUSINESS

In Europe, Nexans' different *business units* present their strategic plan by detailing their aims on the historical activities (the group's stock expertise) and several growth scenarios to rethink the future of their activities.

In this setting, the strategist is therefore positioned as orchestra conductor, responsible for coordinating all the *business units*' projects. He also has to promote discussion of the essential needs of each customer world with an organisation structured vertically by major function (manufacturing, sales, etc.), each having its own features. The strategist communicates and generates confidence around the strategic exercise, using emotion, affect and rhetoric.

THE STRATEGIST, A PRAGMATIC CREATIVE

Furthermore, strategy and management audit are concentrated in a single role. Are these missions contradictory? The strategist seeks to open channels, to bring the outside into the business, to project himself into the nearer or farther future. He has to support an ambition that sometimes resembles a dream. Conversely, the controller materialises information, tests the robustness of scenarios and costs projects. Thus the strategist-controller appears almost schizophrenic to fulfil his different missions.

And yet, his role really is to transform behaviours to maintain the growth agenda, based on an extremely powerful industrial and commercial existing agenda. In the absence of a shock that would require Nexans to change, the strategist has to make do with weak signals (slowing of growth). He has to both enable the group's growth potential to be achieved with constant business and, at the same time, conceive the future disruption (e.g. new technologies that could significantly reduce the cost of cables).



LA POSTE

LA POSTE: HOW DO YOU EMBODY STRATEGY BASED ON CONTEXT?

The strategy department within La Poste's Services-Letter-Parcel Branch is a perfect example of incarnation of the function developing over time and based on the context experienced by the organisation. In 2007 the branch set up a Strategy Department with the principal mission of analysing application markets, defining action priorities and anticipating imbalances in business models. This department then provided the capability to examine key subjects in depth for the whole branch, until then handled poorly by the rest of the organisation.

Furthermore, its centralised operation enabled it to embody a vision, consider possible strategic options at branch scale and to suggest choices and decisions. Nonetheless, this centralised operation subjected it to a type of disconnection from operational managers and resulted in difficulties implementing the strategy.

In 2016, it was therefore decided to decentralise the strategic exercise, in order to more fully involve the *business units* in the strategy and facilitate taking action. This direction substantially modified the role embodied by the Strategy Department, which rather assumed that of facilitator, by providing tools and methods, and of 'control tower' guiding the strategy. Conversely, this operating method makes it harder to align people to a common vision, just as arbitrating between different strategic options coming from *business units*.

Among the lessons, we can therefore recognise that there is no ideal incarnation of strategy and that it is appropriate to count on agile strategy departments, adapting their role and type of incarnation to suit the context and challenges at the time.

Next, comparing these different models highlights that the success of a strategy department relies on its ability to defuse tension between two necessities: one of creating an overall vision that unites everyone and one of ensuring acceptance and execution of this strategy by local operational managers.



NEXITY: A STRATEGIC FUNCTION SERVING A COLLABORATIVE INNOVATION PROCESS

For several years now, Nexity has resolutely undertaken an strategic change aiming to combine, under one brand, activities previously conducted by separate business units: Residential Property, Business Property, services and other activities such as urban regeneration.

STRATEGIC DIRECTION VS PROJECT PROLIFERATION

There is a department of strategy and development, as well as a department for innovation and new business, but innovation is not centralised. As a result, every year Nexity produces a proliferation of more or less convergent projects. How, in such a context, can you build strategic consideration in a group with very different roles?

The Nexity group comes up against two issues carrying out its strategy: firstly, very cyclic thought processes, particularly affecting the property development business, and secondly divisions and departments where the culture, average baskets and economic models are different, just as the issues of private and business customers.

In such a context, Nexity made the choice to build strategic consideration collaboratively, mainly using projects put forward spontaneously by the *business units*.

Nonetheless, this can present certain risks:

- > Complex prioritisation,
- > Resources unavailable to take responsibility for cross-company projects.

So the question arises of the key to distributing strategic projects between the *business units* or even a revolving responsibility between projects.

INNOVATION: A COLLECTIVE PROCESS TO BE STRUCTURED

To support innovation, Nexity recently set up an Innovation Committee responsible for bringing *business units* together to identify innovative projects and track the most strategic projects. Beyond a certain level of investment, any project must first be approved by a Vetting Committee. To do this, the project is reviewed against ten criteria, two of which are disqualifying: the customer value and the quality of project management.

Setting up such collective processes within a business that is itself changing makes it possible to raise a large number of subjects and to commit management and employees heavily. But steering cross-company projects remains a cog that has to be mastered.