



How to move your company from Okay → Outstanding

# **CEO GUIDE FOR STRATEGIC TRANSFORMATION**



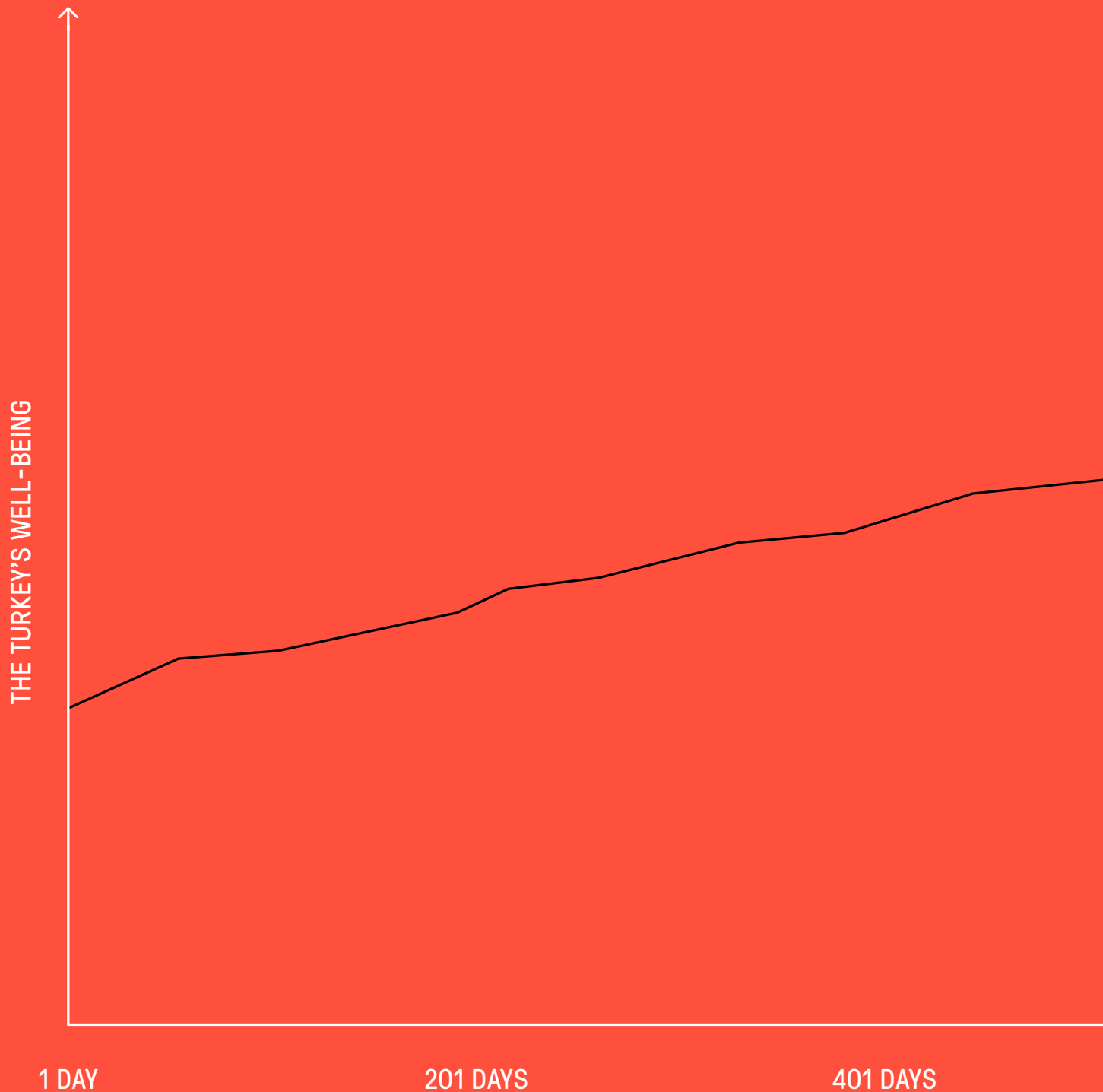
# 6 VITAL QUESTIONS AND ANSWERS

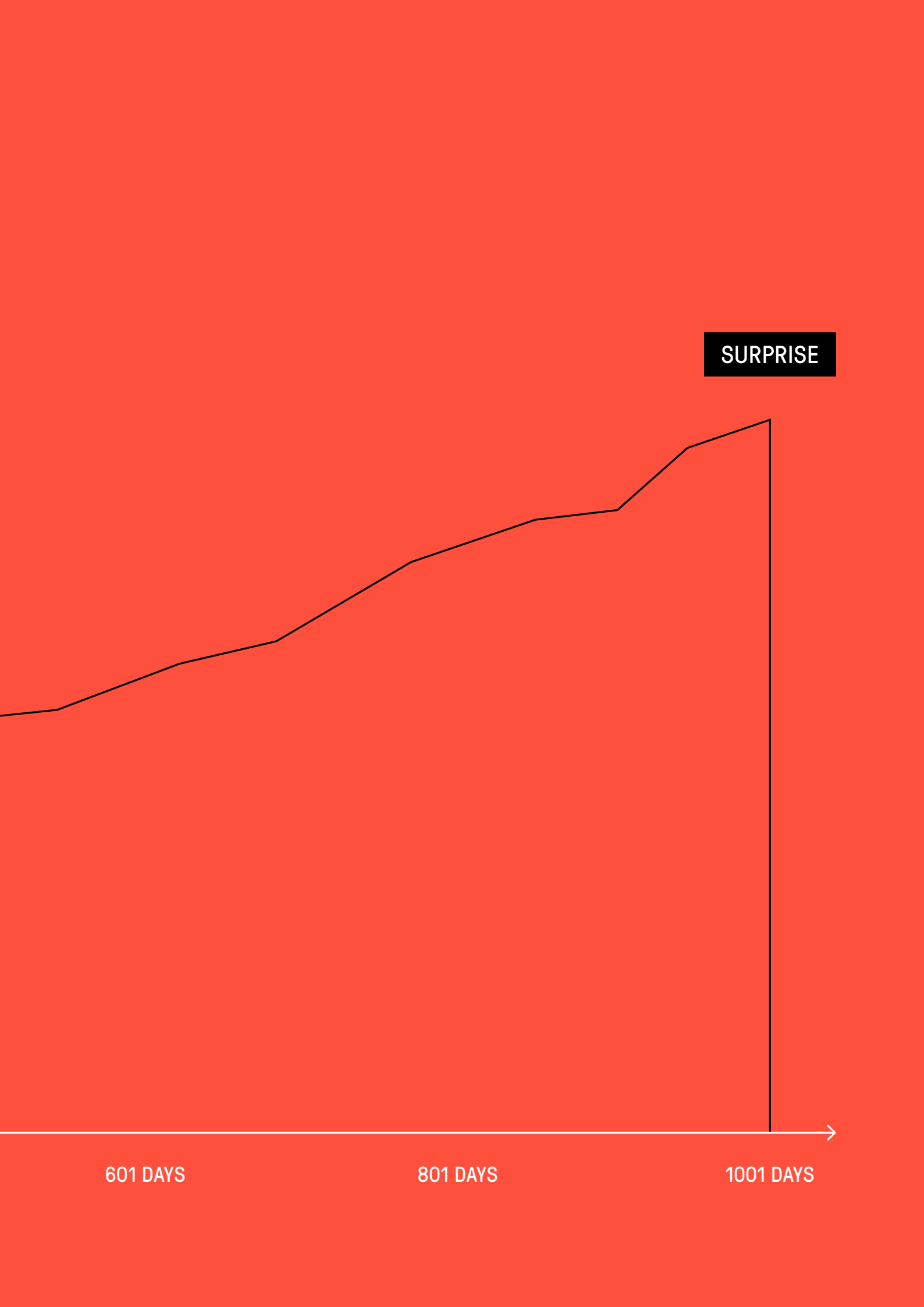
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1. What is strategic transformation?	6
2. Why is strategic transformation necessary?	10
3. Why do so many companies fail with strategic transformation?	16
4. What does it take to succeed with strategic transformation?	24
5. How to design and prepare for strategic transformation?	30
6. How to lead the strategic transformation?	48

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# 1000 AND 1 DAYS IN THE LIFE OF A THANKSGIVING TURKEY





**SURPRISE**

601 DAYS

801 DAYS

1001 DAYS

# WHAT IS STRATEGIC TRANSFORMATION?

Strategic transformation can be defined as the significant development and change of a business based on strategic objectives.

The strategic transformation is aimed at identifying and unlocking the business potential that can ensure business success and growth.

There are three basic prerequisites for successful strategic transformation:

## → VISION

A new outlook on the company's future. A future that has quite a significant business potential, that can be realized only by both accelerating current business and exploring new business opportunities, that can ensure competitiveness and growth in the longer term.

## → DIFFERENTIATION

Differentiation of the company must be seen as the basic catalyst for unleashing business potential. It is the valuable difference, that can secure the necessary awareness and increasing demand for a company's services.

At the same time, locating the business potential of the future requires a strong and unique self-understanding as navigation. Hence the most profitable potential lies in the new business opportunities, that best utilize the company's distinctiveness.

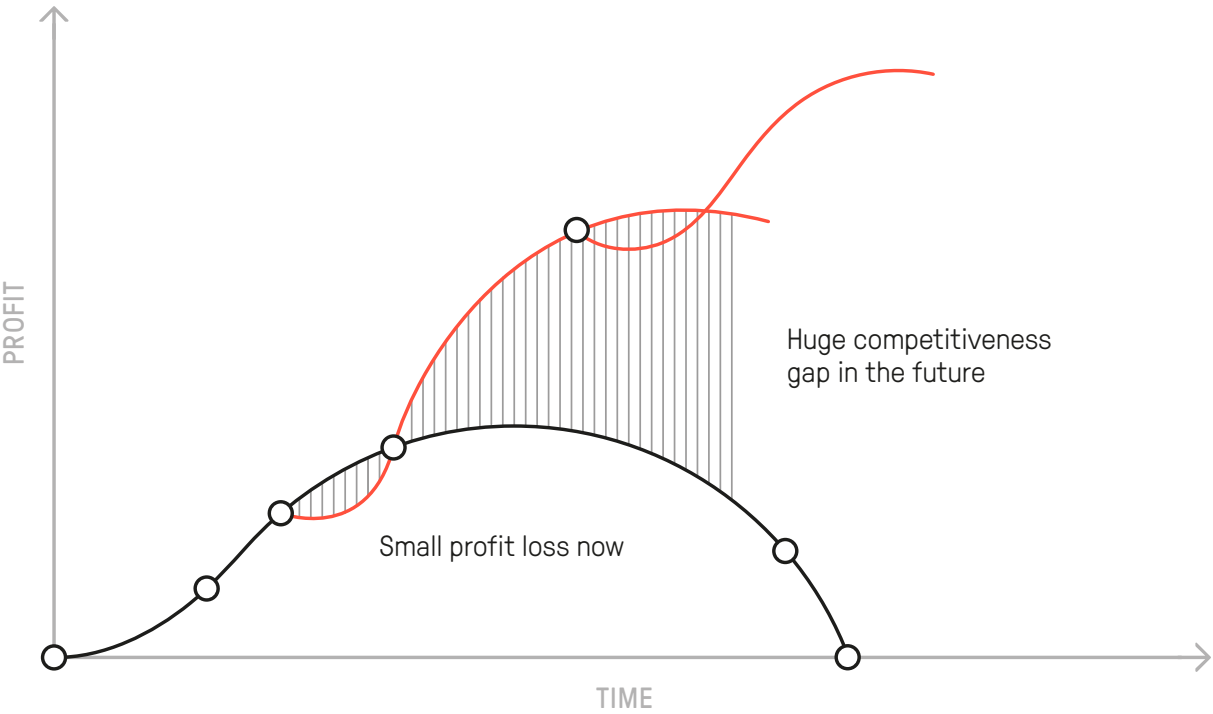
### → ACTION

Willingness to invest both the adequate financial and human resources to complete the strategic transformation of the company. It includes taking on the risk in relation to the more experimental innovation, where a safe return on investment in this effort cannot be calculated. And that includes the risk of an initial minor decline in earnings.

It can sometimes cost a bit on today's bottom line, when reaching for a significantly larger future gain.

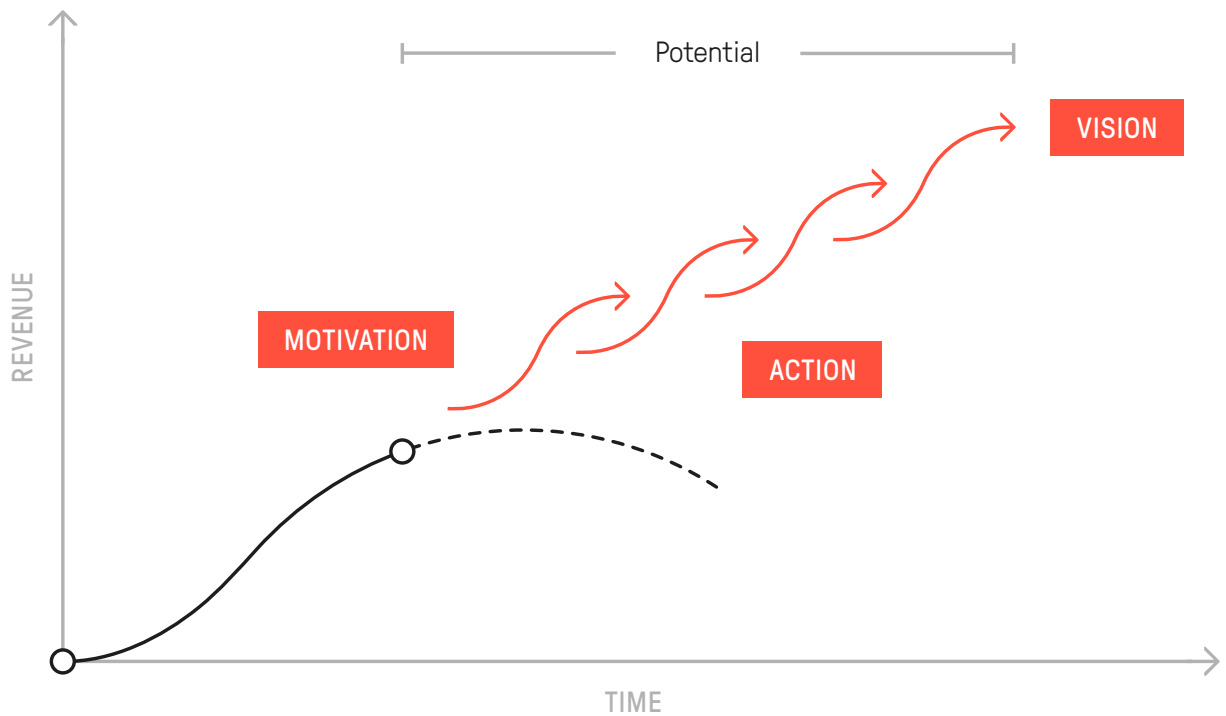
But remember that if you don't run the small risk on today's earnings, then you automatically run the much greater risk of losing both future growth and the basis of existence.

FRAMEWORK: STRATEGIC TRANSFORMATION AS INVESTMENT





## FRAMEWORK: STRATEGIC TRANSFORMATION AS PRINCIPLE



# WHY IS STRATEGIC TRANSFORMATION NECESSARY?

There is now plenty of evidence, that things are going a little too fast for us as business leaders to allow ourselves to be complacent.

Technological developments are exponential. New trends and brands can spread with viral impact in the transparent and global internet community.

Visionary entrepreneurs such as Facebook, Tesla, Airbnb and Uber are able to leverage the new situation to create new valuable products, markets and explosive growth.

The consequence is that the durability of a company's success formula and competitive advantages are in free fall.

There is a wide and deep gap between customers' current and future needs at all times. The products that customers prefer today, are not the products they want in the future.

The problem is that you cannot see the gap between the present and the future customer needs, but in principle it gets bigger and deeper for each passing day.

The gap only appears when the new, interesting and valuable products and services are introduced and customers start buying just them instead.

It always feels sudden when the demand for a company's products falls.

But this is in fact a development that has been underway for a long time.

The deadly blind angle for any business is in the most entrepreneurial environments. These can be large and visionary companies' innovative playgrounds or hungry and passionate entrepreneurs. In both places, they are willing to invest time and financial resources in exploring new technologies, trends, products and business models without being able to calculate in advance the benefits of the innovative efforts.

The more you are willing to look for new business solutions far away from the existing offering, the more likely you are to create something completely new, significantly different and more valuable, that can revolutionize the market.

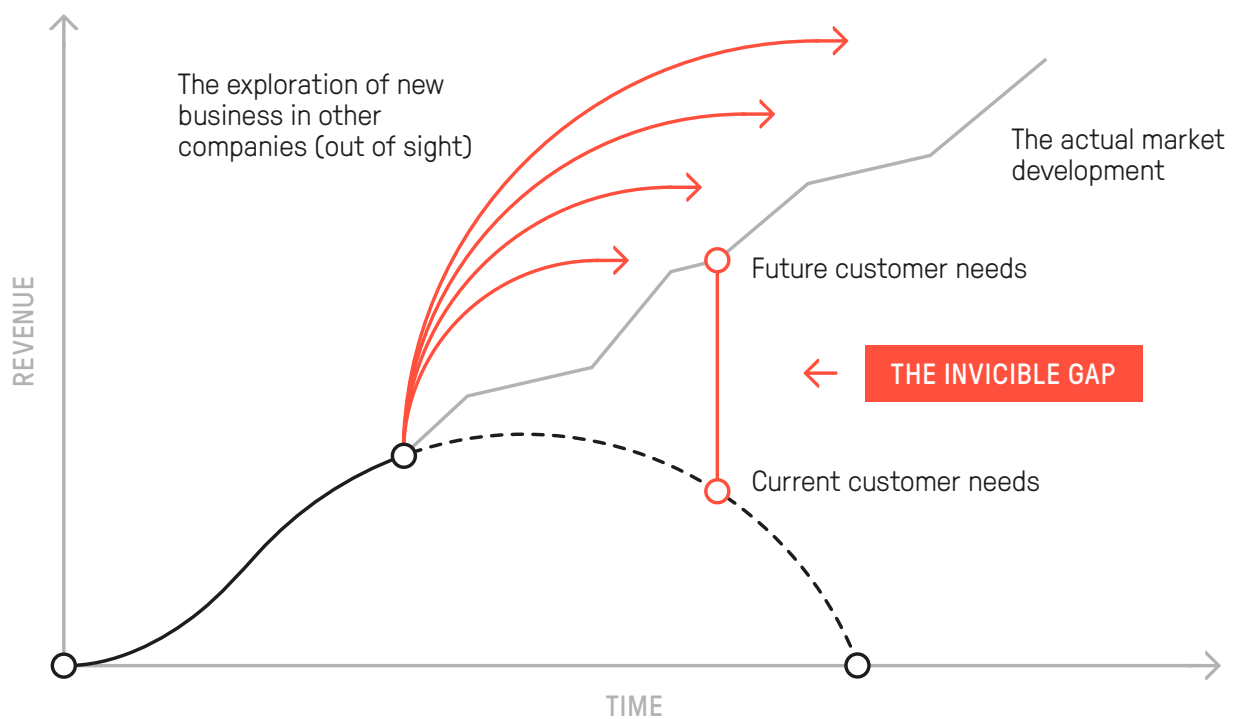
The illusion of the unbreakable success formula make companies stand still in a world, where competitors and customers are moving faster than ever before.

We will have to start developing and changing our businesses a long time before, a change in the market and a sudden decline demands it.

A company's transformation should preferably be started up while the company is on top. Bursting with confidence and resources.

Innovation has the best conditions, when the profits and belief in the possibilities of the future are in full bloom. If you wait until the big changes are an absolute necessity, you as a management will be under too much pressure hard pressed. Both mentally, financially and temporally.

## FRAMEWORK: THE DEADLY BLIND ANGLE FOR YOUR COMPANY



**“NOTHING IS  
EASIER THAN  
SELF-DECEPTION.  
FOR WHAT  
EACH MAN  
WISHES, THAT  
HE ALSO WISHES  
TO BE TRUE.”**

→ Demosthenes (384-322 B.C)

**“I THINK THERE IS A WORLD  
MARKET FOR MAYBE FIVE COMPUTERS.”**

→ President of IBM, Thomas Watson (1943)

**“TELEVISION WON’T BE ABLE TO HOLD ONTO  
ANY MARKET IT CAPTURES AFTER THE FIRST SIX  
MONTHS. PEOPLE WILL SOON GET TIRED OF  
STARING AT A PLYWOOD BOX EVERY NIGHT.”**

→ Co-founder of 20th Century Fox, Darryl Zanuck (1964)

**“GOOGLE IS NOT A REAL COMPANY.  
IT’S A HOUSE OF CARDS.”**

→ Microsoft CEO, Steve Ballmer

**“EVEN WITH THE MAC, APPLE ATTRACTED A LOT  
OF ATTENTION AT FIRST, BUT THEY HAVE  
REMAINED A NICHE MANUFACTURER. THAT WILL  
BE THEIR ROLE IN MOBILE PHONES AS WELL.”**

→ Nokia Chief Strategy Officer, Anssi Vanjoki

**“NEITHER REDBOX NOR NETFLIX  
ARE EVEN ON THE RADAR SCREEN IN  
TERMS OF COMPETITION.”**

→ Blockbuster CEO, Jim Keyes (2008)

# WHY DO SO MANY COMPANIES FAIL WITH STRATEGIC TRANSFORMATION

All the business executives I meet are fully aware that new conditions have emerged to run their business. But it is a difficult managerial task to develop the business of the future, while at the same time having to deal with all the operational challenges.

Especially if you do not know exactly how to attack the future in a meaningful and effective way.

Then you quickly fall back to focusing all your resources on running the business as usual. This is the task you know best. And perhaps also the task you feel best qualified to solve. In any case, definitely the job that, in the very short run, provides the most secure earnings.

Short-term thinking is by far the biggest obstacle to continuous success and growth.



Most people and business leaders have a limited horizon for their satisfaction. We almost always make decisions to maximize our situation here and now.

The problem with this behavior is that an isolated focus on optimizing the business results in the short term starves the future. After all, the company's future competitiveness depends on spending sufficient resources on a visionary development of both the company's products and business model.

And that's the disposition that most business owners and executives find quite challenging.

The reason for the problem is simply that we attach far greater value to the short-term opportunities than the long-term.

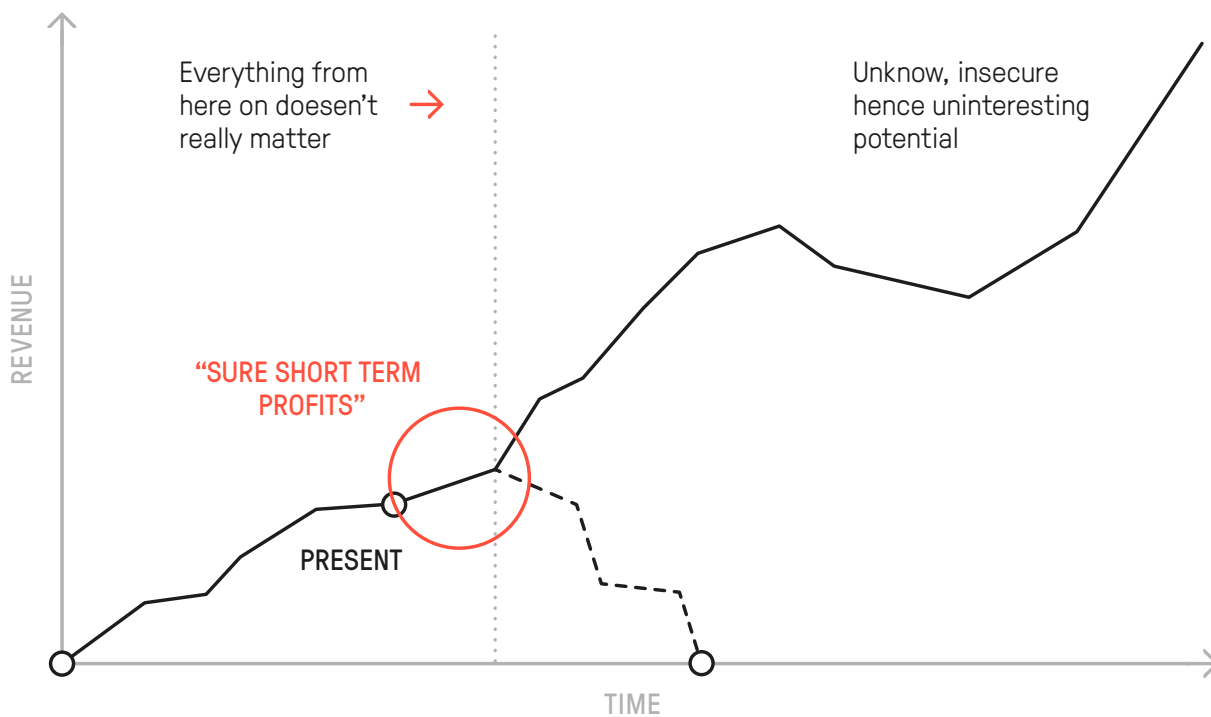
The short-term gains are right in front of us. Ready to be taken home in the current fiscal year. We just have to keep on running the business, as we are doing it right now.

The long-term gains, on the other hand, feel unreal and distant, because the process to unleash them seems uncertain and unclear. If at all, we raise our eyes and orient ourselves towards the business potential of the future.

We are at the root of the explanation, that success can very well turn into failure for both people and businesses. Apparently we are not willing to sow the fields, that can be harvested in the future, because we are way too greedy in the present.

If you want to conquer a profitable future for your business, you must be able to withstand a certain portion of the financial temptations in the short term in order to reap the likely far greater gains in the long term.

## FRAMEWORK: SHORT TERM GREED MAKES YOU BLIND ON THE COMPANY'S TRUE POTENTIAL



I have gathered my experiences in a framework, I call *the 9 pitfalls* of strategic transformation.

Here I have described the most frequent reasons, why companies are not able to complete the strategic transformation.

As is clear from the summary on the following pages, there is no reason for a company's management to look elsewhere than directly into the mirror if one does not succeed with strategic transformation.

# THE 9 PITFALLS OF STRATEGIC TRANSFORMATION

	<b>DEFINING THE RIGHT VISION</b> Why aren't the management team able to create a vision for the strategic transformation?
<b>EXTERNAL UNCERTAINTY</b>	<b>1. COMPLACENCY ON FUTURE PROSPECTS</b> Have an overly secure and fixed view of how the market will develop
<b>INTERNAL CAPABILITIES</b>	<b>2. CUSTOMER AND MARKET SHORTSIGHTEDNESS</b> Lack customer and market insight to anticipate where next opportunity or threat might emerge
<b>LEADERSHIP BARRIERS</b>	<b>3. OBSESSION WITH FINANCIAL RESULTS</b> Lack of will to invest for long-term due to short-term profit hit

## **BUILDING TRUE DIFFERENTIATION**

Why aren't the management team able to build differentiation into the strategic transformation?

## **DELIVERING STRATEGIC TRANSFORMATION**

Why aren't the management team able to execute the strategic transformation?

### **4. FEAR FROM STEPPING OUTSIDE MARKET NORMS**

Unwilling to introduce new unique identity, services or business models since they are unproven or in case this creates an adverse reaction from established market partners

### **7. SHORT-TERM PERFORMANCE CHALLENGES**

Management teams focus on monthly and quarterly results, and often pull resources away from long-term projects when there is a challenge.

### **5. FAILURE TO LINK ORGANISATIONAL DNA**

Underestimate the need for any change in identity, offering or business model to be fully aligned with the culture and ways of working

### **8. LACK OF BALANCE IN EXPLORATION**

Companies either bet all their innovation efforts on 2-3 projects or go to the other extreme of looking at every possible opportunity.

### **6. LACK OF STRETCH AMBITION**

Take an incremental approach based on making minor adjustments to existing identity, products and services and grabbing 'low hanging fruit'.

### **9. LACK OF CROSS-ORGANISATIONAL ALIGNMENT**

Lack of alignment on priorities across functions undermines the delivery of innovative new services or business models.



**“YOU CAN’T  
STOP THE  
WAVES,  
BUT YOU  
CAN LEARN  
TO SURF.”**

→ Jon Kabat-Zinn









# WHAT DOES IT TAKE TO SUCCEED WITH STRATEGIC TRANSFORMATION?

Instead of failing to predict the market or fall prey to risky complacency, you should continuously reframe, explore, and unleash the company's business potential.

It is the only approach that is so dynamic, that it can place a company at the forefront of market development and create constant growth.

There is simply only one profitable way into the future of a business. And that's fast forward.

The company must take both the many small quick steps in the existing markets, and the big leaps into the unknown and unpredictable markets of the future.

The famous Danish philosopher Søren Kierkegaard said it so beautifully with the phrase:

*Life is understood backwards, but must be lived forwards.*

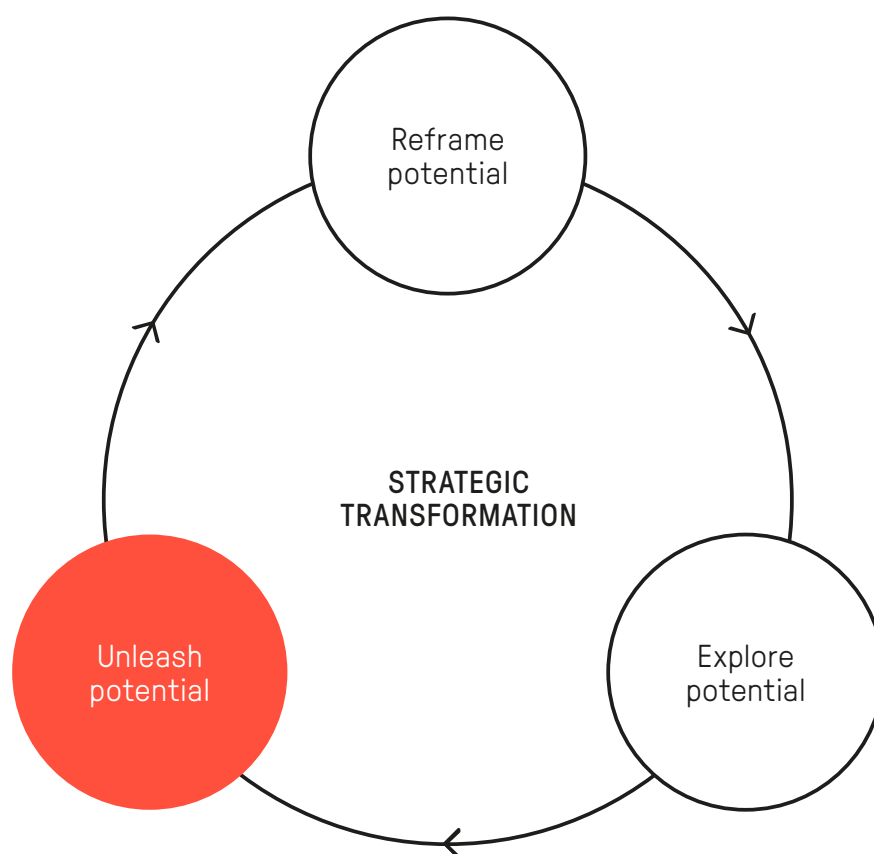
Survival and redemption are two sides of the same offensive case when it comes to the future.



Whether you as a business leader are concerned about avoiding losing existence or are passionate about unleashing the true potential, only the offensive and innovative approach can bring the company safely forward in time.

Attacking is not just the best defense. Logically, this is also the only way to win the game of future business.

## FRAMEWORK: CONTINUOUS UNLEASHING POTENTIAL



For the past five years, I have been working on a simple model, that provides a clear overview of what it takes to unleash a company's true potential and maximize the return on long-term investment in the business.

For that, you can actually both concretize and simplify.

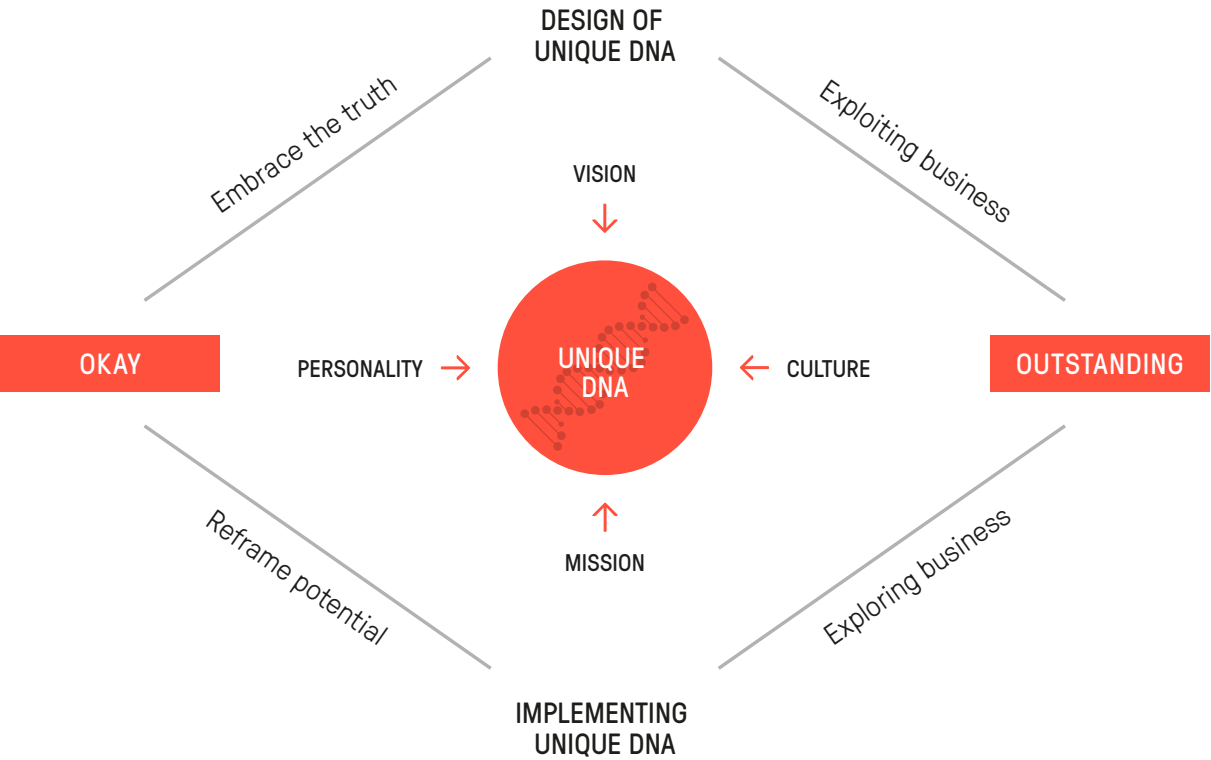
The model I call *the leap from Okay → Outstanding*.

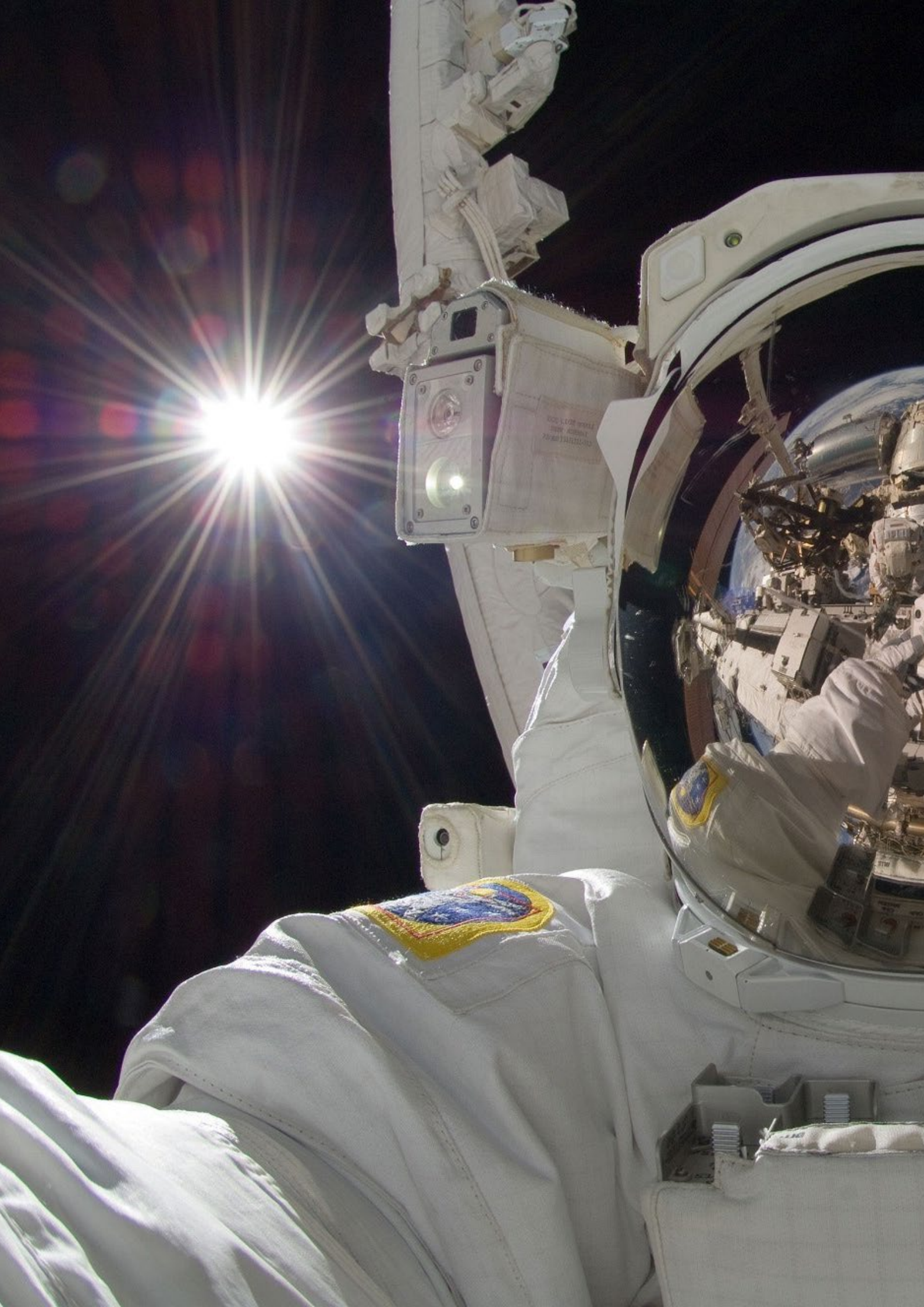
The strategic transformation is based on a basic principle of always seeing one's business at the starting line rather than at the finishing line.

No matter how big the results you have delivered, you should consider them only to be *Okay*, when you compare them to the company's huge business potential.

At the same time, most executives fall in love with the most successful companies' lucrative market positions and amazing results. Everyone wants to be *Outstanding*, but almost everyone overlook the fact, that becoming outstanding starts with standing out from the crowd.

FRAMEWORK: LEAPING FROM OKAY → OUTSTANDING





**“I BELIEVE THAT  
THIS NATION  
SHOULD COMMIT  
ITSELF TO  
ACHIEVING THE  
GOAL, BEFORE THIS  
DECADE IS OUT,  
OF *LANDING A MAN  
ON THE MOON* AND  
RETURNING HIM  
SAFELY TO EARTH.”**

→ John F. Kennedy, May 25, 1961

# HOW TO DESIGN THE STRATEGIC TRANSFORMATION?

In preparing and designing your company's strategic transformation, I take your leadership team through a development process, that I call *To the Moon and Back*.

It is only by leaping forward in time and aggressively relating to its business opportunities, that one can bring its business to the forefront of the markets of the future.

If you wait to develop and change your brand and business until the customer demand changes, then the best market positions will be taken already.

We must first paint the ugly picture of your company's immediate future and relate to the truth of the company's current performance.

The truth is usually badly heard but also a strong motivation for development and change.

Then we must reframe your company's business potential. It will prove to be significantly greater than you expect, when we eliminate the static *mind-set* and establish a more dynamic approach to the future.

Next, we must develop the future version of the company, so that it becomes at least as unique and extraordinary as the potential is great.

Finally, we have to deal fairly consistently and concretely with how we can unleash our business potential over time, and start to plan how we can take the first big steps towards creating your company's fantastic future from the next financial year.

# TO THE MOON AND BACK

## MOTIVATION

REFRAME BUSINESS POTENTIAL

EMBRACE THE TRUTH ABOUT YOUR STARTING POINT





**VISION**

**DESIGN UNIQUE DNA**

**DEFINE THE AMBITIOUS GROWTH STRATEGY**

**DISRUPT THE BUSINESS PLATFORM**

**BUILD A STRONG BRAND**

**ACTION**

The trip to the moon and back again ensures that we systematically create the necessary level of motivation, vision, differentiation and action, that can ensure your business transformation from *Okay* → *Outstanding*.

Below you will find a detailed description of the components of the development process.

### → ESTABLISHING MOTIVATION

We must first paint the ugly picture of the company's future.

The picture must be painted on the basis of the potential significant changes of the future instead of today's stability. It is the progression of all the factors, that are relevant to the future of the company, that we need to have right up to the surface.

The purpose of the exercise is to create a clear understanding of the fact, that the company cannot just refine its efforts to continue the current successful business.

We need a strong counterbalance to the illusion of the company's unbreakable success formula.

## → ESTABLISHING VISION

The work of designing and preparing your company's strategic transformation naturally continues to embrace the truth of the company's true performance and foundation.

We must have control over the starting point. For better or worse. It is a simple prerequisite for opening our minds and visions to the future.

As the next very central element of the process, we need to reframe your company's business potential.\*

It is only when we begin to see the outline of a new fabulous future for the company, that we become able to prioritize and invest in the business opportunities of the future.

## → DEVELOPING DIFFERENTIATION

We also need to create a true lighthouse identity with a unique DNA, that can make your business stand out from the crowd of current and future competitors.\*\*

The prerequisite for creating outstanding results is, as mentioned earlier, that you can both accelerate the growth of your current business as well as locate and unleash the new and large business opportunities of the future.

The acceleration requires differentiation.

Your business must be perceived as being significantly different and more valuable than its competitors by all relevant customers in order to increase the growth of the current business.

Navigation in the development of the future profitable business areas requires a unique self-understanding.

It is only when we have a collective understanding of how the company differs *quite significantly* from all other competitors and companies, that we can quickly choose to and from among the many possibilities of the future.

## → PLANNING ACTION

We need to have transformed the awareness of your company's true potential into a portfolio of both existing and potential new business activities as well as a *roadmap* for how to actually grow exponentially over the next 5-10 years.

The portfolio puts your company's overall potential business opportunities into perspective.

The *roadmap* prioritises and balances the exploitation of the company's existing business with the exploration of the new business opportunities. \*\*\*

We then complete a process where we define and plan the specific development, change and efforts needed to actually implement the strategic transformation of the business.

# \*HOW TO REFRAME YOUR COMPANY'S BUSINESS POTENTIAL

I have developed a simple method to reframe a company's business potential as the key driver of the company's transformation.

The method is to reframe the company's core, ambitions, potential and course. The most basic factors that determine the company's future.

The method gives quite effortlessly a dynamic *mind-set*, that opens the mind to the many business opportunities of the future.

The reframing starts by peeling off all the concrete successful layers to define the company's true core - the ability to ensure differentiation and create customer value at the most universal, principled and timeless level.

Once we understand the true essence of the business, we can next define the company's fiery and almost unattainable long-term ambitions.

It is only when we understand our fundamental diversity, that we realize how much of a difference we can make in the market and in society.

At the same time, it is only the most demanding objectives that can seriously inspire us to break the company's current boundaries and locate the company's true potential.

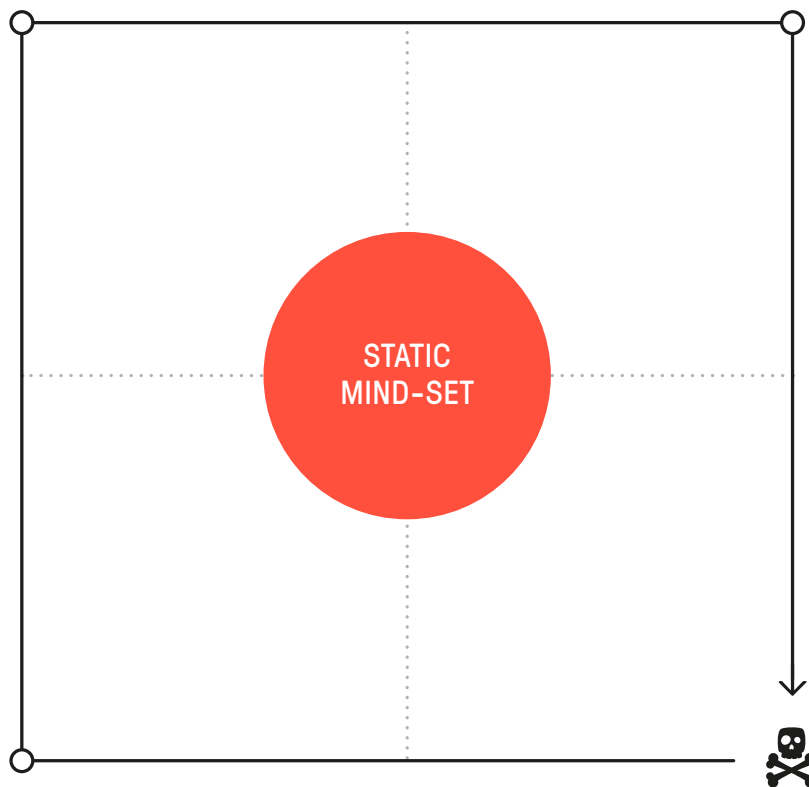
## FRAMEWORK: STATIC MIND-SET

### THE SAFE OBJECTIVES

The targets you come up with based on the false core

### THE FALSE POTENTIAL

The potential you can locate based on the false core and the safe objectives



### FALSE CORE

What has created our success become our core  
(The unbreakable success formula)

### THE DANGEROUS EXTRAPOLATION

Business as usual with the (naive) hope of future success



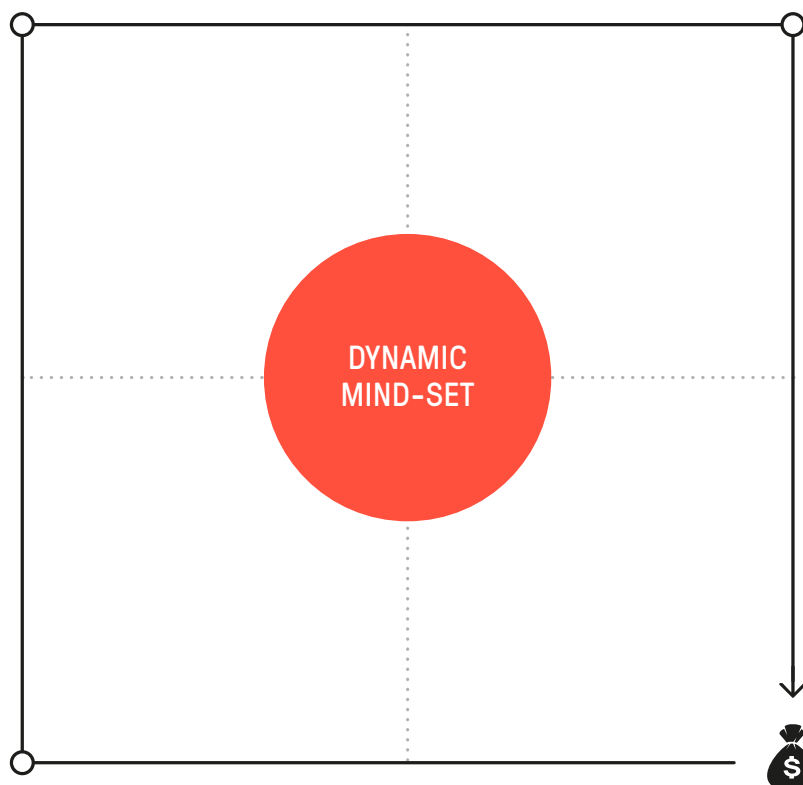
## FRAMEWORK: DYNAMIC MIND-SET

### BURNING AMBITIONS

The almost unattainable long-term goals

### TRUE POTENTIAL

Business opportunities when you start to innovate based on the true core and burning ambitions



### TRUE CORE

The ability to differentiate and create customer value at the most universal, principle and timeless level

### REAL TRANSFORMATION

The development and change the company need to create to unleash the true business potential

# **\*\*HOW TO DEVELOP YOUR COMPANY'S LIGHTHOUSE IDENTITY**

## **BRAND EQUITY:**

- Associations
- Awareness
- Market position
- Relations

## **DIFFERENTIATION → ACCELERATION**

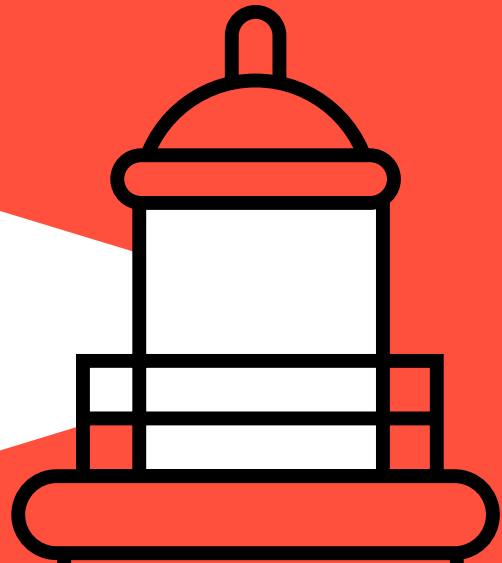
It's the intensity, integrity and inspiration of the brand identity and action, that can generate the brand equity, that is able to accelerate the growth in the current business.

## **UNIQUE SELFUNDERSTANDING → NAVIGATION**

The lighthouse identity creates such a clear and strong selfunderstanding in the entire organization, that makes it much easier to innovate new profitable business activities. When everybody knows who we are and what we believe in as a company, it inspires independent, fresh and innovative thinking.

### **BRAND ACTION:**

- Messages
- Tone of voice
- Visuals
- Media
- Activities



### **BRAND IDENTITY:**

- Personality
- Culture
- Product
- Organization
- Users
- Heroes
- Statements
- Value proposition

# \*\*\*HOW TO DESIGN YOUR COMPANY'S ROADMAP TO THE PROFITABLE FUTURE

We can define your business development and the realization of the potential in three stages:

## → PHASE 1: ACCELERATION OF GROWTH IN THE EXISTING BUSINESS

We invest in the development and efforts that utilize the company's starting point and current competencies most profitably.

## → PHASE 2: EXPANSION OF THE EXISTING BUSINESS

We invest in the development and efforts that expand the company's areas of activity most profitably.

## → PHASE 3: EXPLORING NEW TRENDS, TECHNOLOGIES AND IDEAS

We invest in the development and efforts that launch the company into completely new business areas.

It is important to understand that phasing is not a long-term plan. Only a visionary, ambitious and realistic overview of what it takes to fulfill the great ambitions.

The overview forces us to prioritize and be consistent with the development and efforts that can fulfill your company's true business potential.

It is also crucial to understand that the phase breakdown is also not a linear description of the company's investment in accelerating and expanding the existing business in addition to exploring new business areas.

The overview is a realistic indication of where the growth should come from in the ambitious plan to realize the company's business potential.

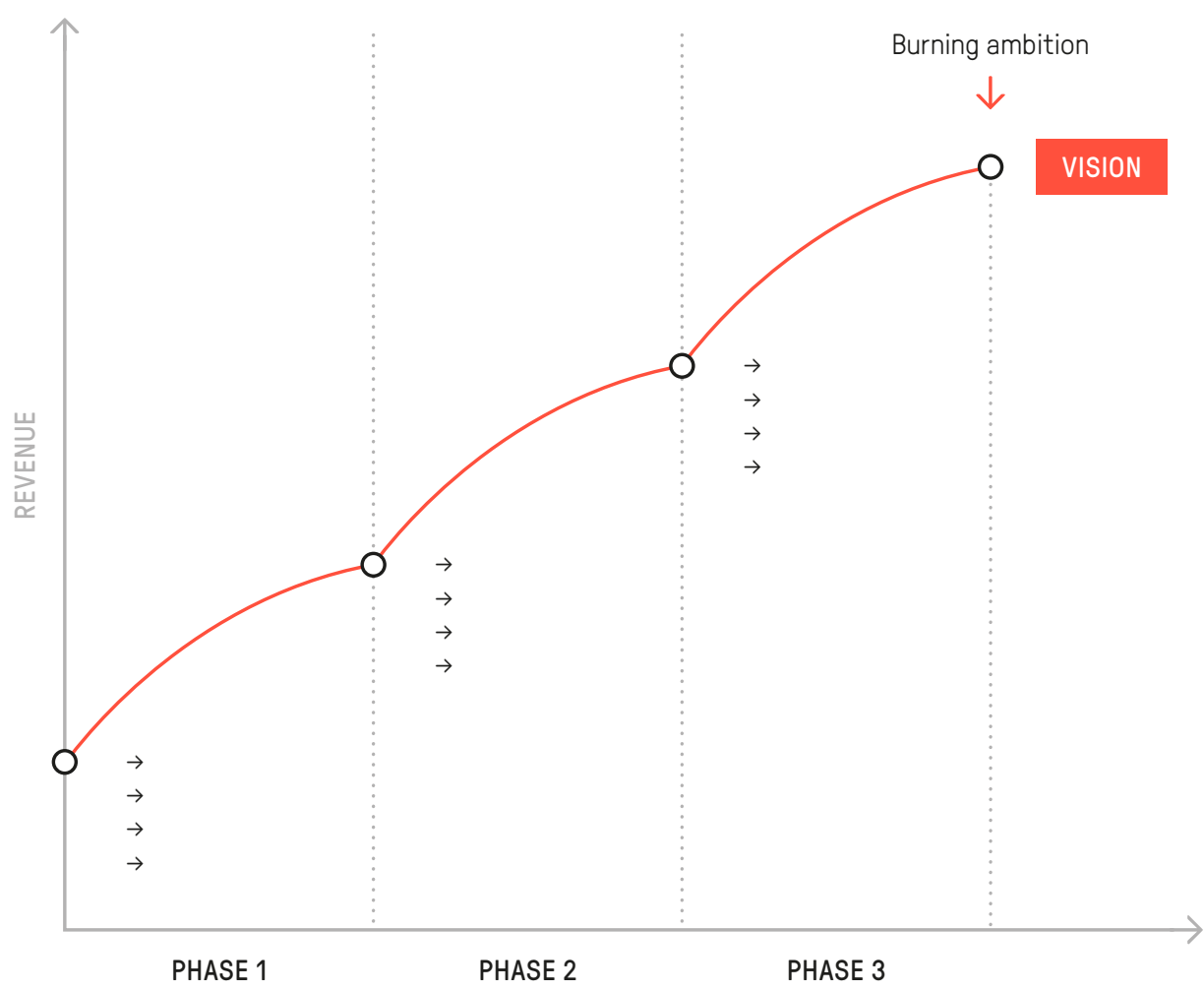
Obviously, the growth of the first fiscal year may come first and foremost from accelerating the current business as business expansion and exploration of new technologies, trends and ideas take some time.

Conversely, the company must be led in the consciousness of a dynamic world, where completely new disruptive business models can go from idea to realization in a very short time.

Therefore, when defining the company's strategic plan for the coming financial year, we must be very conscious of prioritizing investments and efforts from all three stages of the planning.

It is only when we are able to include both present and future business in each financial year, that we practice the kind of dual transformation, that can build your company's amazing future.

FRAMEWORK: ROADMAP TO THE PROFITABLE FUTURE



# HOW TO LEAD THE STRATEGIC TRANSFORMATION

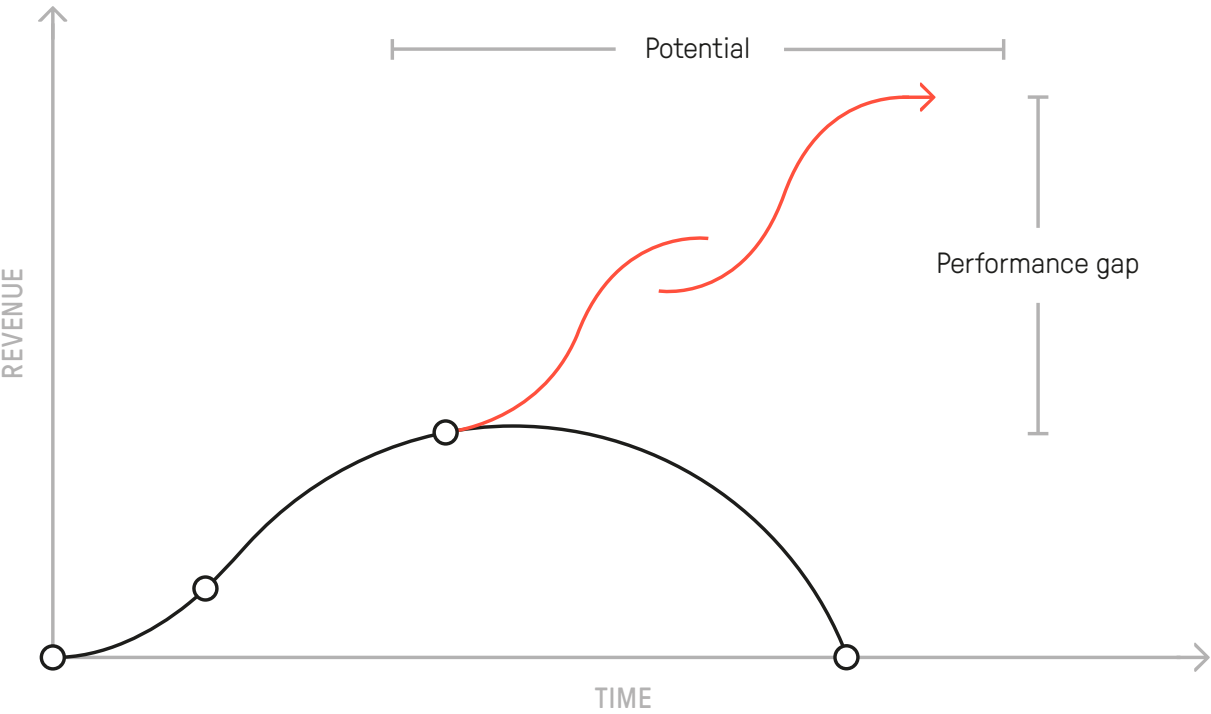
During the process, we will establish a clear and shared sense of your company's amazing future in terms of its true business potential, unique identity and a *roadmap* that shows year by year, how we can unleash that potential.

As the final part of the preparation, we are working to figure out how to close the gap between the company's amazing future and current actual performance.

The actual redemption of the true potential and the fulfillment of the big growth ambitions will require a new and more systematic approach to strategic management in the company.



FRAMEWORK: POTENTIAL AND PERFORMANCE GAP



We solve the following tasks as preparation for the actual execution of the company's strategic transformation:

- Identifying the most pressing here-and-now challenges as well as the most basic improvements to the company's basic business platform
- Preparation of the company's strategic plan for the coming financial year with must-win battles, financial objectives, key projects and action plans. The strategic plan is oriented towards all three phases of the growth framework
- Preparing the company's strategic management. We must not only have a burning ambition far out in the future, but also be on fire and brave in the short run in relation to executing the strategic transformation
- Preparing the internal strategy implementation. We must have all employees on board with the strategic transformation of the company
- All executives can start the journey to the amazing future of the company by looking at themselves in the mirror and deciding on some immediate leadership changes that can be put to use immediately



