COURSE TITLE: Achieving Strategic Agility

Subject Area: Strategy and Entrepreneurship
Lecturer: Julian Birkinshaw
   Email Address: jbirkinshaw@london.edu
   Room Location: S328
   Extension: 8718
Course Administrator: Mira Young
   Email Address: myoung@london.edu
   Room Location: S346
   Extension: 8172
Course Code: E417 C
Term: SUM 16
Credit Value: 1

FACULTY BIO

Julian Birkinshaw is Professor and Chair of Strategy and Entrepreneurship at the London Business School. He is a Fellow of the British Academy, The Academy of Social Sciences, and a Fellow of the Academy of International Business. He is co-founder with Gary Hamel of the Management Lab (MLab).

Professor Birkinshaw is the author of thirteen books, including Becoming a Better Boss (2013), Reinventing Management (2010), Giant Steps in Management (2007), Inventuring: Why Big Companies Must Think Small (2003), and Entrepreneurship in the Global Firm (2001), and over eighty articles. He was ranked 39th in the 2013 “Thinkers 50” list of the top global thinkers in the field of Management. He is regularly quoted in international media outlets, including CNN, BBC, The Economist, the Wall Street Journal, the Huffington Post, Bloomberg Business Week and The Times.

COURSE SUMMARY

Today, more than ever, a critical imperative for companies is strategic agility – the capacity to adapt quickly in the face of changing market conditions.

Many traditional views of strategy are static: they assume a foreseeable future, and they build on the premise that competitors and customers will act in predictable ways. This course does not make such assumptions. Instead, it builds on the expectation that the future is uncertain, fast-changing, and unknowable. How do we craft strategy in these circumstances? How should we organise/structure ourselves to be more agile? How can we engage and motivate employees across our organisation to help us identify and act on opportunities? These are all important questions that will be addressed during the course.

The course is structured in two parts. The first part examines the need for agility and the three different forms of agility that we see in companies. The second part focuses on the “capabilities” that companies need to put in place to become agile – including a more fluid approach to decision making, the ability to sense and response to opportunities, a
A modular way of organizing, and a more agile set of management processes. The course also includes a couple of integrative case studies that examine how these various elements fit together in practice, as well as a discussion of the “dark side” of agility.

In addition to the usual mix of academic readings and case studies, this course has two other distinctive features. First, we will have quite a few guest speakers in the classroom over the course of the week, either commenting on one of the cases or speaking about one of the themes in the course. These speakers will help us ensure the course remains relevant and current. Second, we will make good use of technology in the course; the materials will be provided only in digital form (no more printed course packs), and the group project will be a video presentation not a powerpoint-based one.

LEARNING OUTCOMES

On successful completion of this course, you will be able to:

- Identify and understand the different forms of “agility”
- Understand the key drivers of agility, that is the structures, processes and styles of working that enable firms to become agile
- Understand the conditions in which agility is useful and when it is not

You will also have developed a better understanding of how notions of strategic agility are related to other related concepts in the fields of strategy and business model innovation.

ASSESSMENT

Assessment Table:

<table>
<thead>
<tr>
<th>Assessment type</th>
<th>Deadline</th>
<th>Weighting</th>
<th>Group/ Individual</th>
<th>Formative/ Summative</th>
<th>Requirement to pass? Y/N</th>
<th>Submission Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class participation</td>
<td>N/A</td>
<td>20%</td>
<td>Individual</td>
<td>Summative</td>
<td>N</td>
<td>N/A</td>
</tr>
<tr>
<td>Group assignment</td>
<td>10pm, Wednesday 18th May 2016</td>
<td>25%</td>
<td>Group</td>
<td>Summative</td>
<td>N</td>
<td>Submission via Canvas</td>
</tr>
<tr>
<td>Final written assignment</td>
<td>10pm, Sunday 5th June 2016 with no extensions.</td>
<td>55%</td>
<td>Individual</td>
<td>Summative</td>
<td>Y</td>
<td>Submission via Canvas</td>
</tr>
</tbody>
</table>

Minimum requirements to pass this course:

1) minimum 50% in the weighted final numerical score AND
2a) minimum 50% in the aggregate of the individual components OR
2b) minimum 50% in the largest weighted individual component
Assessment Overview

Assessment will consist of class participation (weighted 20%), a short (video-based) group assignment to be completed during the week (weighted 25%) and a final written individual assignment due after the end of the course (weighted 55%). Please note that you need to get a passing grade (50%) in the individual assignment, as well as a passing grade overall, to pass the course.

Class participation will be graded in the usual way. Attendance and readiness to contribute to the case discussion is the minimal expectation. Significant and thoughtful contributions are encouraged. There will also an opportunity to do additional financial analysis (on the Brahma case) for extra credit.

The detailed assignment for the group project will be handed out on the first day of classes. You will work in groups of 5 to prepare a brief video presentation (maximum 5 minutes) about a company that exhibits strategic agility. Video recording facilities will be made available at certain times during the course. 10pm Wednesday 18th May (the day before the final class) is the deadline for sending in the finished video. Please note that this project requires a lot of work outside the classroom, so makes sure you have no other evening plans this week.

If you are interested in selecting your own team members, please indicate in advance (via the People tab in Canvas) who you would like to be in a group with. However, I reserve the right to not put you in the groups that you have indicated, and I reserve the right to add additional people to your proposed group.

The individual assignment will be handed out on the final day of the course (Thursday 19th May). It will be due in by 10pm Sunday 5th June 2016 with no extensions.

Assessment and Learning Outcomes

The course has a significant “experiential” component, through the use of case studies and many visiting speakers, because the underlying philosophy here is that difficult strategic problems can only be addressed by studying them in all their complexity. This is why there is a significant group project (where the students analyse a company of their choosing in depth), and a significant individual participation component (where I am evaluating the quality of the students’ input to the debate in class). The final individual exam is also largely case-based.

Plagiarism Declaration

All students completing this course should be aware that in submitting any assignment for this course, you agree to the following declaration:

“I certify that the coursework that I have submitted is entirely my own unaided work, and that I have read and complied with the School’s guidelines on plagiarism and referencing as set out in the School handbook.

I understand that the School may make use of plagiarism detection software and that my work may therefore be stored on a database which is accessible to other users of the same software.”

Students should be aware that, where plagiarism is suspected, a formal investigation may be carried out under the School’s Student Disciplinary Procedure. This may result in penalties ranging from mark deduction to expulsion from the School.
READING LIST

A detailed list of cases and readings, on a week-by-week basis, is provided in the course outline below.

There is no required textbook for this course. If you are interested in reading more broadly about the ideas developed in this course, you might want to look at:

Rita McGrath, The End of Competitive Advantage, 2013 (Harvard Business)

All readings and cases are provided in digital form only for this course.

TEACHING METHODS

Teaching/contact hours: 27.5 hours in the classroom (i.e. 10 3-hour classes, with a 15 minute coffee break in each class)

Suggested independent study hours: 30

The following teaching methods will be used on this course:

- Lecture(s)
- Guest Speaker(s)
- Seminar(s)
- External Visit(s)
- Project(s)
- Other (please specify below)

FURTHER INFORMATION

My assistant, Mira Young, is in charge of all the administrative arrangements for the course. Her email is myoung@london.edu, her telephone number is +44 207 000 8172.
**COURSE STRUCTURE**

**SESSION 1**

*Tuesday 19 April 2016 @ 15:45-18:30*

**Why do we need agility?**

We will examine the well-known phenomenon of the “failure of success” – the tendency for large and successful companies to lose their way. We will discuss one well-known case study in detail, and then we will broaden the discussion to consider other cases of the failure of success and then the reasons why it occurs.

**Required preparation**

Case study: Kodak and the Digital Revolution. Consider the following question:

1. Please give a "grade" of A, B, C, or F to each of the following Kodak CEOs:
   - George Fischer (phase 1, 1993-1997)
   - George Fischer (phase 2, 1997-2000)
   - Daniel Carp (2000-2005)

2. Why has Kodak had such difficulty making the transition to digital? What are Kodak’s strategic options in digital as of 2005? What should Kodak do?

**Required preparation**

Three readings are provided, each one offering a different perspective on the “failure of success.”


**SESSION 2**

*Thursday 21 April 2016 @ 15:45-18:30*

**Strategic Agility: What is it and how does it transpire?**

This session will consider a second form of agility labelled “strategic agility”. We will do this primarily by looking at the case of Amazon.com, but also drawing on some of your own experiences of companies that have managed the transition across a major technological shift in their industry. We will also hear from an executive whose has had to deal with managing digital discontinuities in several different companies.

**Required preparation**

Case study: Amazon.com: Seeking the next big thing

1. Look back over Amazon’s history and the major episodes when the company exhibited strategic agility. What did the company do, and what trap(s) did they avoid falling into?
2. What has enabled Amazon to be strategically agile? What broader points can you draw from the company’s strategy, leadership, organisation, culture etc. that other companies could learn from?

**Required preparation**
As in session 1, here are three different perspectives on how companies can manage strategic agility, and you will be assigned to read one of them in detail (though you are welcome to read all of them). Be prepared to give an oral summary of the key argument from your reading.


We will finish this session with a guest speaker (TBC)

**SESSION 3**

**Tuesday 26 April 2016 @ 15:45-18:30**

**Operational Agility: What is it, and how does it transpire?**

We will spend most of this class discussing a case study of Brahma, a Brazilian beer company, which provides insight into one particular form of agility that we will call "operational agility". This session will be co-taught by Julian Birkinshaw and Rebecca Homkes, a Teaching Fellow at London Business School.

**Required preparation**

Case Study: Brahma versus Antarctica. Consider the following questions:

1. Is the Antarctica merger a golden opportunity for Brahma?
2. How well is Brahma doing in 1999? What are the key metrics (financial and non-financial) you would use to evaluate the company’s position? Would you classify Telles’ turnaround as successful?
3. In 1990, Antarctica was better positioned than Brahma on many dimensions. How did Telles and his team overtake Antarctica in the following decade? Why did Antarctica struggle to respond effectively?
4. What role did Telles play in leading the transformation of Brahma?

**Optional preparation**

Additional analysis: You may wish to use the excel spreadsheet (available in the online courseroom) to analyse Brahma's financial, operating and market performance relative to Antarctica (this will count extra towards your participation grade). If you do this, please email me your analysis (jbirkinshaw@london.edu) by 5pm on Tuesday evening (19th April).


**SESSION 4**

**Thursday 28 April 2016 @ 15:45-18:30**

**Portfolio Agility: What is it and how does it transpire?**

We will focus here on the third approach to agility, namely “portfolio agility” using the example of GE as a company that has adapted very successfully over a long period of time.

**Required preparation**

Case study: General Electric’s Corporate Strategy

1. What have been the major changes in GE’s portfolio of businesses over the last two decades? What was the rationale for the changes made by (a) Welch and (b) Immelt?
2. What aspects of GE’s leadership, organisation, culture, decision-making processes etc. have enabled it to be reasonably successful at shifting its portfolio of businesses to adapt to the changing world it is operating in.
3. How successful, as a whole, do you think GE has been at managing its business portfolio in an agile way?

The second part of the class will feature a guest speaker (TBC).

<table>
<thead>
<tr>
<th>SESSION 5</th>
<th>Tuesday 3 May 2016 @ 15:45-18:30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Drivers of Agility: A sense-response capability</strong></td>
<td></td>
</tr>
<tr>
<td>This session will focus on the first of four agility drivers, namely the capacity to sense and respond effectively to changes in the business environment. To introduce this theme we will consider the challenges GE faced in the early 1990s to pick up on the embryonic “energy management” market, and we will consider the pros and cons of various models for increasing a company’s sense-response capability.</td>
<td></td>
</tr>
<tr>
<td>We will also take a brief look at the concept of scenario planning as one well-known mechanism for sensing and responding to long-term changes in the business environment. This will include a talk from a guest speaker.</td>
<td></td>
</tr>
<tr>
<td><strong>Required preparation</strong></td>
<td></td>
</tr>
<tr>
<td>Case study: GE Energy Management (A). Consider the following questions:</td>
<td></td>
</tr>
<tr>
<td>1. How attractive does the energy efficiency / energy management opportunity look at the time of the case? Is this a business opportunity GE should be pursuing?</td>
<td></td>
</tr>
<tr>
<td>2. What should Raj Bhatt do next? What are the pros and cons of pushing to develop an energy management business in GE Canada?</td>
<td></td>
</tr>
<tr>
<td><strong>Optional preparation</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SESSION 6</th>
<th>Thursday 5 May 2016 @ 15:45-18:30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Drivers of agility: Fluid structures</strong></td>
<td></td>
</tr>
<tr>
<td>This session will feature two of the four drivers of agility, first the creation of “fluid” organisational structures that enable a company to adapt rapidly to changes in demand in its business environment. We will use the Eden McCallum case study to structure this discussion.</td>
<td></td>
</tr>
<tr>
<td><strong>Required preparation</strong></td>
<td></td>
</tr>
<tr>
<td>Case study: Eden McCallum</td>
<td></td>
</tr>
<tr>
<td>1. What are the key features of Eden McCallum’s business model/organisational model? Why did they establish the company in this way? What are the pros and cons of their model?</td>
<td></td>
</tr>
<tr>
<td>2. How does this model help the company to cope with an economic downturn and/or changes in its business environment?</td>
<td></td>
</tr>
<tr>
<td>3. What are the biggest risks and challenges facing the company?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SESSION 7</th>
<th>Tuesday 10 May 2016 @ 15:45-18:30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic agility in action</strong></td>
<td></td>
</tr>
</tbody>
</table>
| This is the first of two sessions taking a CEO-level perspective on making a large company more agile. We will examine the case of Thomson Reuters and its creation of a new set of
offerings focused on risk and compliance. Hopefully, a guest speaker from the company will also be present.

**Required preparation**
Case: Thomson Reuters: Building a Risk Management Business

1. Looking back on how the risk business was created, what were the key things that David Craig and his successors did to make it a successful business? Were there any mistakes they made along the way?
2. Taking the position of Phil Cotter, what do you see as his biggest challenges and opportunities as he seeks to grow the risk business further?

**Optional preparation**

---

**SESSION 8**
Thursday 12 May 2016 @ 15:45-18:30

**Drivers of agility: Agile processes**
This session focuses on the final driver of agility, namely the development of “agile” management processes. The principles of agility have been applied very effectively in the world of software development, as the assigned case study makes clear, but increasingly these principles are also finding their way into other aspects of the management processes in large firms.

There will also be a guest speaker in the second half of this session, TBC.

**Required preparation**
Case study: Transformation at the Government Digital Service

1. What do you believe have been the key reasons for the success of the Government Digital Service? What could they have done better?
2. What are the next steps for Mike Bracken and his team? How can they build on their success to date to make a real difference to how the UK government works?

**Optional preparation**
Reading: CMM versus Agile Methodologies in software development

1. What are the underlying principles behind these two different software methodologies? What are their pros and cons? Under what circumstances would you prefer one over the other?
2. More broadly, how do these “agile” principles apply to other management processes in companies you have worked in?

---

**SESSION 9**
Tuesday 17 May 2016 @ 15:45-18:30

**Drivers of Agility: Simple-rule based decision making**
In this session, we will discuss the third of four agility drivers, namely a different approach to decision-making that requires less planning, and instead involves more frequent iterations and an adherence to “simple rules” that guide behaviour. This session will be led by Stefano Turconi, who teaches on many executive programmes at London Business School and provides consulting advice to companies in how to apply the concept of simple rules.

**Required preparation**
Case study: Don Sull, Stefano Turconi, Canadian Compression Corporation: Coping with Complexity, London Business School case study CS-13-012 (August 2014)

1. What is your assessment of Canadian Compression Corporation strategic and financial health? What are the root-causes of underperformance of both CCC and the MEA GBU?

2. How did complexity affect Belmondo’s turnaround efforts? How did he unlock value? What are the merits and shortcomings of the Simple Rules approach he introduced? If anything, what would you do differently?

3. Which piece of advice would you give to Belmondo as he prepares to address the CCC quarterly leadership conference? Whose support should he seek? And, which part of the company appears most suited to adopt simple rules?

**SESSION 10**

Thursday 19 May 2016 @ 15:45-18:30

**Some alternative perspectives on agility**

In this final session, we will consider the “dark side” of agility, and we will look at some of the more recent ideas developed by the instructor and by other thinkers on companies can develop strategic agility. We will close by showing some of the group videos.

**Required preparation**


1. What are the key ideas in this article? How do these three organising models apply in the organisation you currently work in, or where you recently worked?

**Optional preparation**


1. Hamel lays out five alternative contexts (life, markets, democracy, faith, cities) in which agility (he uses the term adaptability) is prevalent. Which of these contexts offers the most potential for application to a business setting?
2. He also lays out five alternative principles (variety, flexibility, activism, meaning, serendipity). Think about examples of how these principles might apply in the business world, and be prepared to share one example in the class.