COURSE TITLE: Achieving Strategic Agility

Subject Area: Strategy and Entrepreneurship
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Course Administrator: Mira Young
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   Extension: 8172
Course Code: E417 A
Term: AUT 15
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
modular way of organising, 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, 17th December 2015</td>
<td>25%</td>
<td>Group</td>
<td>Summative</td>
<td>N</td>
<td>Submission by e-mail <a href="mailto:myoung@london.edu">myoung@london.edu</a></td>
</tr>
<tr>
<td>Final written assignment</td>
<td>10pm, Sunday 10th January 2016 with no extensions.</td>
<td>55%</td>
<td>Individual</td>
<td>Summative</td>
<td>Y</td>
<td>Submission by e-mail <a href="mailto:myoung@london.edu">myoung@london.edu</a></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 be 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 December 17th (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 make sure you have no other evening plans this week.

If you are interested in selecting your own team members, please indicate in advance (in an email to my Assistant, Mira Young (myoung@london.edu) 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 (December 18th). It will be due in by 10pm Sunday 10th January 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  MONDAY 14th DECEMBER, 08.15 – 11.00

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.” Every student is required to read one of these in detail, and I will send out an email a few days before to tell you which one to focus on. Be prepared to give an oral summary of the key argument from your reading.


SESSION 2  MONDAY, 14th DECEMBER, 12.45 – 15.30

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)

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**SESSION 3  
TUESDAY, 15th DECEMBER, 08.15 – 11.00**

**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 Monday evening (14th December).


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**SESSION 4  
TUESDAY 15th DECEMBER, 12.45 – 15.30**

**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).

**SESSION 5**  
**WEDNESDAY, 16th DECEMBER, 08.15 – 11.00**

*Drivers of agility: Fluid structures*

This session will focus on the first of the four drivers of agility, namely 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.

**Required preparation**  
Case study: Eden McCallum

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?  
2. How does this model help the company to cope with an economic downturn and/or changes in its business environment?  
3. What are the biggest risks and challenges facing the company?

**Optional preparation**  

**SESSION 6**  
**WEDNESDAY, 16th DECEMBER, 12.45 – 15.30**

*Drivers of Agility: A sense-response capability*

This session will focus on the second of four sets of 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.

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.

**Required preparation**  
Case study: GE Energy Management (A). Consider the following questions:

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?  
2. What should Raj Bhatt do next? What are the pros and cons of pushing to develop an energy management business in GE Canada?

**Optional preparation**  

**SESSION 7**  
**THURSDAY 17th DECEMBER, 08.15 – 11.00**

*Drivers of agility: Agile processes*
This session focuses on the third set of drivers, 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, speaking in more detail about how “agile” development works in the banking sector.

**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 8**

**Strategic agility in action**
This class provides an opportunity to consolidate the insights from the previous three sessions by looking in detail at the challenge faced by a company seeking to become more agile. The key protagonist in the case will join us for the class, and will talk about the actual changes he made.

**Required preparation**
Case: Irdeto (A)

1. What are the key challenges facing Graham Kill and the Irdeto management team? To what extent are these agility challenges?
2. Consider the different ways that they might address these challenges. Put forward an action plan for Graham to implement.

**Optional preparation**

**SESSION 9**

**Drivers of agility: Iterative and simple-rule based decision making**
This session focuses on the last driver of agility, 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.

**Required preparation**
1. Building on the article and your own experience, what are the key requirements for management teams to make sense of rapidly changing markets? What are the obstacles to making sense that you have observed in your career? And what is required for teams to make effective choices among strategic alternatives?

**Required preparation**


1. Based on the Simple Rules article, please identify a process in a company that you work for currently or have worked for that would have benefited from simple rules. Please list these rules and be prepared to discuss them in class.

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**SESSION 10**

**FRIDAY 18th DECEMBER, 12.45 – 15.30**

**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.