Editor's letter

2019 seems destined to be the third act of a bewildering four-act play about discontinuity and chaos. As evidence, consider this random selection of improbable events and acts of hubris as the curtain fell on 2018. The CEO of a global car manufacturer is arrested for personal income tax evasion. The CEO of a space rocket company smokes weed on TV. Propping up autocrats has become the business model of a venerable strategy consulting firm. The Federal Reserve debates whether a hike to a 2.5 percent interest rate would push the country into a recession. The President is awarded the truthfulness rating of "Bottomless Pinocchios." A potential government shutdown looms because some congressmen may not show up to vote. Climate change science is boldly denied, again and again. Migrant children seeking asylum are kept in cages.

Writing about strategy and leadership in such extraordinary times is serious and consequential business. In this issue we look at the alternative to hierarchical corporate management, the perils and promise of transformative change, the risks and benefits of starup partnering, the leadership standards crisis and emerging digital platform strategy.

- ■ The ten stages of the Agile transformation journey

Today's universal corporate goal, according to Agile expert Stephen Denning, "is to enable the organization to generate instant, frictionless, intimate, incremental, risk-free value at scale, and to gain the financial rewards that flow from that capability. In the race for such outcomes, rigidly hierarchical firms are at a disadvantage….First adopted by digital innovation teams, the Agile mindset is spreading to middle management operations and top level leadership initiatives in many established organizations. Soon their leaders may face the necessity of undertaking a company-wide Agile transformation."

Interview

- ■ Nathan Furr: leading transformation, empowered by behavioral science models

An INSEAD professor of innovation and management, Furr offers a radical approach to transformation in this interview with Dublin City University Professor Emeritus Brian Leavy. About his new book *Leading Transformation*, Furr says, "[My co-authors and I] tried to apply insights from the last few decades of behavioral science…to really understand the cognitive foundations of why people struggle with change….The organizations that will increasingly find themselves on 'a linear path to doom' will be those that are unable to break free of incrementalism and the human tendency towards narrow thinking and end up applying inadequate tools for innovation and renewal in a rapidly changing world."

- ■ Strategic negotiations: three essentials for successful partnerships with startups

Rudolf Freytag, CEO of Siemens Technology Accelerator in Munich, says "There are three essential elements in a successful negotiation strategy that allows startups to systematically and efficiently partner with established companies: strategic balance, stakeholder alignment and understanding the negotiation space….The strategy introduced here for how a startup can negotiate successfully with an established company can also easily be applied to the perspective of an established company negotiating with a startup."

- ■ The leadership standards crisis

Barbara Kellerman, James MacGregor Burns Lecturer in Leadership at the Kennedy School of Harvard University, warns that "The destructive, dramatic decline in leadership standards, and in trust in leading individuals and in the institutions that they are supposed wisely and well

to lead – has coincided with the rapid growth of the leadership industry. . ..Is there more that we could do, more that we should do, to raise the standards to which leaders are held?. . . Clearly leaders in government and business should be required to provide some evidence that they have been educated to lead, or trained to lead or developed as leaders."

- Strategies for competing in markets enabled by digital platforms

IBM consultants Kazuaki Ikeda and Anthony Marshall expect "A brave new world in which buyers, sellers and suppliers seamlessly interact with vast artificial intelligence (AI) networks though their mobile devices is advancing rapidly. . .companies are eyeing these successes and looking for ways to translate and adapt successful platform strategies into their own industries and markets . . .. The choice – whether to own or participate in a platform, or do both – is not something organizations should postpone."

- On retail digital platforms suppliers have to become responsive customer service organizations

Finnish researchers Mikko Hänninen and Anssi Smedlund found that "When customers and suppliers can interact and collaborate over a digital platform the supplier must also compete to deliver instant, intimate, frictionless, mass-customized, low-risk value on a large scale. . .. Our major finding is that digital marketplaces have an opportunity to gain competitive advantage by engaging in sophisticated partnering relationships with suppliers that enhance the value of their products for end-customers."

And as a bonus, leadership consultant Harvey A. Hornstein reviews *REBEL TALENT*: *Why It Pays to Break the Rules at Work and in Life* by Harvard professor Francesca Gino.

Good reading!

Robert M. Randall

Editor