Strategic Agility – A New Competitive Requirement for Nations?

November 19, 2010  Mikko Kosonen
Up until now, Finland has been one of the major winners from globalisation

- Progressive industrial and innovation policies
- Progressive social and education policies

Balanced development of Economic growth and Social justice

= FINLAND'S SUCCESS MODEL
But the world is changing rapidly...

**Megatrends**

- Globalisation 2.0 era
- Ageing of the population
- Climate change

Finland's "success model" is threatened

- Finland's traditional industrial foundation is weakening rapidly
- Finland’s dependency ratio is deteriorating rapidly

➢ **Major need and opportunity for systemic/structural change**
From industrial era mental models and structures towards human and solution centric service society

- Global economic crisis
- Paradigm change

Growth and well-being

Industrial welfare society

Human and solution centric service society

Geopolitics era
Globalisation 1.0 era
Globalisation 2.0 era

1980 1990 2000 2010
Have we become prisoners of our own success?

Tunnel vision: Can we see our opportunities with open eyes?
Imprisoned resources: Can we re-deploy our resources swiftly and in a citizen-centric manner?
Organizational politics: Can we make the necessary “painful” decisions?

Growth & Well-being

1960 1990 2010

Time

© Sitra 2009
Need for new leadership & management principles and practices

- Decentralization
  - Speed of Change
    - Fast
    - Slow
- Operational Excellence
- Strategic Planning
  - Nature of Change
    - Simple/linear
    - Complex/Systemic
  - Strategic Agility

Capacity for continuous renewal = Strategic Agility

19.11.2010 Mikko Kosonen
Enablers of strategic agility in the private sector

Strategic Sensitivity
- Open Strategy Process & Experimentation
- Stretched goals & conflicting interests
- Open vision & business idea
- Shared language & Cognitive diversity

Resource Fluidity
- Dissociating results from resource ownership
- Assumption based planning
- Institutionalized job rotation
- Values based leadership & mgmt system
- Modular, plug & play processes and systems

Leadership
- Shared agenda & incentives
- Structural dependency
- Embracing conflict & dialogue
- Multiple roles, rotation
- First among equals CEO

Unity
Application of Strategic Agility in the Public Sector

Enablers of Strategic Agility (in private sector)

- Strategic Sensitivity
- Resource Fluidity
- Leadership Unity

Enablers of Strategic Agility (in public sector)

- Strategic Sensitivity
- Resource Fluidity
- Leadership Unity
- Public sector ‘nature’
- Democracy
Constraints specific to public sector

- Democratic decision making
  - Need for public support
  - Multiple goals (optimization more difficult, tradeoffs between goals)
  - Lobbying special interests
- Outcomes difficult to measure
- Employment constraints (lower salary, “permanent” jobs)
- Lack of market pressure
- Uncertain production technologies (inputs => (?) outcomes)
Application of Strategic Agility in the Public Sector

Enablers of Strategic Agility (in private sector):
- Strategic Sensitivity
- Resource Fluidity
- Leadership Unity

Enablers of Strategic Agility (in public sector):
- Strategic Sensitivity
- Resource Fluidity
- Leadership Unity

Public sector ‘nature’
Democracy
Finland – What Next?

- Ambition: Lead market for next generation ‘wellfare state’
- OECD country evaluation in May 2010
- Sitra’s Public sector leadership and management program
  - focusing on implementation of Strategic Agility principles and practices
Thank you!
Sitra's vision and mission

Finland succeeds as a global pioneer of systemic changes that create well-being

Sitra facilitates these changes – by combining foresight and experimentation
Summary

- Health Care Programme
- Municipal Programme
- Energy Programme
- Landmarks Programme
- Growth Programme for the Mechanical Industry
- Public Management and Leadership Programme
- Development programmes (Helsinki Design Lab, Sources of Vitality,...)

- Foresight
- Innovative experiments
- Strategy processes
- Business development & investments

Comprehensive well-being of citizens
Finland as an international model of a sustainable society

2008 2009 2010 2011 2012 2013 2014->

19.11.2010 Mikko Kosonen