Professional MBA
Entrepreneurship & Innovation

Banks need to rethink their approach towards strategy - An agile focus strategy approach for established companies to survive in an uncertain world

A Master's Thesis submitted for the degree of
“Master of Business Administration”

supervised by
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Affidavit

I, **FABIAN SCHMID**, hereby declare

1. that I am the sole author of the present Master's Thesis, "BANKS NEED TO RETHINK THEIR APPROACH TOWARDS STRATEGY - AN AGILE FOCUS STRATEGY APPROACH FOR ESTABLISHED COMPANIES TO SURVIVE IN AN UNCERTAIN WORLD", 42 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted the topic of this Master's Thesis or parts of it in any form for assessment as an examination paper, either in Austria or abroad.

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Abstract

This master thesis examines questions around a new kind of strategy development and implementation for established, traditional and not particularly agile companies as they face new challenges in the future.

Due to the accelerated changes regarding market, competitors, customer behavior and technology, many companies have trouble finding a strategy to be successful in the future - or simply to survive.

This Master's thesis should be an approximation to a new way in overall strategy through an agile focus strategy approach.

The framework "Business Model Navigator" by Marc Gruber and Sharon Tal will be taken as a starting point, however adapted and supplemented for the needs of established companies. The difficulties to recognize and analyze the core competencies detached from possible applications of a company, will be discussed in order to build a strategy on those.

A radical shift in strategy means an enormous change process for a large company and is not easy to manage. Hierarchical barriers and a strong desire for security and control have to be overcome. For this reason, a possible process is presented that would serve a successful transformation process.

The research questions aim at the combination of existing tools and methods to model an agile focus strategy in traditional business setups while also adressing the change process itself.

Within a large Swiss retail bank, the need for an agile focus strategy and the model will be validated through qualitative interviews and the evaluation of existing documents. Further challenges in the area of a sustainable overall strategy will be identified and concrete obstructions in the transformation process will be identified.

The necessity and the need for a new model for the development and implementation of a strategy exists, especially because the established processes erode over time and do not fulfill the desired ambitions. This work aims to contribute to the discussion about innovation in strategy and management and to rethink traditional strategy processes in top management.

Keywords: Strategy, Agile Focus Strategy, Market Opportunity Navigator, VUCA, Competitive and transient Advantage, Innovation, Management

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List of Abbreviations

GAFA	stands for Google, Amazon, Facebook and Apple and other disruptive Tech. Giants
S&P	Standard & Poor's Credit Rating Agency and an Index of 500 most valuable listed US-Companies
MBA	Master of Business Administration
AI	Artificial Intelligence
SWOT	Acronym for Strengths, Weaknesses, Opportunities and Threats
BCG	Boston Consulting Group
R&D	Research and Development
RAPID	Recommend, Agree, Perform, Input, Decide
MVP	Minimum Viable Product
GRC	Governance, Risk, Compliance
UHNWI	Ultra High Net Worth Individuals
SME	Small and Medium Enterprises
VUCA	Volatility, Uncertainty, Complexity, Ambiguity
BSC	Balanced Score Card
FinTech	Financial Technology
USP	Unique Selling Proposition

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1 Introduction

We are living in a fast-changing world with a high degree of uncertainty, particularly in business. Virtually every company needs to innovate and even transform into new business areas to survive in the future. Competition is increasing and coming from new, unknown competitors invading markets and industries. The increased competition and accelerated market movements are visible in the ever-shorter period of time that large companies are represented in indexes, such as the S&P; from an average time represented in the S&P index of 33 years in 1964, to 24 years in 2016 with predictions to plunge to just 12 years in 2027.[1] Following theories of creative deconstruction by Joseph Schumpeter[2] and the concepts of continuity and discontinuity of companies by Peter Drucker[3], Richard Foster and Sarah Kaplan suggest to abandon the assumption of continuity to be able to outperform the market and, as a result, survive as a successful company.[4] But this is much harder than one would think, as most corporations struggle with the major inherent conflict between the need to control the existing operations, while creating an environment for new ideas and innovations to flourish and radically change the business and its strategy. In this process, each corporation has to rethink not only its existing processes and product innovations, but also be able to change distribution channels, so that it might innovate its own business model and trade out traditional assets while building up new competencies.[5] This transformation is not something with a beginning and an end, but rather promotes a different company structure, culture, and behavior. The change today is coming at a very high speed, leading to a new way of thinking about strategy. It's more a general direction and less about a detailed plan.

Research in 2004 by the Economist Intelligence Unit showed that most companies only realize around 63% of the projected performance planned to reach in the strategy, and they found that less than 15% of companies track the performance of their long term strategy at all.[6]

These rapid changes also affect the financial sector. According to the Disruptability Index 2018, the banking sector is very vulnerable due mainly to structural weaknesses. The sector

[1] *Anthony et al.* (2018)
[2] *Schumpeter* (1950)
[3] *Drucker* (1978)
[4] *Foster/Kaplan* (2001)
[5] *Foster/Kaplan* (2001); *Gassmann et al.* (2014)
[6] *Mankins/Steele* (2005)

is highly anticipated to be disrupted soon, though has not been yet because of existing entry barriers for disruptors.[7] The financial services industry is ripe to be disrupted by Start-Up's, and large technology companies, players (known as GAFA's), or quick moving competitors from similar sectors, for which they are probably not prepared for. Banking, for a long time, was well protected by regulation and a high capital demand for operations. Even in 2011, after the financial crisis, with lots of internet giants on the rise and the bankruptcy of Kodak for example, the banking sector was facing low demand and technology uncertainty,[8] which has totally changed by now.[9] The financial sector is suddenly facing an urgent need to transform its way of working, culture, business model and future revenue streams and how to compete with new competitors. However, disruption is not totally unpredictable and with new approaches on strategy development and implementation the threat of change becomes a great opportunity.

In my personal experience, I helped to form the innovation team and now "digital transformation" department for Switzerland's third largest retail bank. During these last three years, it became evident to me that the financial industry as we know it today will be very different in some years, and traditional business models will become hard to maintain and generate profit.

To stay successful and competitive, a bank needs to be innovative and able to transform rapidly and in an agile way. As research shows, many companies fly blind in placing their bets on innovation. 54% struggle with aligning their innovations with the strategy and vice-versa; while strategy is the most important factor to determine success of an innovation initiative.[10] On the other hand, only 12% of companies worldwide managed to achieve a modest level of profitable and sustainable growth.[11]

In this Master's thesis I will approach the topic of strategy and transformation using the example of a Swiss bank. I will investigate whether the existing top management believes that a new process for strategy development and implementation could make sense, or whether the status quo is completely sufficient to develop and implement a successful future strategy. I will compare a classical strategy process—or the corresponding theory—with a new approach, the Market Opportunity Navigator, and an agile focus strategy.[12]

[7] *Abbosh et al.* (2018a); (2018b)
[8] *Dyer et al.* (2014)
[9] *Schumpeter (Pseudonym)* (2017)
[10] *PwC* (2017)
[11] *Zook/Allen* (2010)
[12] *Gruber/Tal* (2017)

Since this Master's thesis is written during an MBA in Innovation & Entrepreneurship and I am working in a Swiss bank, creating a management and strategy innovation would be a welcome outcome. Banks struggle to be innovative in their field, and a goal might be to use the cash to transform into totally different business fields. However, we often forget the power and competitive advantage we can gain by innovating management practices for the existing business, and to achieve a transformation towards more agility through that.

1.1 Factors that drive change in the industry

The factors responsible for the rapid changes in the banking industry in Switzerland, and worldwide, are very diverse. In addition to the factors described in more detail below, the general economic situation, interest rates, political influences, or tax competition will certainly also play a role. It would be beyond the scope of this thesis to cover and discuss all factors; as such, I would like to focus on a number of specific drivers which will help to understand the following work:

- Changing customer needs and behavior
  - Customers today are more liberal and demand the best products for themselves. The comparability and rating trend on the Internet as well as customization and real-time offers in various industries have contributed to this.
  - Customers are no longer willing to pay a lot of money for a standard product, which contains about the same thing as every bank and does not really add additional value.
- New Technologies
  - On the one hand, they allow customers to change their behavior in the first place, but also open up opportunities for new competitors in the market to offer classic banking products more cheaply, better and faster than existing banks.
  - Through technologies such as AI and Blockchain, strong sources of income of banks are directly attacked, since a customer can do most of the business themselves with technological support, or much can be fully automated.
- Data
  - The vast amount of customer data that can be collected and evaluated today opens up great opportunities for banks to better know and serve their customers. At the same time, technology companies that already have a lot of customer data, and know how to deal with it, can easily offer banking services and thus undermine customer relationships that have been built up over many years by traditional banks.

- Regulations
  - Regulatory pressure has increased sharply since the financial crisis of 2007, burdening banks with costly investments and limited financial flexibility. On the one hand, this can make it more difficult for new players to enter the market in the short term, but on the other, it primarily affects existing banks as additional expenditure.
- Stagnating earnings potential
  - In the wake of the financial crisis, the profitability of banks began to decline. Driven by higher costs—mainly by regulation—and persistent negative interest rates.

1.2 Flexible, focused, future ready – a new strategy framework for established firms is needed

In recent years, a great number of works have been published and studies have been carried out concerning innovation and transformation of companies in a business world characterized by highly accelerated innovation cycles and with many uncertainties. Additionally, the rapid success of start-ups, or the fact that relatively young companies occupy the top of the world's most valuable companies, as well as the growth of venture capital inspired many authors and researchers as well. This has resulted in many works investigating the agility of start-ups and the development of tools inspired by start-ups and often tailored to such companies. The use of such tools in established companies is popular, but there are challenges to tackle in order to achieve the desired success with innovative and disruptive ideas and products, especially when it concerns new business and not just incremental innovations. An established company must be able to use agile methods in product development, project work, and other functional levels; this would improve development in the core business and also allow for adjacent and disruptive innovation. However, in order to be able to respond to the rapid changes and market shifts and to do this repeatedly in the future, a new approach in strategy development and implementation is necessary. Without transforming the strategy, it will be hard for a company to keep up with further changes in the future, and the survivability of that company may be compromised.

Start-ups also need a strategy that enables them to deal with changes and uncertainties, but they often find it easier to implement a flexible strategy because of their smaller size and corresponding culture, which many large companies lack, and is difficult to introduce.

The Market Opportunity Navigator is a set of tools designed primarily for technology start-ups to develop and adapt a strategy. In this paper, I examine the applicability of such a strategic approach for established companies and discuss the complementary elements that need to be considered in this context. From this, a model is to be developed which aims to make an agile strategy for large enterprises possible.

Research Question:

1) How can frameworks for strategy development be combined to be used in large companies to tackle a highly uncertain and fast changing environment?
2) What other factors need to be considered to enable a traditional company to use an agile focus strategy based on the market opportunity navigator?
3) How can large companies successfully transform into a new strategic approach?

1.3 The structure of this Master Thesis

- Chapter 1 discusses the raising uncertainty and the accelerating pace of change today and in the future, and the important need to develop and reinvent existing businesses to hold up with competition and survive in the long run. This chapter also contains the research questions and explains the way this thesis is structured.
- Chapter 2 gives an overview of existing concepts and methods to develop a strategy. The described concepts cover common management practice or show new, partly established approaches.
- Chapter 3 presents the "Market Opportunity Navigator" ("Where to Play") framework which is a central element of this work and in the development of an agile strategy model. It is enriched with relevant additional elements which are considered useful for the strategy process. It also introduces the derived concept of an agile focus strategy for established firms, based on the framework described.
- Chapter 4 describes an approach to apply the new approach in the banking (or generally more service oriented) sector. In particular, it assesses hurdles and the most important elements that have to be taken into account in a certain transformation. It links to an established change process theory.
- Chapter 5 assesses the implications of an agile focus strategy and its validity at a Swiss bank through qualitative interviews, and validates the described change process.
- Chapter 6 summarizes the findings from the research and presents concrete recommendations for the Swiss bank examined. It also discusses the open questions that would need further investigation.

2 Literature Review

Over the past decades, countless studies and reference books have been published on the subject of strategy development. Due to rapid technological and social changes, the type of strategy development, transfer and control has to be reconsidered. In recent years, established theories were adapted and further developed, and new approaches were created. Since a suitable strategy, successful implementation and execution are of utmost importance for a company, sufficient time is needed for development; only 'time' is missing for many managers, and often outdated tools and theories are used instead of working out a sustainable strategy and positioning of the company for the future. Often the old models are simply used in order to be able to ignore major changes for the time being.

In the following, the most important and most frequently used theories concerning strategy development and transformation are briefly described. They form the theoretical foundation for the further considerations of this thesis and for the creation of a model for the development of a future strategy applicable to large companies, or in the specific case of a Swiss retail bank. The core of this model is based on the methodology of Gruber & Tal's Market Opportunity Navigator[13], but it is adapted for less technology-oriented, established companies. This is all viewed in the light of a transformation to a more agile and open but implementable and goal-oriented strategy.

The chapter focuses on commonly used tools and theories, with an emphasis on newer theories that explicitly explore or enable a more agile approach, and consistently address a world that is unpredictable, uncertain, and rapidly changing.

2.1 Corporate Strategy – traditional procedure

Definition and measurement

Strategy is described as a set of related actions which managers take in order to achieve the company's goals. Usually, the goal of a company's strategy is to achieve superior performance relative to its rivals.[14] However, those rivals could change quicker than expected, or a company could be more successful when competing in another arena or market, or

[13] *Gruber/Tal* (2017)
[14] *Hill et al.* (2017)

change quickly to establish transient advantages in a world of constant change.[15] The effectiveness of a strategy can be measured by a higher profitability or growth rates than competitors in the short run, and by the firms survival—on a certain level—in the long run.

Several studies[16] found that strategic planning has a positive impact on the performance of companies, as long as the management is able to plan in the context of the future competitive landscape, as well as regarding the current competitive environment.[17]

Development Process and Implementation

Strategies are often developed on corporate, business, and functional level by managers, following a planning process.

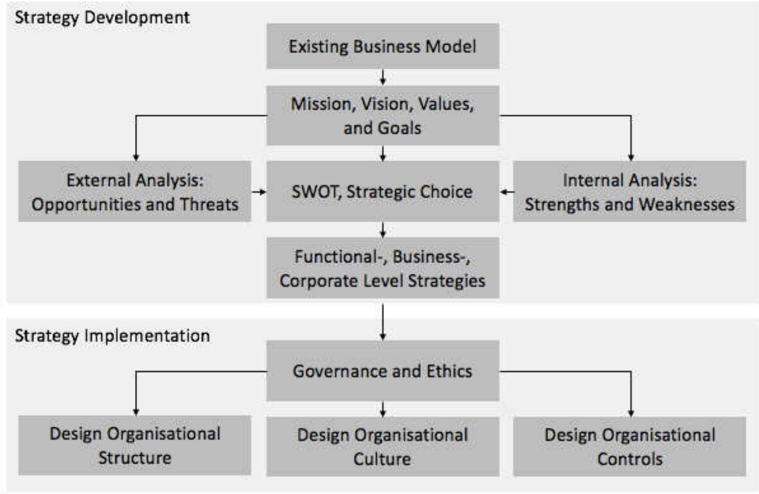

Figure 1: Main Components of Strategic Planning Process, adapted from Hill et al. (2017).

This formal process follows five steps: (1) a mission statement and the major goals are selected; (2) external competitive environment is analyzed to identify opportunities and threats; (3) strengths and weaknesses are identified by analyzing the company's internal

[15] As described in these works: *Zook/Allen* (2012); *McGrath* (2013)
[16] *Miller/Cardinal* (1994); *Brews/Hunt* (1999)
[17] *Hill et al.* (2017)

situation; (4) strategies are selected to build on the strengths, are consistent with the mission an major goals and realize a viable business model; (5) the strategies are implemented.[18]

Implementation is a crucial element of a successful strategy. For an effective execution of a strategy, Neilson, Martin, and Powers identified four building blocks: (1) clarifying decision rights; (2) designing information flows; (3) aligning motivators; (4) making changes to structure. The research further shows that actions on the first two building blocks are twice as effective than improvements on just the other two. However, many companies often stick to structural measures.[19]

2.2 Competitive Strategy / Competitive Advantage / BCG Growth Matrix

For a long time, a sustainable competitive advantage was the primary goal of a strategy. The aim was to build an advantageous position in a clearly defined industry within a clearly defined market, and to do profitable business within it.[20] With tools such as SWOT analysis, industry analysis, or classical competitive analysis, strategies are developed and reviewed. Such tools even determine in which industry a company is active and how attractive it is in terms of average profitability. These tools work in harmony with the theoretical framework, which Michael Porter describes as "five competitive forces." In addition to the rivalry among existing competitors, other forces affect a company; they are the threat of new entrants, bargaining power of suppliers, threat of substitute products or services, and bargaining power of buyers. Through the comprehensive analysis of these forces, the attractiveness of an industry can be evaluated and defined in which industry or industries a company is competing. From this, a strategy can then be developed to position the company in the analyzed environment.[21] In addition to the analysis of five forces, the BCG Growth-Share-Matrix also serves in this context as an established tool which divides the existing products and services of a company into four categories: "Question-marks;" "Dogs;" "Cash cows;" and "Stars." The matrix focuses primarily on the identification of growing market segments.[22]

[18] *Hill et al.* (2017)
[19] *Neilson et al.* (2008)
[20] *Porter* (1996)
[21] *Porter* (1996); (2008)
[22] *Holzer* (2013)

If the industry changes now, there are also chances for a repositioning in the environment if the five forces are understood correctly.[23]

Figure 2: The five forces that shape industry competition by Porter (2008).

2.3 Blue Ocean Strategy

Kim and Mauborgne describe an approach to strategy by coining the terms ‘red’ and ‘blue’ oceans. In the so-termed ‘red oceans,’ companies compete with others for a larger market share in the existing market. The more companies there are in the market, the more profits decrease and many products become commoditized. On the other hand, the authors recommend becoming active in uncontested market spaces, so-termed ‘blue oceans.’ Competitors are irrelevant here because a new market is created in the first place and new demand can be captured. Existing competitors are never taken as a benchmark here. Often blue oceans are formed from within the red oceans, and technological innovation rarely

[23] *Porter* (2008)

plays a role as a driver behind a blue ocean. Ideally, costs can be reduced while at the same time more value is generated for customers.[24]

2.4 Balanced Scorecard

The Balanced Scorecard Model was introduced by Kaplan and Norton. It should be seen as a supplement to existing financial measures and not as a substitute. In recent years, it has also been used more as a strategic instrument. By using a Balanced Score Card, it would be possible to focus less theoretically on short-term financial goals which would serve the development and implementation of a long-term strategy. In addition to the short-term financial indicators as measures of performance, a balanced scorecard introduces four additional processes. These processes are described as "Translating the Vision;" "Communicating and Linking;" "Business Planning;" and "Feedback and Learning."[25] The financial key figures are supplemented here by further dimensions such as customers, internal business processes with a full value chain, and learning and development to see what’s needed to reach the other goals and perspectives in the balanced scorecard.

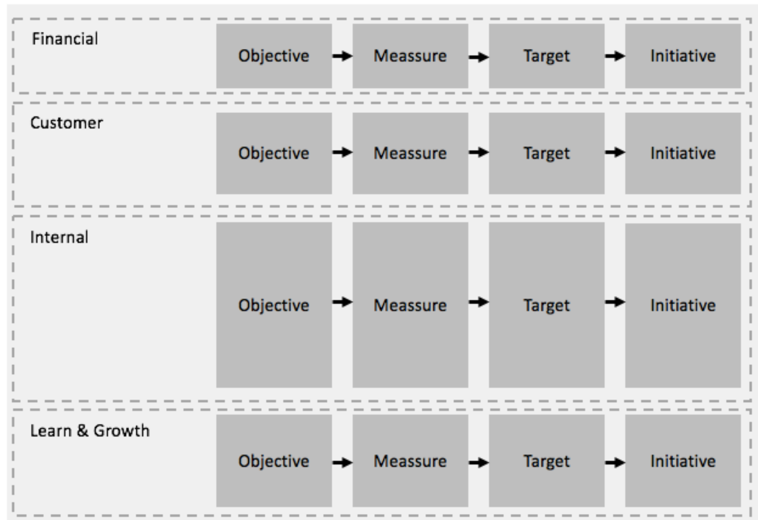

Figure 3: Schematic Balanced Scorecard own depiction adapted from Kaplan/Norton (1996).

[24] *Kim/Mauborgne* (2004)
[25] *Kaplan/Norton* (1996)

2.5 The Innovators Dilemma / Disruptive Innovation

As a result of Clay Christensen's work, a need to combine innovation and strategy was recognized by the masses, at least in theory. Christensen describes how the competent decisions of the management to maintain the market position in the short and medium term can lead to the failure of the whole company. A new competitor can roll up the market—partly unrecognized or not being taken seriously—from below and over time become an important competitor who can force established companies out of the market, e.g. by using new technologies. Established companies often fail while they are highly successful, as it is difficult to recognize revolutionary innovations when they are starting out from a niche. Even with a strong customer focus, there is a danger of missing a threatening innovation. A big obstacle for established companies in recognizing disruptive innovations or to use them lies in that they can rarely earn money at the beginning, and an investment would be irrational for a company from a classical point of view.[26] In the following years, Christensen developed a model to solve the dilemma, which became known as "Jobs to be Done." The model is about understanding the customer throughout, and recognizing the challenges the customer is trying to solve and not simply optimizing the existing solution.[27]

Past attempts to introduce disruptive innovations into existing structures of established companies have mostly failed. One possibility would be to get involved in disruptive start-ups and take them over later and integrate them if it makes sense,[28] or let them grow with an independent unit, which fits the size of the targeted market, and try to achieve small successes.[29]

2.6 Beyond the core / Profit from the Core

Zook and Allen draw attention to be aware of what a company already has—in its core—and build on that to pursue growth, diversification and change initiatives. Zook says that "repeated sequences of smaller adjacency moves"[30] are more likely to be successful, easier to control and to manage cost of failure, without missing opportunities. With this repeated process, the experience curve to perform such a task would benefit. They also found that

[26] *Christensen* (2011)
[27] *Christensen/Raynor* (2013); *Christensen et al.* (2016)
[28] *Gruber/Tal* (2017)
[29] *Christensen* (2011)
[30] *Zook* (2004)

successful adjacency expansion is built around the strongest cores, that best adjacency expansion strategies are repeatable to create new growth opportunities frequently, and that the strongest customers are a great place to look for adjacency growth opportunities.[31] Zook also argues that management teams applying rigor instead of a sense of vague creativity or gut feeling can win the long-term adjacency game,[32] and that strong core assets and a strong relatedness to those assets are another success factor,[33] as well as a clear understanding of the positioning of the company's core.[34]

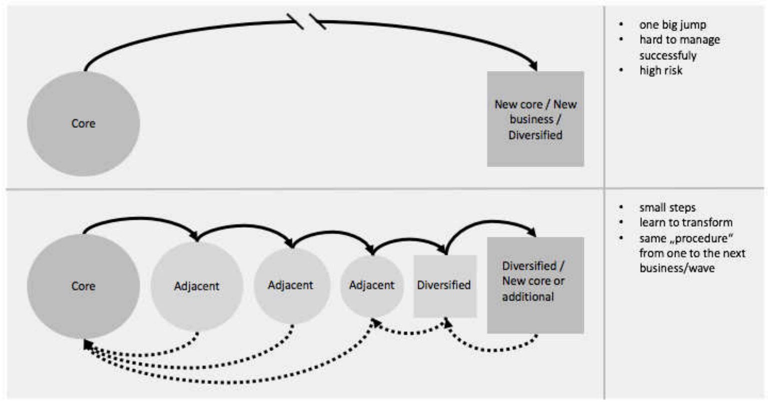

Figure 4: Profit from the core in adjacent fields, own depiction.

2.7 The End of competitive Advantage

According to McGrath's research, many companies have problems competing in their core business through existing strategic approaches that do not anchor innovation strategically. Many of the companies surveyed in her study were unable to keep pace with the rapid development and changing markets.[35] Another exciting finding was that many managers did not have time to use new tools to deal with the changing situation, and continue to rely

[31] *Zook* (2004)
[32] *Zook* (2004)
[33] *Zook/Allen* (2010); *Zook* (2004)
[34] *Zook* (2004)
[35] *McGrath* (2013)

on existing, outdated strategy and leadership tools.[36] Ian MacMillan says that "hypercompetition"[37] prevails in today's markets and an in-built competitive advantage can become useless in a short period of time.[38] In her book '*The End of Competitive Advantage*'[39] McGrath describes a theory for a new playbook for strategy, and various ideas flow into it;

> "Options reasoning, for example, is a way of making investments in the future without having to risk massive losses. Intelligent failures can be helpful in facilitating learning. Opportunity recognition is a skill that can be enhanced and developed in as systematic way. The resource allocation process is perhaps the most significant way to influence what gets done in an organization and who does it. You need to think of customer "jobs to be done", rather than rigid markets influenced by supply and demand. Business model innovation was every bit as important as R&D or product innovation. And different leadership behaviors need to be deployed in businesses with different levels of maturity"[40]

Her key assumption is, as the title implies, that competitive advantage is no longer sustainable in today's business world and this has a major impact on where, how, and against whom you compete in the future, and how to win that game. She increasingly emphasizes transient advantage, which occurs in several waves and requires great flexibility and agility. Regular reconfiguration and detachment must be enabled and promoted. The skills for this have to be developed first. Furthermore, the budget process for an agile strategy is not feasible on an annual basis, but should be as close to real-time as possible, with quarterly budgeting, for example. Innovation itself must become the norm and everyone in his or her job as an innovator should help to advance the company, identify opportunities, as well as flattening business areas.[41] Ian MacMillan describes the companies that surf skillfully from one passing wave to the next like this: "It's like building a firm that grazes on options – always testing, then engaging and entering, then disengaging from exhausted areas well before disengagement becomes costly."[42]

[36] *McGrath* (2013); *Rigby* (2001)
[37] *D'aveni* (1994)
[38] *MacMillan* (1988)
[39] *McGrath* (2013)
[40] *McGrath* (2013), p. xv
[41] *McGrath* (2013)
[42] Ian MacMillan cited in: *McGrath* (2013), p. 47

Through constant adjustments and changes from one arena to the next, or from one wave to the next, evolutionary changes result; these changes are fast and moderate in contrast to a large change of business model.[43]

Arenas

McGrath draws a picture of 'arenas' instead of 'industries' which in the future will represent the environment in which a company must exist. Instead of only competing against products that can substitute existing ones, there is more competition between different industries and business models. A new level is defined as an arena, which has to be analyzed and in which the game is played. Arenas are characterized by particular connections between customer and solution on a granular level of the connections between market segment, and offering in a very specific geographical, or cultural, area. From this it is concluded that for many companies it is not sufficient to use only one approach for all arenas, but different strategic approaches are needed to compete against different competitors and forces in different arenas.[44]

Where to Compete: industry perspective versus arena perspective

	Industry	**Arena**
Goal	Positional advantage	Capturing territory
Measure of success	Market share	Share of potential opportunity spaces
Biggest threat	Industry competitive moves	Interindustry moves; disruption of existing model
Definition of customer segment	Demographic or geographic	Behavioral
Key drivers	Comparative price, functionality, quality	„Jobs to be done" in total customer experience
Likely acquisition behavior	Within-industry consolidation or beyond-industry diversification	Bolt-on for new capability acquisition, often across industry boundaries
Metaphor	Chess	Japanese game of Go

Figure 5: Industry perspective versus arena perspective adapted from McGrath (2013).

[43] *McGrath* (2013)
[44] *McGrath* (2013)

For this work, it is important to note that companies that manage to get from one wave to the next early and 'normally' can effectively be more stable and successful in the market. Details on how to identify arenas that should be left, and possible disengagement procedures are not discussed in this context.

2.8 Repeatability

The complexity of a company, its processes, connections, markets, systems and organization itself, has become the silent killer of sustainable growth strategies as research of Zook and Allen shows.[45] The data shows that a comprehensive reinvention is not the way to the goal, but simplicity, focus and ongoing changes, or the ability to do so. Further, it is stated that successful companies focus on existing core capabilities and can constantly improve them and use them in different markets and arenas[46]. The authors define three principles for a repeatable business model to work. The first principle is "A Strong, Well-Differentiated Core," and another is "clear non-negotiables" to increase the focus and simplicity of the strategy and its understanding. Finally, the principle of a "system for closed-loop learning." This ensures a continuous improvement, but at the same time a regular review of the repeatable business model itself in order to be able to react early and strongly if there is a danger.

A successful Repeatable Business Model works according to the following pattern. "A clear, repeatable differentiation (design principle 1) makes common measures and beliefs easier to create and use (design principle 2), which drives more transparency, earning, an adaptation (design principle 3), which in turn pushes the entire business down an experience curve faster than less repeatable competitors."[47]

[45] *Zook/Allen* (2012)
[46] As discussed before in chapter 2.6 and 2.7
[47] *Zook/Allen* (2012)

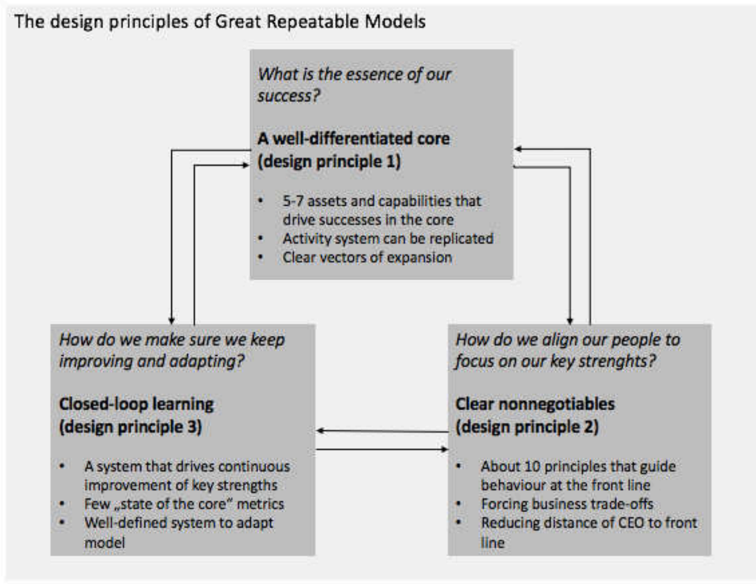

Figure 6: The design principles of Great Repeatable Models, adapted by Zook/Allen (2012).

2.9 Fast Decisions

In a well-received article, Rogers and Blenko describe the need to quickly and efficiently make decisions that are right for the company. These decisions must also be consistently implemented. The "RAPID Decision Model" (Recommend, Agree, Perform, Input, Decide) is presented to clearly define roles and responsibilities. In effect, it is about involving the right people and functions in decision-making at the right time, identifying them and preventing decision bottlenecks.[48]

[48] *Rogers/Blenko* (2006)

2.10 Horizon Model and Critique of the Temporal Component

The Horizon Model provides a model to strategically classify innovation and defines different types of innovation. A distinction is made between Horizon 1, where at present the core business is strengthened to defend position, where Horizon 2 addresses the near term, and concerns the construction of emerging, adjacent businesses; Horizon 3 covers the creation of viable options for the future.[49] The model is very useful in making appropriate investments, and dealing with the different risks per horizon, and aligning the strategy (and organization) so that all horizons can be covered. Due to rapid technological change, differentiating between innovations still seems to make sense, though the time component is irrelevant, as Steve Blank writes in 2019 in an article in the *Harvard Business Review*. Today, innovations in Horizon 3 can be implemented immediately and can also be covered by potential competitors in a new market pop up. As described by Steve Bank,[50] today, a new offer in Horizon 3 can be launched immediately as MVP and scale from there within a very short time and snatch an opportunity or a market away from established companies.[51] For that reason companies need to find new arenas as well as to prepare for quick moves.

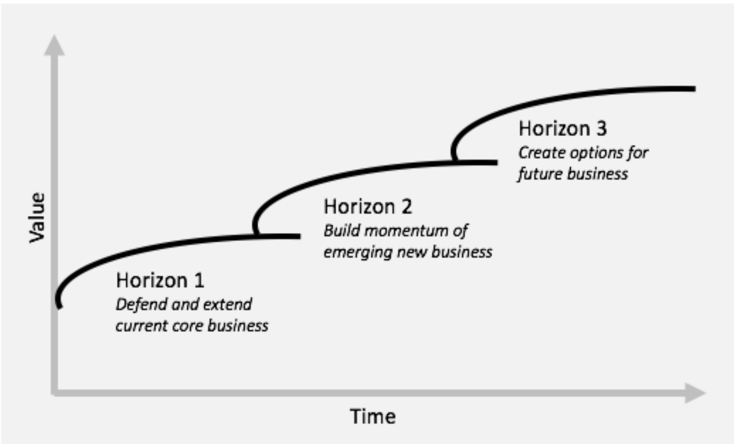

Figure 7: Horizon Model adapted from McKinsey's 3 Horizons of growth in Baghai et al. (1999).

[49] *Baghai et al.* (1999)
[50] *Blank* (2019)
[51] *Blank* (2019)

2.11 Lean Start-up

Lean Start-Up Theory has also proven to be an important methodology for using agile processes. The cycle of " build, measure, learn " can also be applied to strategy development and review. However, the approach was mainly developed to quickly transform ideas into products and improve them through continuous customer feedback. It is therefore primarily a matter of a concept for product and business building.[52] The method is inspired by the production concepts at Toyota.[53] The point is not to have every detail planned before a product is launched, but to go to market and experiment as quickly as possible. The three core principles are; firstly, that the hypotheses are summarized in a business model canvas; secondly, these hypotheses are tested with customers and the product is adapted; and thirdly, agile development methods are used to improve the product continuously and step by step.[54]

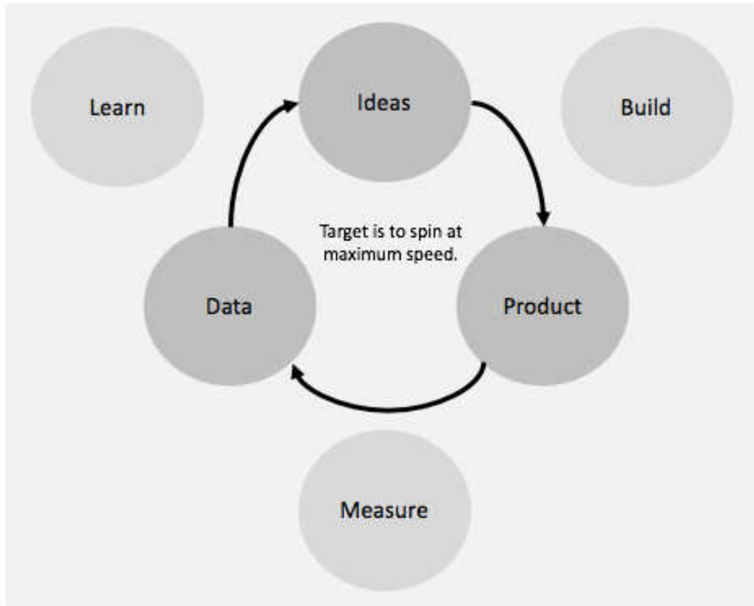

Figure 8: Lean Start-Up Model by Ries (2017).

[52] *Ries* (2017)
[53] *Zenz* (2016)
[54] *Ries* (2017); *Zenz* (2016)

3 Agile Focus Strategy for established corporates

In this section, we discuss the Market Opportunity Navigator as foundation of an agile focus strategy. The Market Opportunity Navigator, and the question whether this framework can serve as a basis for a new development process for corporate strategy in a world characterized by rapid development cycles and great uncertainties served as the starting point for this thesis. Due to the literature study, the Market Opportunity Navigator must be amended by further elements in order to arrive at a model which can be useful for the intended purpose. In the following, the Market Opportunity Navigator with its core elements is presented as a basis and supplemented by further elements in order to create a model for an "agile focus strategy" at traditional firms. This model will then be reviewed and refined in interviews.

The model was developed by Gruber und Tal to help companies—mainly start-ups— find the most valuable market opportunities early on. This is based on the assumption that start-up entrepreneurs do not have time to pursue a "wrong" market opportunity for too long. By investing time at the beginning, it should be prevented to realize later that the pursued market was not the most suitable, but also to have further options at hand to react quickly to new trends, learnings, or developments. Or, in the words of Gruber and Tal: “it will help you to make sure that you are running in the right direction.”[55]

For established organizations, the Navigator can help to create the greatest benefit from the existing assets and identify new growth opportunities, as well as to manage the innovation funnel more successfully and strategically.[56] This can also help to enable a company to profit from waves of transient advantages, through establishing a repeatable model to do so and tackle the future environments with a new logic of strategy. In the best case, leading to a constant change proven corporate culture. In the words of McGrath: “Stability, not change, is the state most dangerous in highly dynamic competitive environments.”[57]

[55] *Gruber/Tal* (2017), p. 5

[56] *Gruber/Tal* (2017)

[57] *McGrath* (2013), p. 7

3.1 Overview of the Model

The Navigator offers a structured process to support a market opportunity decision. Developed originally to find the right markets for innovations, it could also be used as a strategic tool for corporates in an uncertain world.

The Market Opportunity Navigator is a practical framework that works hand in hand with other business tools, including the Business Model and Value Proposition Canvases and the Lean Start-Up Methodology.

Although Gruber and Tal do not have the aspiration to remove all uncertainties, the tool should help to prevent "paralysis by analysis" and also simplify the debate about the future of a company through a common language.[58]

The knowledge about different opportunities and a preferably unbiased evaluation of the opportunities is enormously important to steer the energy and investments in the ‘right’ direction. If an application does not satisfy a need or a need which is not present in the market or is too weak, then it will be difficult to be successful with a new product. A survey of start-ups has shown that the most common reason for a failure of the company (42% of failed start-ups) is that the problems solved were interesting to solve, but did not address a market need.[59]

The need to search for a new market opportunity (or a new arena to play in) could emerge from a technology push or market pull; often when a new technology is invented, and the team or start-up is looking for the best application and market to start. However, it can also come from a market pull that customers demand a new application for a technology or a new technology after all. In the banking sector, both forces are currently perceived from both sides because there is new technology available and the customers would like to benefit from those developments, but also, existing assets of a bank might be considered to be transformed to another business that is under lesser pressure, and which promises more profit.

For companies, an approach based on the Market Opportunity Navigator can not only facilitate the initial market strategy for a new product or service, but also support the development of an agile overall strategy for the company. The framework serves not only initially, but also for an ongoing learning process, rapid decision-making and simplification in the event of strategic adjustments and changes in direction.

[58] *Gruber/Tal* (2017)

[59] *CB Insights* (2018)

3.2 Core Elements

The framework consists of three core elements:

- The Market Opportunity Set serves as a basis and includes as many potential opportunities as possible.
- The Attractiveness Map helps to identify the most promising opportunities in the current situation.
- The Agile Focus Dartboard enables to hedge risks and leverage core competencies.

These are briefly presented below.[60]

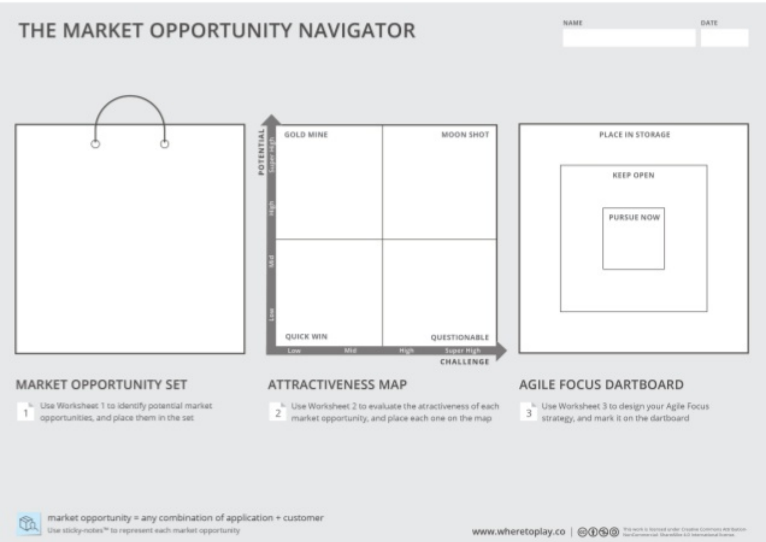

Figure 9: Market Opportunity Navigator by Gruber/Tal (2017).

3.2.1 Search - Market Opportunity Set

A market opportunity is a combination of an application of existing capabilities and assets for a specific customer segment. This task is not easy to accomplish, and an entrepreneurial mindset is an important prerequisite to identify as many valuable opportunities as possible.[61]

[60] More about the framework in detail can be learned in the book "Where to Play" by Gruber and Tal or in various online videos and resources here: https://wheretoplay.co

[61] *Dyer et al.* (2008); (2011)

Research has shown that successful entrepreneurs have learned to identify multiple market opportunities and focus on the most profitable ones.[62]

First, the technologies, or most important assets, are identified and broken down into their core components and detached from possible applications. Then, possible customer groups are identified and the corresponding applications for the segments are mapped, identifying parent and child segments. From this selection, the potentially most promising ones are then selected, using the worksheet provided (see Figure 10).[63]

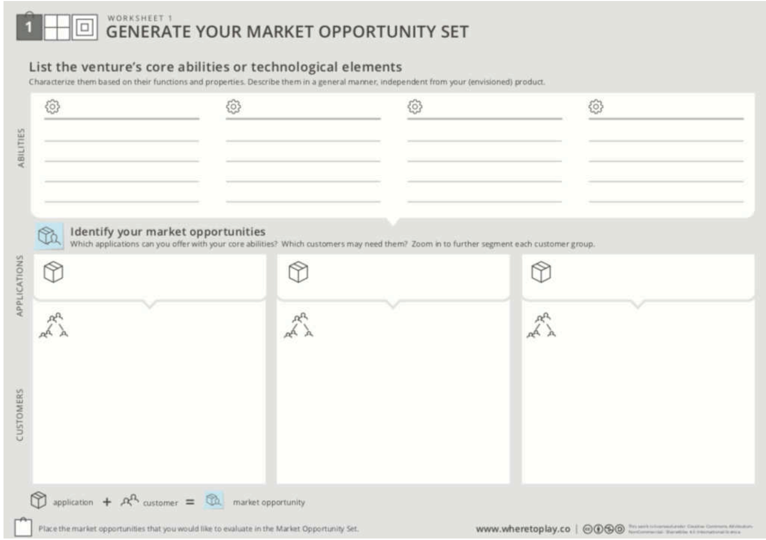

Figure 10: Market Opportunity Set by Gruber/Tal (2017).

For established firms, this tool is used to de-link the firms core abilities from all existing ideas, products, services or a specific customer segment and to help the management look at just the core abilities on its own; through that method it would be easier to discover new opportunities close to the core (adjacent) or far away (new business).[64] However, this presupposes that the company understands its core business at all and can classify correctly in which markets or arenas the company is playing. For established companies it will be important to identify and check the core abilities carefully in advance.

[62] *Gruber et al.* (2008)

[63] *Gruber/Tal* (2017)

[64] *Gruber/Tal* (2017)

3.2.2 Asses - Attractiveness Map

The Attractiveness Map arranges the chances in a potential/challenge matrix. The second step is to evaluate the attractiveness thoroughly. The framework enables a simple scoring of opportunities based on as many data points as possible, and by fading out possible personal biases. The tool, which is structured as a kind of checklist, ensures that the right questions are asked and clarified and that a learning process is initiated.

The tool assesses three primary factors for value creation:

- Compelling reason to buy
- Market volume
- Economic viability

And also, three primary factors of the challenges:

- Implementation obstacles
- Time to revenue
- External risks

The valuation mechanism then helps to classify the opportunities as “Gold Mine,” “Moon Shot,” “Quick Win,” or “Questionable.”

A ‘Gold Mine’ is defined as something that has a high value creation potential with relatively low investments. These are usually solutions that address a significant unmet need.

Opportunities are classified as ‘Moon Shot’ if they have a high value creation potential, but also a high value capture challenge.

‘Questionable’ are opportunities which currently only show a low value creation potential, and which basically have high challenges.[65]

[65] *Gruber/Tal* (2017)

To place each opportunity on the attractiveness map, the evaluation tool (see Figure 11) is provided.

Figure 11: Market Opportunity Attractiveness by Gruber/Tal (2017).

For an established firm with a lot of potential ideas and projects for new market opportunities, driven by current activity in several markets addressed and units active (maybe with ongoing innovation and growth projects), it is a crucial task to obtain an overview and framework to rate each opportunity. This can provide the management with an overview to make decisions in a timely manner, while at the same time evaluating and understanding (to some extent) the risks. It makes sense for some companies to add further factors and include them in the assessment, particularly in order to identify internal show stoppers, or accelerators, at an early stage.[66] One could think here of a compliance meter, political assessment based on the balance of power in the organization, cultural aspects (if a strong culture prevails) or an evaluation of how the owners of the company would react.

[66] *Gruber/Tal* (2017)

3.2.3 Choose - Agile Focus Dartboard and Strategy

The Agile Focus Dartboard ensures that the company can focus on the most attractive market opportunity while remaining flexible and agile to switch to other opportunities whenever necessary. As it is difficult to prepare for all contingencies, one can prepare oneself with the necessary agility to pursue other opportunities without excessive losses (which can also prevent an established company from giving up an opportunity to early).

With the Dartboard, in addition to the primary market opportunity, at least one backup option and one growth option are selected. These options are ideally close to each other in terms of product and market relatedness. Therefore, in the event of a cancellation, much of the services provided can continue to be used with a small additional effort.

To map the opportunities finally on a dartboard inspired design, another work document is provided to asses the opportunities with a structured approach (see Figure 12).

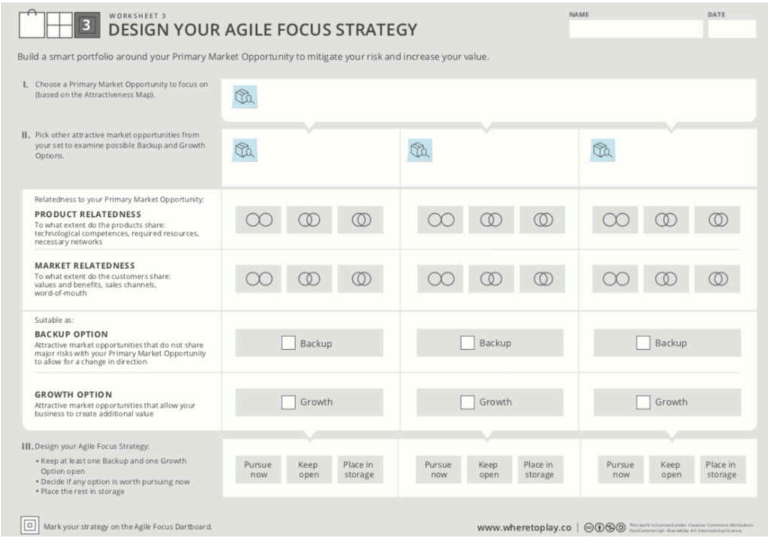

Figure 12: Agile Focus Strategy by Gruber/Tal (2017).

As the outcome of the whole process, the Agile Focus Dartboard allows you to focus on the most important market opportunity while remaining agile to navigate in a world of uncertainty.[67]

[67] *Gruber/Tal* (2017)

Established firms can, by completing the third step, gain a structured view on the most promising opportunities which helps to manage initiatives in many ways.

A portfolio can be built up, decided on what to pursue first, and also allocate resources with an understanding of the backup options and a potential need to pivot and still have resources to finance another option.

With the evaluation of the relatedness to the existing business in the core the management can gain insights on success potential.[68] It should also help to get a better understanding where this opportunity might be classified on the three horizon model to better estimate when the right time might be to pursue the opportunity, and how much to invest. Regarding the findings of repeatable models,[69] this last step would also enable an established firm to prioritize new opportunities around an existing product or business and decide where to grow first or into which new market to go.[70]

With the outcome, one has hardly found the best option, since this may not even exist. However, all possible influencing factors known at the time were taken into account. A focused strategy can be implemented with the knowledge that if it was the wrong decision, further options are already available for a quick shift.[71] The Market Opportunity Navigator is a structured approach to control the risk to some extent and balance it with other projects in the existing core business, enabling it to quickly pivot to new options without losing too much; this facilitates learnings and can help create a common language and clear strategic vision to create a broad understanding for the changes (occurring with a new agile focus strategy) in the organization.[72]

As discussed, the Market Opportunity Navigator is slightly adjusted and supplemented by some additional elements to work as a reliable tool for traditional corporates without the freedom of start-p teams and a potentially aggravating legacy. For most companies, the first and major hurdle might be the mindset that stability is good and normal, while change is abnormal and something temporary. However, constant change and the ability to change as well as to prepare for transient advantages in continuously changing environments will stay important in the future.[73]

[68] According to *Zook* (2004); *Zook/Allen* (2010)
[69] *Zook/Allen* (2012)
[70] *Gruber/Tal* (2017)
[71] *Gruber/Tal* (2017)
[72] *Gruber/Tal* (2017)
[73] *McGrath* (2013)

3.3 Additional Elements

There are various approaches to developing, implementing and controlling strategies for a large company. As we have seen, however, the conditions and influences on which a company must react today are changing much faster and more unexpectedly than in the past. In order to react to this situation, the approach from Gruber and Tal can be used, but must be supplemented with further elements for adaptation in a large established company. The Market Opportunity Navigator is mainly focused on technology start-ups, which might be a little more flexible while staying focused, whereas corporates might need support to be more focused with innovation and change projects, while staying flexible enough to react.

An agile focus strategy must, in order to be successfully introduced, also address the existing risk management processes, the structuring of the project portfolio, as well as compliance and financial management in general. Further elements to consider are the culture of a company, and how a new strategic approach can be implemented. Last but not least, a more agile strategy further requires a strong corporate foresight in order to identify trends and changes that change the basis for decision-making at an early stage, enabling to switch to new options, or to prepare in time for the next wave of transient advantage.

3.3.1 Comprehensive core analysis

In order to be able to concentrate on the core abilities, the core must first be comprehensively analyzed. Only in this way can the most important and stable assets be identified and checked, where they can best be used successfully in a new arena.[74] Due to the preliminary investigations in the context of this work, it has become apparent that it is not always clear which core qualities exist at all, how these stand out from other competitors, and also how they could play a role in other applications. In a start-up, especially a technological start-up, it is easier to see what the core elements are; with an established company, this is not always easy to determine. Various elements have been watered down over the years, have emerged unconsciously, or have become de facto non-existent due to the changes. This step must be given sufficient space and a structured approach. Otherwise there is the danger that either the really strong core elements will not be recognized, or the detachment of the elements from the current application will fail and thus a wrong prioritization will be carried out at the very beginning.

[74] *Zook/Allen* (2010); *Zook* (2004)

3.3.2 Managing Risk / GRC

In implementing more agile approaches and a flexible strategy, the GRC topic is key; managing risk is an important and also difficult task in large corporates.[75] Especially nowadays in a very complex and uncertain business environment, it is a great challenge. A large part of companies have increased risk management operations, but can still not managing risk adequately.[76] Risk is always associated with a certain degree of uncertainty and the consequences that a decision can have.[77] With every new process, and particularly a more agile strategy, it is challenging to calculate and hedge risks using classical methods anyway. Innovative Projects and new business models in new arenas are perceived as risky, as a financial return cannot be predicted using established financial methods[78] with sufficient certainty.[79]

To make an agile strategy work, GRC operations should support flexibility and experimentation, but still mitigate risks. The major obstacle is that GRC teams own the process of recommending and advising to ensure compliance and enforce regulations, but they are not accountable for the outcome.[80] This factor, the GRC team and implications described, has to be addressed when establishing an agile focus strategy.

Among the established theories concerning risk categorization and assessment, the science is inconsistent. It can be stated however, that objectively measured probabilities hardly exist in everyday business, meaning that a risk can never be measured or excluded before a decision is made. This requires decision makers to take precautions to mitigate a negative outcome of a decision. At the same time, managers tend not to take risks if the expected return is lower than the desired return.[81] It is also a challenge to set up a new strategic approach from a risk perspective as managers tend to regard propositions they don't understand as a higher risk, even if the intrinsic risk states otherwise.[82]

Since research shows that a majority of new business ventures changed the strategy and market to pursue at some point, it is impossible to tackle risk with established models used

[75] Particularly in financial institutions, the GRC topic is very important and heavily regulated by the government, regulation requirements are increasing.

[76] *World Economic Forum* (2015)

[77] *Walker et al.* (2003)

[78] Such as discounted cashflow

[79] *Zenz* (2016)

[80] *Humble et al.* (2015)

[81] *Nobre et al.* (2018)

[82] *Christensen* (2011)

in a company not well-versed in innovations and agile approaches. Successful ventures are not propelled by astute initial strategy, but by the possibility to utilize several attempts and endure a number of failures to get it right.[83] This also means that resources should be carefully planned to avoid running out of resources before the opportunity emerges and the winning strategy is identified. A possible framework to tackle risk is described in the following section.[84]

3.3.3 Managing Portfolio and Resource allocation

Larger, established companies are in the privileged position of having surplus resources available to pursue several future projects at the same time. This is often necessary, since even quite diversified companies can come under pressure in several markets or in several business areas at the same time.[85]

As a result, new business models need to be tested and new strategies implemented in several areas of the organization. Strategies must be agile and implemented at all levels, and as such, is why an agile overall strategy is necessary in the first place along with a portfolio management that enables such a flexible approach.

This requires a portfolio management that can agilely evaluated and controlled, but also enables several projects at once. This can be particularly challenging, as it is theoretically possible for individual projects in the portfolio to partially cannibalize themselves; this is present in both new projects with existing business, but also different innovation initiatives. This is difficult to prevent, as initiatives have to be able to adapt the strategy in any way, and projects with diverging interests can be successful with the right strategy in a certain area. Furthermore, the resources must not only be invested in one or only a few projects––as with a start-up––but also through various initiatives with uncertain and unpredictable outcomes due to the experimental character.

To tackle this challenge, an organization can use the following models to manage the portfolio in regard to risk and timing to asses and further pursue or stop an initiative; however

[83] *Christensen* (2011)

[84] See 3.3.3

[85] In the financial sector, almost all business areas are under pressure, whether in retail banking or in dealing with UHNWI, whether in the financing of SME loans or in the payment sector - practically all existing business models are in danger or no longer yield the profits as in the past and can be threatened by new technologies (e.g. Blockchain), new competitors (e.g. GAFA or FinTech) or existing, more agile competitors.

for some existing projects in the core business the standard risk assessment tools would stay in place.

Risk

In effect, the higher the uncertainty, the higher the risk. A simple model can be used to classify the initiatives on the path of constant transformation; the risks matrix which George Day describes for the classification of innovation projects. This can also be ideally combined with the Three Horizons model. In the following graphic the model is visualized.[86]

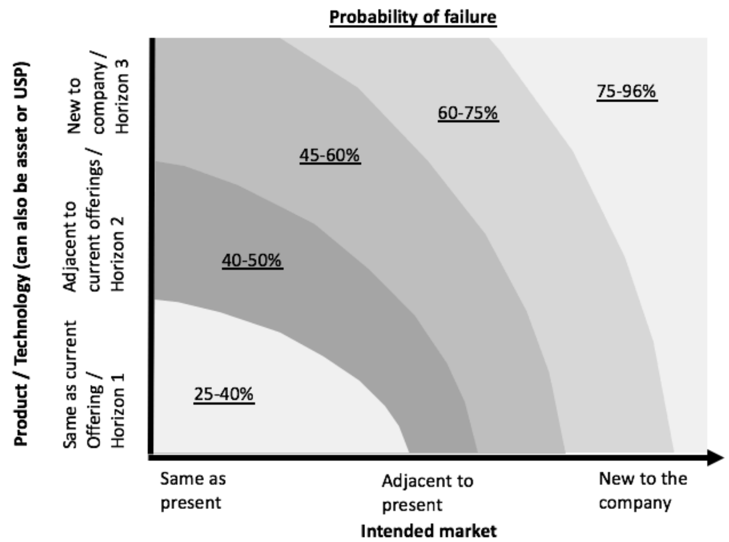

Figure 13: Risk Matrix adapted by Day (2007).

Timing

With opportunities identified using the Market Opportunity Navigator for established firms Horizon 3 and possible Horizon 2, initiatives are addressed.[87] In regard to portfolio management, the timing when to start looking into new arenas and to start approaching a new business is a strategic concern. Teams from different units will come up with several disruptive projects and market opportunities to follow, but the company as a whole will not be

[86] *Day* (2007)

[87] see 3 Horizon Model above (Figure 7)

able to pursue all opportunities identified by the market opportunity navigator at once; however, it can pursue more than just one at a time. Here a company should map all opportunities on a consolidated attractiveness map, as well as on a risk map, as shown above, to obtain further guidance on how to priorities multiple projects.

3.3.4 Controlling and Financial Management / Metrics

Financial management and budgeting are at the core of current management practices. The use of budgets and annual budgeting processes is not an efficient way to manage today's high VUCA environment. As written in a Forbes article, "it encourages unnecessary spending and fosters sub-optimal targets. It hides accountability. It is demoralizing to the participants, inefficient, ineffective, built on fictions, and fundamentally at odds with the dynamic of business agility."[88] However, this is still done in most companies, and is not a new practice, as Hope and Fraser lined out the implications after and possible best practices from case studies in their research.[89]

In order to implement a more agile strategy, and to gain an advantage through innovative management, it would make sense to admit this and act as if oneself has less control than one might think to have.

As we have learned, the traditional budgeting process[90] is too rigid and makes the effective implementation of a more agile strategy difficult.

In an established company, the budget process has to be revised to enable an agile focus strategy as proposed. According to Bjarte Bogsnes, the literature and various case studies point to a new process described by the 'European Beyond Budgeting Roundtable.' Thus, the three main functions of the budgeting process are separated. The processes are still carried out, but evaluated separately, with separate numbers. In this way, the negative results of the process can be reduced and lead to more agile budgets, which are no longer scheduled annually, and enable a more agile strategy. This can also be used to initiate a change in thinking so that the questions are not "Do I have a budget for it?" but rather questions such as "Is this necessary?" or "Is it the best way to achieve the next goal?" arise.[91] The separation of the three main functions prevent inherent conflicts regarding performance management, and bonus or budget allocation from being tied to the same number in the coming year.

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[88] *Denning* (2019)

[89] *Hope*/*Fraser* (2003)

[90] Going back around 100 years and was invented by *McKinsey* (1922)

[91] *Bogsnes* (2016)

3.3.5 Corporate Foresight

Corporate foresight is an important task, especially in an agile and transient advantages-oriented approach. An established company is often already active in various fields and is usually already in fierce competition with existing competitors, while new potential competitors are also emerging in the existing business or in a new arena. The identification and assessment of trends is therefore relatively complex, and in many cases a strong and broad enough corporate foresight must first be established at all. In addition, the communication of such trends and evaluations should be made available to the organization in a transparent way, so that the right and necessary decisions can be made, and the strategies can be adapted at the individual levels of management if necessary.[92]

3.3.6 Measuring strategic success in agile focus strategy

In established firms with established strategy processes and measurements, it's important to have some tool to measure success in a way allowing to transform from one arena to another.

Today, the balanced scorecard[93] is often used to measure strategies and measures; a tool to measure, control and document companies regarding vision and strategy. Thus, strategy development and implementation can be accompanied by concrete key figures that go beyond purely financial key figures. This classic approach is perfectly suitable for using comparable values over several years and for reviewing long-term goals. For an agile process and a strategy, which is intended to be successful in new arenas on an ongoing basis, the scorecard is an approach that can be pursued further, but the contents must be adapted to the more agile approach and weighted accordingly. The elements measured by the Balanced Scorecard would have to be developed with an agile process itself and the backup options already included. The faster shifts and the development of business in a new, and possibly transient, arena should be incorporated into the BSC. One approach here would be to create various BSCs, which on the one hand measure the current core business and make it communicable, but at the same time "backup" BSCs which cover the development of new business in new arenas and handle different measurement criteria. On the Learning & Growth side of each BSC the improvements to transform from one arena to another would be clearly measured as well as the adaptation of new business models and not just earnings and growth for the current core business. The development of a detailed adaptation of a

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[92] more on corporate foresight in the following publications: *Feuerhake* (2015); *Leitner*/*Pinter* (2016)

[93] see 2.4 above

BSC for a new strategy process would go beyond the scope of this work. However, it can be stated that a BSC can and should be used as an important element of the measurability of strategic projects in established companies, if the content is developed in an agile manner and the scorecards for individual arenas are separated but coordinated.

3.3.7 Overarching, appropriate and non-restrictive vision

It is difficult to convey new strategic agility in an established company, with a correspondingly large number of employees and often grown, well-established structures,. A clear and concisely communicated overarching vision, behind which all activities can be classified, is an important component for focusing the strategy despite a broad range of fields of action. There is a lot of literature on the development and necessity of long-term purpose, vision and strategic objectives. For this part, it is sufficient to understand that a clear superstructure and understanding are essential for the ongoing development and adaptation of the strategy per arena, as well as for communication and implementation. The topic of the vision is further discussed in the together with the transformation process.[94]

3.4 The Model in a nutshell

In order to use an agile focus strategy in a large, traditional company and to use the market opportunity navigator as a basis, some additional elements have to be considered. Effectively, it can be assumed that this change of strategy will change the company significantly. For this reason, a possible transformation process will be discussed in the following chapter[95].

In summary, it can be said that a more agile strategy can be advantageous, but this must be done in a focused way and based on existing core assets.

The Market Opportunity Navigator is used to develop the strategy in top management. Stakeholder views can be recorded and processed in workshops. This makes it possible for all participants (e.g. board of directors, management, owners, possibly others) to record the views and process them in a structured way. Furthermore, the Strategy Unit obtains a new tool, which goes hand in hand with other agile methods to accompany the strategy process and work out an agile focus strategy. This tool-set can then be used again and again to make adjustments and quickly reach decisions to interpret the agile strategy without losing

[94] see chapter 4.

[95] see chapter 4.

focus; the tools also serves to communicate the strategy and measures throughout the company.

Furthermore, the Strategy Unit will have a tool at hand, the Market Opportunity Navigator, which can be used in the development of detailed strategies with individual departments and units as well. In an initial process, opportunities that have been identified in the departments and derived from trend and innovation research can be recorded and communicated in order to enable the development of the overall strategy. Through the continuous improvement of the process and the application of the Market Opportunity Navigator, a practical agile focus strategy is created, which is implemented by all management levels and is transparent and comprehensible. Over time the agile focus strategy could become routine.

The mentioned additional elements are important in the transformation as well as afterwards. The vision helps to make the measures, which tend to be less tangible, understandable and connectable. That is why this clear, consistent and stringently communicated (and lived) vision is extremely important. Due to the agile focus strategy, more projects can be expected, which have to be organized by means of an adapted portfolio management. This also provides an overview, sensible budgeting and, finally, risk management in line with the legal framework. Finally, the results have to be measured for a meaningful portfolio management as well as to recognize how strong you are in the arena, but also how agile the company is. For this, completely new measurement criteria are necessary. Last but not least a strong corporate foresight has to be established, which looks beyond the classical market and is always looking for new opportunities within the agile focus strategy and provides hints for the decision when and where to move to a new arena, or where it might be worth investing in experiments.

4 Strategy Transformation impacting the whole organization

As evidenced by my own experience, and also reports in various studies, the transformation of companies is a big challenge which is often not successful.[96] At the same time, studies concerning the way in which entire organizations are transformed in terms of strategy and business model are currently still relatively weakly developed. Especially the transformation to a more agile corporate strategy which inevitably directly affects the whole organization requires a successful and well-prepared approach regarding the transformation itself.

The Business Model Navigator is a tool which can be used at different points of the strategy process and enables the user to design an agile focus strategy. In terms of transformation, the Business Model Navigator can be a valuable tool for communication as well. So, to explain the procedure for the evaluation of new arenas, but also to inform one clearly where the organization stands, why an arena is abandoned and into which new markets and areas of application it should be pushed. The following is a brief description of the transformation process according to Kotter. The process according to Kotter is chosen because it follows a reasonably holistic approach, covering the comprehensive transformation needs associated with a strategy transformation. In a comparison of different approaches,[97] Kotter's concept turns out to be the most suitable for the needs of this work.

First, however, the basic traditional strategy process is compared with an agile focus strategy on a high level to understand the starting point and goal of the transformation. Afterwards the main hurdles are discussed.

4.1 Traditional Strategy development vs. Agile Strategy

As the literature shows, there is an established basic strategy that is used by many companies, specifically with small industries and company-specific adaptations. The main views are compared with the adapted agile focus strategy process and the results are shown in the following table.

[96] *Beer et al.* (1990)

[97] *Mento et al.* (2002)

High level views	Traditional	Agile
Fundamental Assumptions	Business is fully predictable and with good, long term strategic planning, execution and controlling a company can achieve a competitive advantage and win market share as well as grow profits in the existing business.	Business environment is changing fast and heavily influenced by technology and customer behavior. Fast, ongoing transformation in new businesses and experimentation is key to be successful.
View on the Future	Is predictable to a major extent and all risks can be identified and managed, change happens slow and with low impact.	Is almost entirely unpredictable and business environment can change fast impacting the whole business.
View on changes in organization	Making changes in existing, functioning processes is problematic and is considered a failure. The tendency is to stick to the existing and to measure the new against the existing.	Changes are necessary and must be implemented as quickly as possible when the environment makes them necessary. If an initial plan does not work, a new one must be created.
Dealing with failures	Failures are the exclusion and under all circumstances to prevent.	Failures are expected and are important part of learning experience while enabling improvements.
Strategy Development	With existing, established tools. Goal is to grow in the existing market and to prevail against existing competitors. Benchmark is the existing market and the known competitors.	Based on the core competencies of the company, it enables customer-centric deployment and monetarization in the most promising areas.
Strategy Implementation and Controlling	Top down implementation with little focus on culture and involvement of the organization. Close controlling and traditional measurement criteria and strong financial, annual indicators used by all levels.	Clear vision and purpose of the organization is communicated to make the vision and strategy understandable to the whole organization. Less financially driven controlling and more long-term achievement of goals-oriented measurement criteria.
Budgeting	Annual, rigid budget process. Frequently with the urge to exhaust budget whether necessary or not.	Flexible process based on the need to implement strategic goals.
Corporate Foresight	Classic industry information and focus on fully secured, quantitative information. Strong focus on competitors and classic business.	Broader horizon and radar function beyond existing markets and industries to identify risks and opportunities.
Approaches to grow and survive	Growth in existing market and optimization of core business through cost savings and competitive advantage.	Skimming off the most promising current business areas and optimizing the organization to respond to change for a lasting transient advantage.

Table 1: Comparison of high-level views on traditional and agile focus strategy.

4.2 Hurdles to adapt a more agile strategy

The strategy of a company or a department contains the most central and highest guiding ideas and visions. Then. ideally, each activity is aligned and measured along the strategic goals. In order to change the process of how a strategy is developed, implemented and controlled in an established company, and managers face major barriers. In the following, these are briefly discussed.

As observed by Sridhar Nerur in his research on challenges of migrating into agile methodologies, companies that are used to innovation and innovating are more likely to adapt agile methodologies. The research, even if more focused on the implications of change process to implement agile methods in software development, it states clearly that organizations need to have a clear picture of their readiness for agile methodologies.[98] The research is general enough to use its findings for an agile focus strategy change, since this is affecting the organization even more thoroughly. The findings are, however, adapted freely by the author. The barriers and challenges are similar, but exist on a different scale. The key issues that have been identified are shown in the following table.

[98] *Nerur et al.* (2005)

Management and Organizational
- Organizational culture - Management style - Organizational form - Management of market, competition, and corporate foresight - Reward and incentive system
People
- Effective teamwork beyond silos - High level of competence - Relationship to customers and market
Process
- Change from process-centric to transparent, fast and people driven - Iterative process for strategy and market testing (testing of new arenas and applications) - Controlling the whole company – overview and chance to manage also processes required for short term survival (core business) - Selecting the best fitting agile focus method
Technology and Tools
- Appropriateness of existing technology and tools (e.g. foresight, communication, transparency, measure non-financial KPIs) - New skill sets and training

Table 2: Key issues for migrating into more agile adapted from Nerur et al. (2005).

The management and organizational issues have a lot to do with culture. Especially in very traditional companies, which for a long time were not particularly innovative and did not have to be so to survive, there are significant challenges here. Values and standards are enormously strong and very difficult to question. The flow of information is biased or vague, where outdated problem-solving strategies are established, and control mechanisms and personal relationships are a strong factor.

Individuals need to adapt and face completely new challenges when implementing an agile focus strategy. While people have worked for 20 or 30 years in a company where stability and reliability have been the highest priorities, uncertainty increases with the new strategy.

The ability to work in a team with a certain degree of competence are important prerequisites.

In traditional companies, rigid processes are implemented to ensure stability and reliability. These processes are compliance controlled and relatively easy to measure. New agile processes center the people, the competencies of the company, the customer needs, and current trends. This leads to a stronger impact of changes in the environment on the individual employee and demands his or her adaptability.

Changing these processes involves a great deal of effort and requires people who plan with an understanding that much is uncertain.

The tools are another hurdle. In the context of this work, the technology used refers to the planning tools, strategy development theories, and performance measuring tools. As we have seen in Chapter 3.3, new tools need to be introduced here. The market opportunity navigator will be at the core. However, it is not done with the introduction of new tools; the organization and individual employees must also be trained on it.[99]

4.2.1 A new strategy development for top management

The development of the strategy is traditionally carried out by top management, i.e. boards of directors, members of the executive board or corresponding executives.[100] However, many managers in such positions do not have time to embrace changes, modify established processes or implement new ones, and they continue to work with outdated methods that do not reflect the rapid changes in the market.[101] The transformation throws many existing securities and habits overboard. Existing measurement criteria are changed, and various processes can no longer be addressed as usual; for instance, to achieve performance or secure budgets for the coming year. Change always creates uncertainty. This uncertainty can lead to strong counter-reactions and resistance to change, both consciously and subconsciously.[102]

4.2.2 Impact on the whole organization

When an agile focus strategy is introduced, it has an impact on the entire organization. However, the new process of strategy development is not yet associated with significant

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[99] *Nerur et al.* (2005)

[100] *Hill et al.* (2017)

[101] *Rigby* (2001); *McGrath* (2013)

[102] *Kegan*/*Laskow Lahey* (2001)

changes for the whole organization. It is here that the foundation is laid for the major changes to follow. Regardless, these have to be addressed from the beginning and the whole company has to understand the new process, as it is immanent for the future changes with how the company manages its activities strategically.[103] The introduction of a new, agile focus strategy development is comparatively easy one could think, as it typically affects a small group of top managers developing the strategy at first; but, not much later it has to be supported by the whole company.

This paper does not deal with the concrete changes and measures that become necessary through the introduction of an agile focus strategy. At a higher level, the transformation to the new approach is described using Kotter's 8 Step Change Process as shown in the following figure.

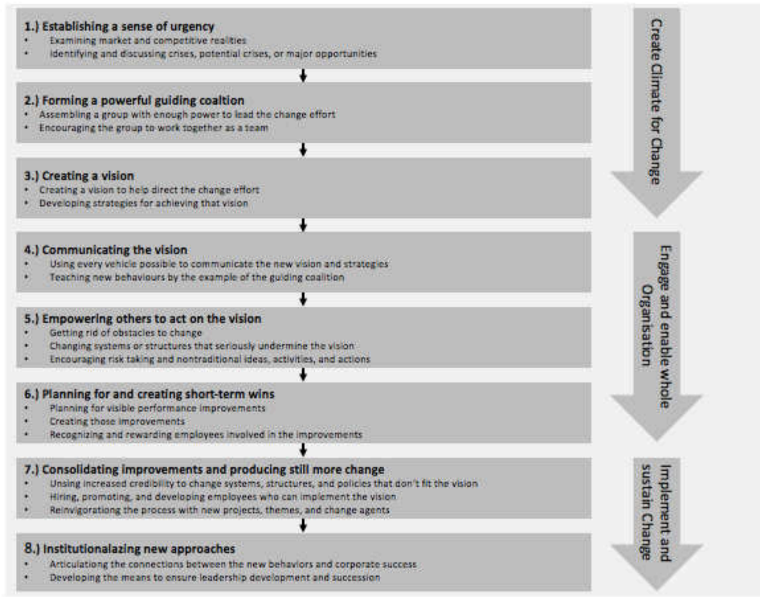

Figure 14: Eight Steps to Successful Transformation by Kotter (1995).

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[103] *Beer et al.* (1990)

4.3 Application of Kotter's process to introduce a new model of strategy development

As described above, Kotter has developed a process that greatly increases the chances of a successful transformation. In the following, the transformation to an agile and focused strategy is shown on the basis of those 8 steps.

Establishing a sense of urgency

This first step needs to be carried out very carefully and thoroughly. As Kotter found out, over 50% of the companies which were investigated have already failed at this step. There is a danger that one overestimates the extent to which the sense of urgency has already reached the appropriate manager, stakeholders and employees. Further, the threats, which are pointed out, can lead on the one hand to a shock paralysis. As long as business is still going well, there is also a great danger that the potential threats are perceived as exaggerated and do not fulfil their purpose. In this respect, poor results are a supporting element for a change process as long as there are still sufficient resources available to carry out a change process (which is often accompanied by higher investments).[104]

Since existing strategies usually have very narrow and functional measurement criteria, it is difficult to demonstrate the sense of urgency in the existing indicators. According to Kotter, it is also possible to operate with artificially raised goals that cannot be achieved. Also, the pointing out of chances, which the enterprise does not use, and an appropriate communication helps to be able to point out the Urgency.[105]

Thus, a basis is created to discuss necessary changes and to introduce a model of an agile focus strategy process. The argumentation only leads to the goal if it can be shown that the company cannot cope with the rapid changes of the environment using the current strategic process, and sees no possibility to react strategically to unexpected, strong changes.

For this, the concrete elements of an existing Balanced Scorecard could be used and supported by data-based argumentation the potential changes could be made visible. In the following table, for example, such developments are assigned to a simplified BSC.

[104] *Kotter* (2012)
[105] *Kotter* (1995)

Financial	• Rising cost due to
	  ○ Increased regulation (compared to FinTech)
	  ○ Innovations expected by customers vis-à-vis large tech companies spending on R&D
	  ○ Increased marketing cost, to achieve visibility comparable to viral campaigns by other examples
	  ○ …
	• Reduced revenue because of
	  ○ Lower margins (if FinTech Start-Up pricing is adapted or looking at current interest rates)
	  ○ Less active customers, generating lower returns when assuming wide adoption of robo-advisory services for example
	  ○ Less mortgages, since less buying activities looking at sharing trends
	  ○ …

Customer	• Customers does not see physical branches as USP • Customers wasn't cheaper services as implicated by the freemium trends • Customers turn to financial ecosystems by tech. companies
Internal Business Processes	• Internal processes are to slow, even the new ones • New technologies cannot be adapted into existing processes
Learning & Growth	• Provided skills training is out of date as soon as finished • Growth initiatives do not work out because banking is becoming a commodity and no new revenue potential is in sight

Table 3: Balanced Scorecard content example to show urgency with existing tool.

Here, existing reports and key figures can be coupled with new assumptions and trends, or new studies can be commissioned to analyze the existing measurement criteria and strategic goals for their consistency in the future, and scenarios if unexpected events occur. In particular, customer surveys and tests with a large number of real customers can be a valuable source. If the company already has agile, customer-centric approaches in a single team, it must be ensured that top management receives this information first-hand or experiences the unfiltered customer reactions directly.

The consistent analysis of other industries, which is comparable with one's own, and the combination of comparable elements can help to create the corresponding awareness.

Forming a powerful guiding coalition

Most change processes start from one to two people and grow from there. However, a critical mass must be reached for a change to take place. Kotter defines the four main criteria that constitute a sufficiently strong coalition.[106]

1.) They consist of key persons with line responsibility.
2.) There are different points of view, especially concerning disciplines, experience, origin, and more.
3.) Many members have a high credibility in the organization and a good reputation.
4.) There are proven leaders among them, who can drive the change forward.

All members must also be convinced that a change is necessary. It must be recognized that the methods of the strategy must be adapted accordingly, and must take place in a more agile, focused process in order to be able to stand the test of time in the new, changed environment. Since the strategy is always developed and initiated at the highest management level, a large proportion of the owners, the board of directors and the management, must stand behind the initiative and be part of the cooperation.

A good prerequisite for the successful and rapid establishment of an appropriate coalition is that the Chairman of the Board of Directors and/or the CEO recognize the necessity at an early stage and advance the coalition as key persons.

In order to identify and address possible hurdles in implementation at an early stage, employees from lower levels must also be consistently picked up and integrated so that an agile strategy does not interfere with implementation. Trust in the coalition and the new agile strategy is of great importance, and must be achieved with the necessary effort, even if it takes a lot of time.

Creating a vision

Kotter describes the vision as his picture of the future, further showing why people should work on this future. The vision fulfils four important factors for a successful change, giving; (1) a clear, fundamental direction, motivates people; (2) to take actions that only have an influence in the long term and do not generate an immediately visible benefit; furthermore the vision (3) helps to coordinate the activities of different actors and; (4) finally supports the communication of a strategy.[107]

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[106] *Kotter* (2012)
[107] *Zenz* (2016)

Within the framework of the agile focus strategy, the vision has a double meaning. On the one hand, an approach based on the Market Opportunity Navigator, and the associated recognition of the orientation towards a transient advantage can support and guide the development of the vision. On the other hand, the vision must be flexible and focused enough to enable an agile focus strategy later on. To further complicate things, the vision must be appealing to all stakeholders, as Kotter states.[108]

Creating a vision can, and likely will, take a good amount of time; starting with a hypothetical first draft, the coalition is able to work out an appealing and easy to communicate picture of the future.[109]

The comprehensive impact that a new strategy has on a company requires a particularly strong, easily understandable and clear vision, which must first be created. Many companies are tempted to create implementation plans and develop strategic measures too early, even though there is no vision yet. In most cases, this has led to the failure of the transformation process.[110]

Communicating the vision

Communication is enormously important at all stages of the change process. Communication should contain a few important elements to be effective and to optimally support the change process. These elements can be found in the following table.

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[108] *Kotter* (2012)
[109] *Kotter* (1995)
[110] *Kotter* (1995)

Element:	Description:	Possible consequences if not addressed properly:
Clarity & Simplicity	Comprehensible and without technical terms	No motivation achieved due to lack of understanding
Memorable	Supported by metaphors, images and examples	Core messages do not stick, and implementation is made more difficult
Repetitive	Regular communication, not just one-time information	Communication is not perceived sufficiently and fails to materialize
Consistent	The vision is always communicated in the same way by everyone	No appreciation and loses strength if too much personal room for interpretation is used.
From different senders on channels	e.g. by CEO, in workshops, direct superiors in internal newsletters or also in public communication	The possibilities of communication are not fully exploited and too much unnecessary other communication dilutes the message.
"walk the talk"	Management at all levels behave according to the change	Cynical behavior of employees and communication is no longer trusted

Table 4: Elements of successful communication in the change process from Kotter (1995).

Concerning the communication of the agile focus strategy, even very complex topics have to be transmitted and understood by the recipient. In particular, the urgency and necessity of the change has to be illustrated with different examples. The individual units must be picked up in their own language, but with the same statement. The employees must understand that their area is affected, even if it is still working well at the moment and is achieving the (often self-defined) goals. For this purpose, topic-specific metaphors must be prepared. Simultaneously, the recipients must understand and recognize the purpose behind the transformation, so that they can continue to play a role in the company and not feel to abolish themselves. Especially with regard to automation in the financial sector, this fear must be addressed by a positive vision. The higher-level communication must come from top management, i.e. the board of directors and management, directly and credibly to the entire team. However, the individual teams must be continuously supported with clear communication by their superiors. In the case of departments that are particularly exposed to change,

it can be useful for the CEO or a high superior to communicate more directly with the teams and explain what is happening, particularly in order to convert potential fears into motivation for change. All communication, including everyday matters, must harmonize with the new vision and give employees a chance to express themselves. An intensive communication would be disastrous without the sender having understood the vision or aligning everything with it.[111]

<u>Empowering others to act on the vision.</u>

In order to be able to realize a successful transformation, large masses must be moved by this fifth step at the latest. The more people involved, the higher the chances of success. To this end, the obstacles that stand in the way of implementation must be removed. Kotter has identified four main barriers to this; (1) formal structures in the company which hinder the employees; (2) managers which undermine the new vision; (3) the basic skills (or lack of skills needed) of the employees and; (4) systems which limit the ability to act.[112]

When implementing an agile focus strategy, these barriers should be eliminated and must be taken into account in the development of the strategy. An established company can only quickly, and successfully, pursue a new strategic approach if it is aware of how strong these barriers are in the company and how to deal with them. The following table lists the elements and their dependencies on the agile focus strategy.

[111] *Kotter* (1995)
[112] *Kotter* (2012)

Element	Possible dependencies (example):
Formal structures	• Reduced hierarchy levels and more direct reporting • More freedom for teams • New key figures for performance measurement
Manager	• Less power and more individual leadership • More responsibility for teams • New mechanisms for control and governance
Skills	• Very narrow job descriptions need to be broadened to be more flexible • Customer-centric techniques become more important • Quick willingness to change and the ability to learn are central • Continuing education is becoming more frequent
Information and personnel systems	• The performance of individual employees can no longer be measured as before • Information must be able to flow more quickly, in a more coordinated manner and across silos • Transparency becomes more important

Table 5 Major obstacles while transforming to agile adapted from Zenz (2016).

Concrete measures are important to dismantle these barriers. The change in established structures does not happen overnight, but it must be clearly addressed so that the biggest obstacles can be removed quickly. This also applies to dealing with managers who do not actively support the new vision and proactively shape the change or employees who need intensive training to cope with the new agile tasks. Because there are various road blocks, consistent action on the most important elements is important.

<u>Planning for and creating short-term wins</u>

Since a profound transformation takes a lot of time, it is necessary to maintain momentum. Here, successes which can be seen and celebrated by the whole company are important; specifically, clear data and figures that make success measurable, and can be classified according to known criteria are advantageous so that skeptical employees can continue to be persuaded. To this end, the necessary key figures and measurement systems must be established at an early stage in order to be able to demonstrate as soon as possible that

the change effort pays off. For this, the successes must also be clearly assignable to the new procedure.[113]

When it comes to strategic change, classic sales and profit figures must also be able to prove success quickly. Since this may take too long to be shown, sound and stunning quantitative customer feedback would help, as well as user growth in a new market, for example, even if the figures are not comparable with the core business. In any case, it is necessary to focus on smaller successes and not to strive for the whole disruption of another market or to set expectations too high.

In the best-case scenario, the new strategy can show that a sudden negative change in the core business can be better coped with, but this depends on external factors and cannot be planned. According to Kotter, the point here is to create short term wins and not just hope for them.[114]

In the case of the new agile focus strategy, these successes must also be able to be generated repeatedly over a longer period of time in order to prevent urgency levels from dropping; clear targets to achieve short-term wins help to maintain momentum over a long period of time and to consolidate trust in the new strategy.

Since an agile focus strategy must also allow failure and enable rapid change, the metrics must also be deployed for this purpose.

<u>Consolidating improvements and producing still more change</u>

If the change process has reached this stage, there is a danger that the victory will be announced too early and everything achieved will no longer be managed with the same intensity.[115] A new agile focus strategy affects the entire organization from the very beginning, but it is still possible that it will fall back into old patterns. The first steps, and especially the clear vision behind the change, is again valuable here. Nevertheless, it must be systematically controlled whether the company continues to develop according to the vision, and whether it does not degenerate into an empty phrase. The agile focus strategy in itself makes it possible to show and celebrate new successes over and over again, as you are preparing to generate revenue in new markets or with new products that are constantly being adapted.

[113] *Kotter* (2012)
[114] *Kotter* (1995)
[115] *Kotter* (1995)

Institutionalizing new approaches

Kotter says that real cultural change always happens at the end of a transformation phase, not at the beginning. That is why the last step is to anchor change in culture. This also ensures that change continues when key influencers leave the company. Often, it is also possible that the new systems and vision are not so distant from the existing culture; in this case, only the new practices have to be anchored. Maintaining communication can help to establish the new practices permanently or to transform the culture. If there are strong employees who rebel against change, it is also necessary to replace them at this point. The succession of the company's leading change agents must also take place in the light of the new vision and transformation.[116]

[116] *Kotter* (2012)

5 Case Study

In the above chapters, the factors that influence the traditional banking business, describing the situation for traditional financial institutions in the wake of digitization; Fintech and new competitors from other sectors, were highlighted. Then a new approach to strategy development and implementation was compared to the classical approaches and a possible integration of the 'Market Opportunity Navigator' framework was discussed in regard to the use in a traditional, established institution in order to create an agile focus strategy. The following case study is intended to test the theoretical assumptions in relation to a Swiss retail bank. It examines which models and approaches are used today, how a new approach is assessed as such, and whether the proposed transformation approach can be validated.

5.1 Selection of Industry and Respondents

The banking industry was selected out of personal interest, and from contacts with managers and employees who deal with these topics at my employer, a bank in Switzerland. Since the company is undergoing what is likely the biggest change process in its history, this work can also add real value to the company in the future. However, it is also a challenge to conduct the interviews because many positions are replaced during the writing process of this work. The industry as a whole is under enormous pressure worldwide to change and rethink the existing business model after many decades of low degrees of innovation, differentiation and agility. In fact, the retail banking industry is very inflexible and a mindset to maintain a stable and profitable business is widespread in the industry, and especially in the large Swiss retail bank where I work.

The six interview partners were selected by hierarchy and proximity to strategic process. Two are from the top management (board of directors and executive board), two are in strategy development and consulting (Deputy Head of Strategy & Business Development and Experienced Strategy Consultant Financial Industry), and two are from Innovation and Strategy unit (Head Innovation Lab and Innovation Manager working with Strategy Department).

The personal backgrounds and age categories are diverse but play a subordinate role. In addition to the dedicated interviews, an existing comparable set of interview responses on the need for digital transformation, the cultural change it entails, and agile working methods, was also analyzed.

The interviews were grouped into four groups:

1.) Top Management
2.) Strategy Unit
3.) Innovation (middle management)
4.) Change and Agile Transformation in Project Management (lower and middle management, from existing Interview set)

All interviews were conducted anonymously at the request of the interviewees.

5.2 Data Collection, Analysis and Pattern Recognition

The data for the case study was collected through semi-structured interviews. The interview partners chosen were managers as well as internal and external employees of the bank involved with the subject. The interviews lasted between 30 and 60 minutes.

The interviews, which were only partially structured, allowed the statements and experiences of the experts to be explored in greater depth, and for new aspects to be incorporated into the concepts discussed.

In the interview, the following three sub-areas were addressed, which will be explained in more detail below:

1.) Status quo in strategy development and implementation

This first part is intended to provide insights into current strategy development, implementation and monitoring. An understanding of the current processes and their strengths and weaknesses. Furthermore, an assessment of the environment and its influence on the strategy process will be collected.

2.) Reflection and validation of an agile focus model in strategy development

Without presenting the model of an agile focus strategy for established companies, this part will examine the usefulness of this new approach. Furthermore, important inputs are expected as to which elements need to be considered.

3.) Validation of hurdles transform into a fundamentally new strategy and the hurdles

In the third part, the hurdles for a transformation are validated and discuss what a transformation process could look like, and what has worked well in the past in change processes or not.

All answers were analyzed and examined for patterns and similarities. In addition, the developed model was compared with the answers and used to describe the similarities and

differences in the results. Based on these results, the proposed model can be further adapted, which will be further discussed in the last part of this paper.

5.3 Research Results

With the interviews, the idea of a new model and tool for strategy development is challenged, as well as the process to transform the company from an existing strategic structure to a new agile focus strategy. In a following part, insights are derived to assess the necessity of a new strategy model in the company, to adapt the proposed agile focus model and to assess the chances of success and hurdles of the discussed change process, in relation to a new way of strategy development and implementation.

5.3.1 Analysis of Status Quo

In the first part, the interview partners provide information on how strategy is developed and implemented today, but also how the strategy influences the company and how visible the vision and strategy are.

a.) Core elements of an enterprise strategy?

In the company, three elements are identified as part of a group strategy. Above all, they are clearly identified by the groups Top Management and Strategy Unit. These elements are; (1) the vision; (2) strategic fields of action and; (3) initiatives and measures derived from 1 and 2. This basic structure identified corresponds to the theoretical principles taught in many management and strategy courses, as shown above. Another additional element is (4) the transfer of the strategy, i.e. how it is communicated and how it reaches the whole company. The focus here lies primarily upon the vision. All respondents indicate early on that the strategy process at the company does not run optimally, and that the theory of how it should function differs greatly from practice. Concerning the element of "vision," there are strong differences in the answers by group. The top management regards the development of the vision as the most important task and believes that there is currently no vision that could lead the company into the future. The Strategy Unit sees the vision existing, derived from the strategic fields of action. This bottom-up approach is however criticized by top management. The interpretation of what a vision is and what it has to achieve already diverges between these two groups. The hierarchically deeper groups (innovation and project managers), who are less concerned with the process of developing the strategy, have difficulty naming the core elements of a strategy at all, neither abstract nor concrete. This means that no clear vision is known, and the strategic fields of action are used as guidance if they are known and thus serve as a "vision."

In the case of the Initiatives & Measures—which also include metrics—the ideas differ less widely; this is where most respondents see the clearest strategic elements in the company. However, while the key figures and metrics as such are not mentioned as elements at all by top management, the other groups see them as actually important elements for control, but also as self-control in project management for example. However, the metric that Project Managers and Innovation would like to measure or use themselves, if at all, differ greatly from those of the Strategy Unit, where classical financial ratios are in the foreground.

Finding 1: The understanding of the elements of a strategy and their theoretical classification is only existing in a small part of the company. On the whole, the structure of a strategy is rather vague. The perceptions of what a strategy contains and should contain are very different in comparison between the different groups of interviewees.

The respondents give very different answers which elements the strategy contains. The same concrete processes are assigned to different elements by different respondents.

Finding 2: The weighting of the elements of a strategy is very different.

While the vision is strongly considered in top management, the strategic fields of action and initiatives and measures are considered much more important for the Strategy Unit and middle management. What is exciting, however, is that a vision is missed actively in project management or innovation in particular and a high degree of importance is actually attached to it.

Finding 3: A clear vision as a long-term model as such is completely lacking in the company.

The lack of a vision was recognized and mentioned by some respondents from top management, as well as sporadically in middle management. More frequently, however, the strategic fields of action communicated were seen as such, or even fields of action were declared as a replacement for the vision due to a lack of such vision.

Finding 4: The understanding of strategy and its core elements is very different and cannot be assigned to individual groups.

In all groups there are people with a very deep understanding of strategy and its theoretical structure, as well as very incomplete understandings and classifications that deviate from the theory.

b.) How is the strategy developed in the banking group today? (frameworks, tools, methods, process duration, who is involved…)

Currently, the entire group is in the process of reviewing the development of its strategy. For many years, the process and long-term strategy itself was very strongly driven by the former CEO on his own initiative, and later by the Executive Board; the Board of Directors itself played a subordinate role. The vision was limited to a relatively simple picture of "the country's leading retail bank." Based on this growth vision, many measures and strategic fields of action then emerged from the individual departments and reflect the silos themselves. Initiatives and measures were declared strategic fields of action—also in the course of the budgeting process to gain importance—and further on achieved a 'vision' character. In the new Board of Directors, this procedure was recognized as an instance of mismanagement and was addressed by the president of the board of directors. The Strategy Unit holds the view that the fields of action that have grown up in this way arise from a strategic process, and that initiatives and actions are derived from a strategy process. Later, they assign the corresponding measurement criteria to those Initiatives, while unclear of a vision at all.

As part of the reorientation in the strategy process, and due to the special structure as a large cooperative, an attempt is now being made to involve all of the approximately 250 cooperative banks owners in the strategy development process.

With regard to the strategy at top management level, the current focus is on finding a vision. In workshops, a process will be applied as in any strategy textbook manual with SWOT analyses, trend analyses, and business areas derived from them.

As part of the Group strategy, the Strategy Unit uses various other tools, which are mainly used for implementation and monitoring. For example, there is a strategy map that depicts a classic strategy process. It consists of a vision, four strategic directions, and measures derived from them which are underpinned by metrics. The process of reviewing the strategic directions and adapting the measures on a yearly basis is referred to as the strategy process light.

The previous situation made it difficult for the Strategy Unit to incorporate structured processes in the development of the strategy in the Board of Directors or the Executive Board. Many findings from trend analyses, outside banking and finance for example, were also given little consideration in the management committees responsible for strategy development.

Finding 5: So far, the strategy has not been developed according to the textbook, but rather Bottom-Up or ad-hoc.

While the Strategy Unit has so far been tending to take existing initiatives as its starting point, and has strategically integrated them into a process with the management, a new vision is now to be more strongly pursued, which is underlined above all by statements from top management, particularly the Board of Directors.

Finding 6: There is no clearly executed strategy process established at the bank. However, there is an understanding how an established process would look like. Additionally, the rather vaguely defined process is treated as the established process.

Finding 7: So far, only very few persons are involved in the strategy development.

Finding 8: There are no tools in use, which provide trends and insights from all sources quickly and transparently for strategy development.

c.) What time horizons are envisaged and how often is the strategy revised?

The vision is either based on an undefined horizon, i.e. a vision that is fundamentally valid forever and is intended to show the greater purpose of the company, or on horizons of ten to thirty years. All respondents mentioned considerably long horizons regarding vision.

The strategic directions are reviewed annually, although there have been no changes over the past seven years. For the current strategy process, an attempt will be made to define a rough strategy with a validity of five years. So far, and in the future, the measurement criteria and key figures will be adjusted annually. Both what and how is measured and, of course, the targets in the individual metrics. The targets are what changed in some years previously.

In the case of respondents who have less strategic know-how, the time horizons are very different and relate to their own projects. While some would like to see shorter time horizons, or would like to be able to review and adapt projects more quickly—which is not easy because of budgeting as an element of control—others also see a need for long-term planning, and some time to develop in certain projects, especially in the case of initiatives from the innovation department.

Finding 9: What the author identifies as a vision in the respondents' answers has a very long horizon or no expiry date at all, but is a wish and does not exist.

Finding 10: The identifiable elements of a group strategy are relatively rigid and undergo little change.

Finding 11: The strategy is hardly adjusted despite the possibility of adjustments.

d.) What are the strengths and weaknesses of the current process?

The current process is very vague and is understood and perceived very differently. The biggest weakness of the company is that the process is not continuous and does not have the time and space it needs. The process in the Strategy Unit is relatively isolated from top management or the board of directors as the actual strategic management body. Statements in the board of directors recognize a weakness in the existing process, which produces the guidelines for strategic projects through the development of those projects in the departments itself, instead of the other way around. In the Strategy Unit, it can be observed that the process leads to very generic statements. Those statements and fields of action don't really act as guidance. Further criticism is that often no clear decisions are made at all, both in the development and in the implementation of the strategy. All respondents agree that it is a very slow process, whether stringently carried out or not, leading very slowly to results, and often does not bring about any changes after review or redevelopment. The Strategy Unit as well as the Middle Management and Innovation departments identify a weakness in the sheer impossibility of regularly and rapidly introducing new insights, trends and market changes containing risks, as well as chances to be recognized by the top management responsible for strategy; both for short-term changes in the measures as well as to rethink long-term fields of action in the annual process.

The strengths clearly mentioned are reliability and predictability, as well as simpler compliance with the regulator.

Finding 12: The process is not clearly defined and not all bodies involved in the strategy use the same tools, information and process steps.

Finding 13: The process is sluggish and leads to practically no changes in strategy.

Finding 14: With only few to no changes and adjustments at all in the fields of action and measures, there is a high degree of predictability, which is appreciated by top management and strategy units.

Finding 15: Plannability and perceived control is considered very important, although more agility would be desirable. From this, it can be concluded that the process does not provide the desired benefit in regards of reactability, but satisfies the more current and more strongly weighted, or required, need for control. So far, it has not been possible to find a procedure that would bring the two necessities, plannability and agility, together.

5.3.2 Validation of agile focus strategy model

In the second part, the interview partners were asked about influences that could make an agile focus strategy necessary, as well as core elements and additional factors that make up an agile focus strategy and differentiate it from the traditional approach.

a.) What are the challenges for the company in developing a strategy today, and what are the new challenges compared to five to fifteen years ago?

On the one hand, the respondents see the development of a vision that is supported by the entire group as a major challenge; this is especially true because the interests, and the viewpoints of the individuals involved are very different. There are representatives of small banks in rural areas, but there are also representatives of very large institutions in the group. Some have a stronger focus on private retail clients, and others on wealth management or corporate clients. The differences are big; however, the vision has to be supported by everyone and motivate everyone.

Regarding the process approach and results, it is stated that there is currently a very robust strategy with a strong focus on the business as it has always been done, but at the same time there are various changes in the market, technologies, customer needs, and also in regulation. While not all respondents consider the impact of these external factors on the business to be equally strong or even threatening, they all state that it is difficult to keep track of these influences and to classify them and incorporate them into the strategy.

Specifically, the Strategy Unit states that it has too little opportunity to confront management or the Board of Directors with new influences (opportunities and risks) that are not within the traditional measurement range or focus. One would wish to do this on a more regular basis throughout the year in order to be able to better prepare the basis for decision-making on the key dates or to create an understanding of these new influencing factors on an ongoing basis and then draw on it in the annual workshops.

There are many more issues to consider today than was the case in the past, which requires more intensive engagement with the matters. This is the case both in the Strategy Unit to build up the know-how and to give an estimate, as well as in the top management to be able to make the decisions well-informed.

<u>Finding 16:</u> A greater variety and range of topics are identified that need to be considered.

<u>Finding 17:</u> The variety of topics is difficult for decision-makers to grasp comprehensively in the time available.

<u>Finding 18:</u> There are too few opportunities and time to discuss and classify the different topics and new influencing factors.

This also leads to the fact, that the Strategy Unit is collecting new and partly unknown topics, which it has to compress and present to the decision makers once a year. It is seen difficult to deal with a wide arrange of new and complex topics in such short time.

<u>Finding 19:</u> The challenge of developing a strategy without a clear vision was not explicitly mentioned, and the author concludes that there is a lack of understanding of the benefits of combining vision and action.

It is certainly worked on a vision and also mentioned that the development of this is demanding. At the same time, the development and implementation of the strategic directions with a horizon of about seven years is not considered to be particularly challenging, even lacking a vision.

<u>Finding 20:</u> The impact of the new topics on the meaningfulness and purpose of the strategy is only perceived in a limited way.

Despite the realization that there are many new unknown topics and that there is no time to analyze them in detail and discuss them with decision-makers, the Strategy Unit does not generally question the accuracy and direction of the existing strategy. The strategy, which is actually based on classic indicators and geared to relatively unchanged business areas, is also perceived as accurate in the changing environment. However, there are isolated statements to the contrary at all levels.

<u>Finding 21:</u> The awareness of the impact of change arises in very different places in the company. The challenges are perceived by some of the project managers, the innovation department and urgently addressed by the new Chairman of the Board of Directors. On the whole, the changes, if noticed, are not considered to be significant nor important.

b.) Is a higher VUCA (Volatility, Uncertainty, Complexity, Ambiguity) and Speed of Change observed and how could you deal with that?

The term VUCA is not commonly used at the company, but a higher uncertainty and complexity is observed. However, the company sees the complexity very strongly related to itself, which is not all that wrong (through the cooperative form, the biggest reorganization in decades and some regulatory issues that are just being fixed). Nevertheless, a higher VUCA determined by external influences is also described by respondents. The majority of respondents also note an acceleration of changes, especially in relation to or due to digitization. The majority of respondents indicate that digitization and its rapid progress is a challenge for the company to keep up and not fall behind. Customer needs itself, market segments and business models changing at a faster pace or the emergence of new competitors are not mentioned or perceived as such. Except for a few exceptions, the company also sees itself in a position to hold its position against new competitors in its core business when asked about.

Respondents agreed that the higher uncertainty should be countered with higher agility anyway, but this is far from being achieved within the company. While there is a consensus that more agility is an element to deal with higher VUCA in the future, opinions differ as to how far the company has progressed in this respect and how agile the company should really be. There are different opinions and no clear pattern within the top management, as well as between the Board of Directors and Strategy Unit and the other groups.

Finding 22: VUCA is mainly attributed to digitization.

Finding 23: VUCA is higher, but not seen as alarming.

Finding 24: More agility helps to compensate for faster changes.

Finding 25: How agile a company must be in order to exist in the current and future environment is interpreted very differently. Only few see immediate urgency to enable the company to act more agile focused.

c.) What would have to be changed in the existing approach in order to achieve more agility in the group while not loosing focus?

Explicitly and implicitly, a large proportion of respondents see a useful change would be towards a clearer focus. It is agreed that on the one hand there are too narrow guidelines and too little attention is paid to external influences that are changing. On the other hand, if one tries to deal with those aspects, the focus is too low, and the initiatives are not agile but also not focused enough. A clearer understanding of which projects and initiatives contribute to the strategic directions and which do not should be achieved. However, it is also recognized that these directions must include the necessary agility—without losing the focus—which means that the vision and strategy must be derived with this in mind. However, there are no ideas on how to approach this.

As discussed above, many strategic fields of action emerge from the departments and often with regard to the budget process and one' s own performance measurement optimization for the department.

Finding 26: A structured process and strategic approach is required including a guiding vision according to which the strategy, measures and budgeting are aligned.

Finding 27: Decision making is not efficient nor effective regarding new initiatives, innovation, new business and other topics outside of banking and sole digitization of existing offerings.

Finding 28: The strategy development has to be disconnected from powerplays and budgeting.

This is special, since most strategic fields of action come directly out of the departments and not developed in strategic top management approaches.

Finding 29: The group strategy, with all its elements must function as one closed system. A fragmented process such as the one currently in place cannot respond to the rapid changes and the bank will not be successful in the long term.

d.) What information would the company need to have in order to simplify the strategy development under the given changes, or to be able to tailor it to the current and future challenges? And are these available?

The respondents provide various sorts of information which would be needed. No clear pattern can be identified, or a certain type of information required. It is, however, mentioned by all respondents that the information is not or not sufficiently structured if available at all.

Various respondents name their own initiatives of how information, trend reports, for instance, are created or obtained externally, and how it is distributed. However, everyone sees their own information as indispensable. The Board of Directors has recognized that too little information and impulses are available and that they are not accessible to the Board in a way to build the long-term strategy on it.

Finding 30: The company does not have a clear process for managing new information. The author concludes that it is about information about trends and atypical changes which can represent opportunities and risks.

Finding 31: It is unclear which additional information would be needed at all, and therefore this information is not accessible and structured enough for the organization, and the strategy development.

5.3.3 Transformation into agile strategy

In the third part, the interview partners provided information on experiences with change processes in the company and regarding possible procedures as described above.

a.) What preconditions would need to be met for a more agile and flexible strategy to be developed, implemented and enforced?

Here, the respondents name all the prerequisites in the culture of the company. All respondents see this as a major task that cannot be accomplished immediately; the processes would have to be well managed and involve many people.

The change should be supported by everyone, and above all be anchored in the management and the board of directors, orchestrated and made possible from there.

Respondents from middle and lower management see bottom-up changes as possible, but at the same time would like support from top management, because otherwise the program would be unsuccessful.

Finding 32: For a successful transformation to a more agile strategy, the involvement of the whole organization is required.

Finding 33: A transformation to an agile focus strategy is not possible without the clear support towards the change process by the management.

b.) What are the biggest challenges in the Group to change the strategy in a radical way (affecting the whole company severely, processes, skills, areas of business, performance management)?

There is relative agreement among the respondents on the hurdles. On the one hand, there is a relatively low level of willingness to change among people, and the human factor must not be underestimated. The very strong silos, which are established in the company, will resist a corresponding change, because here many established processes and success mechanisms as well as careers are, or may be, endangered.

There is agreement that a transformation must take place step by step and must be accompanied by strong communication efforts on all levels.

Further, the strategy process, albeit vague, as it has been carried out so far, is well known among the board of directors and strategy unit and has always proven itself in the past. At the same time, the company is doing well financially and has the most successful years in terms of profits in its core business (strong growth in mortgages).

Finding 34: It will take an enormous amount of time to fundamentally change the organization through a new strategic approach, but this is necessary for a de facto, completely new enterprise set-up and strategy.

Finding 35: The process must be well thought out and prepared so that the different, strict hurdles can be adequately addressed. It must be carried out step-by-step with a clear goal.

Finding 36: There is no strong sense of urgency in the company, meaning that one has to start from scratch with Kotter's'' 8 Step process.

Finding 37: The current initiatives address various steps from Kotter's change process at the same time, or not at all, which is a dangerous starting point.

c.) Which elements are the most important to ensure the success of a transformation?

The respondents consider the involvement of as many people as possible to be very important at the beginning. In the end, the strategy works for everyone and the information is widely distributed. If not, everyone understands why the organization has to change to a new, more agile strategy, then the respondents see little chance for a successful transformation.

Again, the target image is also mentioned, which would already have to be defined before the fields of action and the agile focus areas could be defined.

Finding 36: For a radical transformation of the strategy, the entire organization must be involved right from the start, so that the strategy can be implemented later.

Finding 37: Without a clear target of where to go and where to pivot, and why, it is not possible to implement an agile focus strategy.

5.4 Connecting insights with the agile strategy model

In this section, the empirical findings are integrated in the theoretical agile focus strategy model. Even if the situation at the company examined might be special—due to cooperative form and actual major reorganizations—there are some findings that can be integrated for agile focus strategy as such, and others more focused on the company examined.

5.4.1 Need to transform into a more agile focus strategy

The assumption that an established company perceives the much faster changes (higher VUCA) and that the current strategic processes are not in a position to respond to them has been confirmed partially (Finding 22). However, this fact is perceived as less acute, or the need to address it quickly is not as strong as one might think due to the risks of inactivity (Finding 23).

The assumptions as to whether an outdated process exists and to what extent strategy development and implementation actually exists and is weighted were unclear. It has been shown here that the process is very poorly structured in the company concerned (Finding 6, 12) but is regarded as established the way it is (Finding 6).

Effectively, the assumption is confirmed that a better process for strategy development, implementation and control is desirable, but more so to enable better internal management and less explicitly due to external factors as assumed (Finding 20, 24).

5.4.2 Core Elements

The Agile focus strategy in the sense of the Market Opportunity Navigator was basically confirmed and also seems to make sense for the investigated company (Finding 16, 17, 24, 16, 29).

With regard to the search element (market opportunity set), it can be noted that there is relatively little clarity about the core competencies and value (Finding 3). Further tools and mechanisms are needed to enable the teams to identify the core competencies, and to detach themselves from the current applications. In this respect, the corresponding teams that use the tool must be guided and accompanied so that these abilities can be clearly discussed. Due to the long-term establishment of the business, it is almost impossible to separate the competencies of from the applications. In addition, this is even more difficult for service providers to grasp than for some new technologies. As an agile focus strategy is examined as an overall strategy, the comprehensive core competencies which customers attribute to a large part of the company and which are actually available must be ascertained.

Amendment: In order to recognize the core competencies and to detach them from the established applications, further tools must be provided, and the process must be accompanied by trained facilitators.

In order to measure the attractiveness of possible applications, a large group of knowledge carriers must be involved in the context of an overall strategy, and customer focus plays an important role. Customer-centric approaches are relatively unestablished in the company investigated. This has to be corrected in order to create an Attractiveness Rating with the Attractiveness Map. Because there are differing opinions regarding how agile the company has to be, and how much the company has to change (Finding 25), very stringent and compelling data on potential and challenges are required. Also to enable the company to use some existing metrics to evaluate the attractiveness of a new market. Here, the process is (at least in the early years within not very agile companies) rather longer and dedicated, trained teams should carry out the necessary analyses.

Amendment: The Potential and Challenge Evaluation must be carried out in such a way that it comes close to the existing evaluation criteria. Here, in addition to the framework, established instruments and presentation methods must be used and combined.

The third core element of the Navigator deals with focusing, or not losing focus in an array of opportunities. The necessity to avoid uncoordinated and not strategically focused project portfolios has been confirmed (Finding). The company is looking for possible ways approach strategy more agile without losing the focus. Decisions should be made faster and at the same time more focused (Finding). However, already today there is too little time and space for decision makers to deal with new topics. To change this is indispensable, either as an ongoing process or annually.

Amendment: Before the strategy process is started, the decision-makers must reserve more time for the relevant workshops and create the prerequisites so that the initial process can be carried out intensively.

5.4.3 Additional Elements

With regard to the additional elements, it can generally be said that those play an important role in the adaptation of an agile focus strategy in established companies. The assumption that risk management in particular can be continued by classical means (possibly only in a long transition phase) has been confirmed (finding). The statements on controlling and on security and stability, which the strategy is intended to achieve, are in the same direction. This seems to be more important than assumed, which is why further tools and processes have to be created in order to maintain security and predictability in the current core business while at the same time being able to transform it agilely and repeatedly into new business areas.

Amendment: The new plannability by the Business Model Navigator must be supplemented with existing planning tools, or an initial translation into classical tools must be weighted more strongly in order to cushion the change.

Within the framework of portfolio management, little concrete knowledge was gained.

With regard to corporate foresight and information, or the recognition of new opportunities in new arenas is hardly pronounced in the strategic unit or by the board of directors (finding).

Amendment: Information on corporate foresight must be collected, processed and prepared by the strategic unit so that it can broaden its horizons beyond the current level.

Effectively, it can be said that there is no clear understanding of common terms or a common language for strategy and future challenges. This is where we need to start.

Amendment: A further core element would have to be the development of a common language with a clear definition of the most important terms and models, as well as the broad communication of these.

5.4.4 Transformation Process

The assumption that the change process will be a big challenge can be confirmed (Finding). The hurdles were also identified relatively appropriately (finding).

What is new, especially in the strategy committees and the Strategy Unit itself, is the willingness to change is not as strong as these committees themselves would wish for the company. Here, the statements are contradictory (Finding). It could make sense to involve these key persons in the development and orchestration of the 8 Step process.

Amendment: The Guiding Coalition includes the majority of strategically involved key persons as mandatory prerequisites.

The importance of the vision can essentially be confirmed (finding). It can also be said that no clearly thought-out change process has yet been used for possible changes (too agile focus strategy, a new vision or any other change project in the company). Here, it is important to pay special attention to a clear, well thought-out process that is carried out with the necessary time, space and consistency.

6 Discussion and Conclusion (6 pages)

In summary, the establishment of a new type of strategy development in a traditional, large enterprise is a huge, challenging and time-consuming operation. According to the author, this can only be achieved with strong support from top management and consistent implementation.

Due to the central function of a group strategy, it is difficult to "test" a "new form of strategy" in the laboratory or on the sidelines of the organization. It naturally affects the entire company as a whole. Due to the central function of a strategy, effective changes in business models, the repeated development of new business areas and more agility - not only in the development of products - have to be covered and coordinated by the overall strategy. If this is not achieved, even the strongest initiatives will fail from bottom-up due to a misfit with the strategic direction.

However, these almost impassable barriers should not be a deterrent. A new approach and a more agile approach is necessary on a strategic level in every area of a company - and especially in banking. The literature shows that in the future, core competencies will have to be continuously transferred to new arenas and that a "transient advantage" will increase a company's chances of survival. The reality shows that the time has come for banks to break out of old business model, to recognize the core competencies and abilities and to get ready to transform them into a very uncertain, fast moving future.

Through an agile focus strategy, based on the Market Opportunity Navigator framework, a company can learn a new process of strategy development and find an individual way for implementation and successful transformation. This requires courage, commitment, a well defined plan and sufficient pressure to act.

6.1 Contributions to Research

To launch an agile focus strategy in established firms, the model hast to be adapted to the existing, individual situation. Changing the strategic approach in large established firms is a much higher effort than using an agile focus strategy in a startup or to asses new technology on its own.

However, the Thesis contributes to research in presenting the need for new approaches to strategy and the urgency to move for traditional firms, while outlining the additional elements to further develop, test, investigate and iterate to come up with a truly holistic framework for an agile focus strategy in established, large companies.

The Thesis also enlightens upon a structured process to transform an organization into a new and agile strategy, and describes the huge efforts and risks connected to this. Additionally, there is the realization that changing the core strategy impacts the whole organization in every detail, however, that is important to move truly agile from bottom to the top and be able to move into more transient advantage playing fields.

There are several limitations in this research and to the model. First, it is not a blueprint to use without method. On the one hand, further elements have to be explored and the model as such further merged and coordinated with existing tools and frameworks. These are used and weighted differently in each company, which is why a broader research in different industries and with different sizes of established companies would be interesting. A comparison of the prospects of success for an agile focus strategy between already agile companies (e.g. with very agile product development) and less agile companies is also of interest. On the other hand, in the future it would also be useful to compare young companies that used an agile focus strategy at an early stage, and have grown into large companies, with established companies that have undergone a corresponding transformation to more agility—possibly with an agile strategy or a classic approach in this area—and to see how the approaches changed.

6.2 Recommendations for strategy development in the case study company

Based on the research, the author may make the following recommendations.

1.) Even due or because of the drastic events the company is basically in a good position to initiate a radical change. The company is doing well financially, and with the almost complete renewal of the board of directors and the management a change of structures is likely anyway. However, it is recommended to carry out a well thought-out change process and to orientate oneself on existing models, such as Kotter's 8 Step Change Process.

2.) Various studies show the advantages of an agile strategy that is not oriented towards the existing and traditional business. For a future holding up many uncertainties and a high complexity and speed of change, traditional strategy approaches seem to fail. For this reason, a renewal of the strategy development and an orientation towards more agility is recommended.

3.) The company must at first develop a strong, lasting vision. A vision was missing until now, both for a classical strategy and for an agile focus strategy. This task is central to any change the company wants to achieve.

4.) The company as a whole should offer comprehensive training to introduce all employees to the trends and developments of the future - starting with management. This information and communication campaign should be given a lot of weight and space. It can be designed to prepare for a change process.

5.) The core capabilities of the company are hardly visible for employees, but also the top management is not aware of them, or they are at least not examined separately from the traditional applications. It makes sense to build a team, to discover such abilities, to document them, test them and to create a showcase for an agile focus strategy 'light' process. The author would recommend this test run also to educate the management on how to develop a future strategy around the company's core. However, the development itself must then be carried out by the relevant decision-makers and owners.

6.) The agile focus model and the market opportunity navigator are a suitable tool to gain a new approach to strategy development and communication. It is recommended to apply and compare the approaches from the model parallel to the existing process. The aim here should be to give the strategic committees the opportunity to break out of existing thought patterns and to recognize the advantages of an agile focus strategy. In a first step, findings can already be incorporated into the existing process and in a further step it can possibly be replaced.

6.3 Conclusion

Derived from theoretical research, it can be said that it is necessary for organizations to rethink the current, established strategy process. In order to keep up with the rapid changes and to prevail as a company in spite of increased uncertainties. Classical growth strategies, which refer to a well defined market and a rigid competitor structure, do not seem to be sufficient. These findings are also confirmed to some extent in the empirical part. It should be noted, however, that the urgency has not yet been fully recognized. Although there is a conviction that the world is changing and that it is difficult to react with the existing, relatively slow strategy models, there is no clear need for a new approach in the development of group strategy. The bank tries to act more agile without losing strategic focus, but tries to achieve this within the traditional hypotheses, frameworks and processes.

A lot of imagination is needed to envision what a strategy might look like - far away from known concepts.

The strong risk aversion and the need for predictability is an important factor, which must be included in an agile focus strategy and has not yet been solved.

A transformation of this magnitude has the best chances of success if a structured process is used that clearly addresses the existing barriers and is fully supported by top management.

For established companies, an agile focus strategy based on the Market Opportunity Navigator is a good way to establish a more agile strategy without losing focus and using the real core competencies or recognizing them at all in the first place. However, the framework alone does not meet all the needs for a successful strategic alignment of the company and its implementation.

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