



Working together to increase participation in ice sports

Doing Strategy Differently (Session # 2, February 11 2021)

Vicsport, supported by VicHealth, ran a series of online workshops for board directors of State Sport Associations and Regional Sports Assemblies. The seminars focused on the diverse role of directors in planning and managing strategies for establishing new markets. In short, managing and strategising ways of doing sport differently. The series focuses on:

- Cross sport networking - to hear how other directors handled 2020
- Strategic insights - to hear from leading practitioners in the participation and innovation space
- Recommendations - what questions directors' need to be ask to manage a modern, growth based strategy

The “Doing Strategy Differently” series was facilitated by Kate Palmer. Kate is the former CEO at Sport Australia, Netball Australia and Netball Victoria. She is also an experienced director as former Chair of the Victorian Institute of Sport, a Trustee of the MCG Trust, Director of the International Net-ball Federation and of TTNL Ltd (ANZ Championship).

Session #2

Innovation Inception: Ideas to Unlock the Minds of Leaders

The Key speaker was, **Frederic Etienne**, Associate Partner at **Strategyzer**, strategy and innovation advisor to Global 500 companies and co-author, 'The Invincible Company'.

The session included a presentation from Vicsport's, Tom Dixon (Innovation Lab), who offered an exegesis of how Strategyzer's conceptual framework was used to support change and innovation in Table Tennis Victoria.

A video of the session can be found on *You Tube: Vicsport Doing Strategy Differently Session # 2* (February 11 2021)

or visit the Vicsport website (<https://vicsport.com.au/events/view/1370>)

Key messages in Session 2 included:

1. Innovation doesn't just happen, it requires passionate discussion, debate and conflict. Directors need to be prepared for all of this - especially feeling uncomfortable. If everyone feels comfortable then we will just get more of the same. New strategies require new comfort zones.
2. An experienced facilitator/director can make or break a discussion about planning and strategic directions.
3. Strategy is hard to do; it must be future focused and when done well it can bring everyone together. Future focused strategy development means the board needs to embrace risk - in all areas of governance.
4. Key part of developing innovative strategies is to develop ideas. An example of how to engage board members and develop ideas include activities like the Shark Tank concept. This concept is a true pressure test of ideas, objectives, contents and strategic directions, because it involves a *pitch* to develop ideas, outline business objectives, cite innovative initiatives and risk management.

Kate Palmer summarised the importance of innovation in management and strategic directives by paraphrasing Chair of Suncorp Christine McLoughlin.

McLoughlin, within the context of 2021, reflected that she was "*keen to see Australians capture the sense of urgency, community and cohesion seen in relation to managing the health crisis and apply it to the emerging risks and opportunities that the pandemic had offered.*"

Noting the many ways Australian governments and Australians did change over night, McLoughlin commented a *“burning platform for change means we can change over night.”*

The following presentation built upon the above points, offering specific strategies to develop, manage, administrate and execute *burning platforms for change*.

Presentation #1

The following notes have been developed from the presentation by Frederic Etienne, Associate Partner at Strategyzer (<https://www.strategyzer.com>) strategy and innovation advisor to Global 500 companies and co-author, *'The Invincible Company'*.

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Strategyzer Content

Build resilience, and create an innovation culture	Build highly effective teams	Map your product and service	Test and de-risk business ideas	Map your existing business, or new business idea

Frederic Etienne commenced his presentation by noting that for business thinkers strategy and innovation are closely becoming the same thing. To learn to do strategy differently means learning to innovate. *Organisational strategy demands innovation - together they manifest change.*

Developing innovative strategies isn't an easy process, but it is a crucial process, because managing the **innovative space of an organisation supports its long term resilience**. Innovation is a vaccine for change - all organisations are going to be exposed to change so they need to be prepared for it and work with it.

The **3 ideas** discussed below are crucial to unlocking the innovation potential of an organisation. All of them connect strategy development with innovation. If leaders and directors don't understand these key ideas then organisations run a big risk of wasting their resources - including their ideas. **Ideas are the nexus of innovative strategic development.**

1. **Where is your organisation's current strategic development located on the Exploit or Explore continuum?** Understanding this will help to highlight how innovative an organisation's strategic directives are.

Exploit - this side of the continuum is about managing today's wealth. The **Explore** side is about exploring new products and services. The organisational focus is different on each side of the continuum.

The Exploit side is characterised by low uncertainty: products, services, customers - are known. This often means that the Exploit side is a safe haven for investment. Strategies are characterised by planning and executing methods that seek to maintain the status-quo - NOT failure.

The **Explore** side is characterised by high uncertainty. This is reflected in the way money is invested in it. The Explore side is the domain of the Venture Capital world, and best summed up by the analogy of small bets with low returns with a few outside winners. The bets made are low and often numerous. Current data suggests that one in 250 'innovative projects' is a winner!

In the **Explore** side of the continuum, failure is expected, change is inevitable and embraced. The priority areas are **Learning; clarifying** what you want to learn about; accumulating **evidence; experimentation** and finally - **action**.

Each side of the continuum requires different skill sets and people. For example, managers/leaders who get things done and keep to budget do well on the Exploit side. Whereas their counterparts on the Explore side are comfortable with uncertainty, highly creative in their thought processes while simultaneously able to function in deliberately structural ways: evidence has to be collated, tested and evaluated on an ongoing basis (<http://louisebricknell.com.au/creative-thinking-is-a-highly-structured-activity/>).

Exploration is radically different from exploitation. These differences need to be acknowledged before innovation can happen in an organisation. Where is your organisation located on the Explore/Exploit continuum?

2. What type of innovation do you need for your organisation?



They are different types of innovation and this needs to be acknowledged by any organisation. Etienne cites three types of innovation and uses Amazon Inc. as an example.

1. **Efficiency innovation** - closest to the Exploit side of the continuum. The focus here is on Improving what you already have through twists on existing products and services. Eg, Amazon using robots in their factories is a twist on an existing strategy that aides efficiency.
2. **Sustaining innovation.** Sustaining innovation focuses on creating new revenue streams from existing products. It works off new value propositions that are developed from or close to existing business propositions. It builds on the existing customer base and sustains the original customer base. An example of this is the Amazon Kindle and E books range.
3. **Transformative Innovation.** The focus of this is a completely new value proposition; a new business model targeted at new customers. An example of this is Amazon's E commerce consulting business. Yes, it builds upon their success as an established and successful E commerce business (so it uses their own valuable resources) but its target market is new: business looking for assistance in developing their own E commerce strategic success. Transformative innovation model is characterised by a completely new business model designed to create a new profit stream.

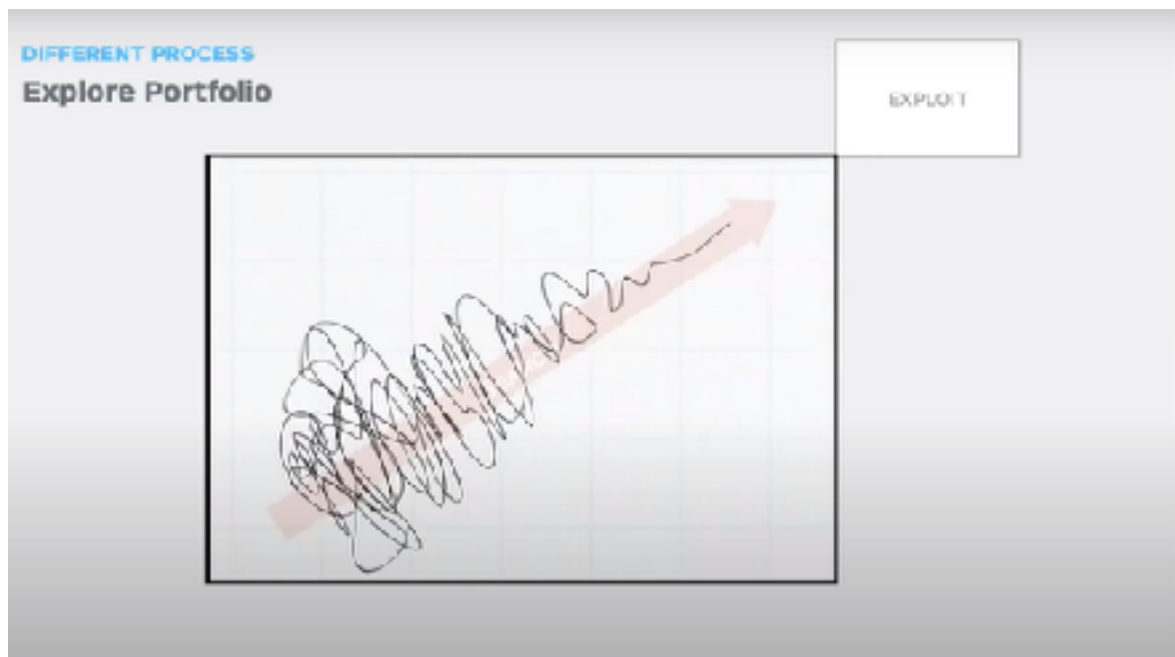
To manage innovation strategically it is important to be aware of the different types of innovation and the balance between them in any organisation. For example, organisations who want new growth but are unaware that 95% of their strategy is driven towards efficiency innovation will undermine their new growth drive.

Reflective organisational awareness is crucial to developing solid innovative strategic management practices, because it elucidates the relationship between the personal, strategic, organisational change matrix (<http://louisebricknell.com.au/launch-rocket-land-repeat-thinking-beyond-reason-is-the-bottomline-for-developing-ai-for-good/>). No point managing for change if you have no idea how terrified you are of change. Reflect, connect, join the dots - between the personal, the organisational and the wider social. You have to understand your own bottom line before you can hope to support others' change theirs.

3. Managing different types of innovation.

Managing different portfolios requires different strategies. For example, Transformative innovation requires supporting, advancing and searching for new business models that are tomorrow's success Resilient companies do this while simultaneously managing and supporting Efficiency portfolios, examples include Amazon and Patagonia Clothing.

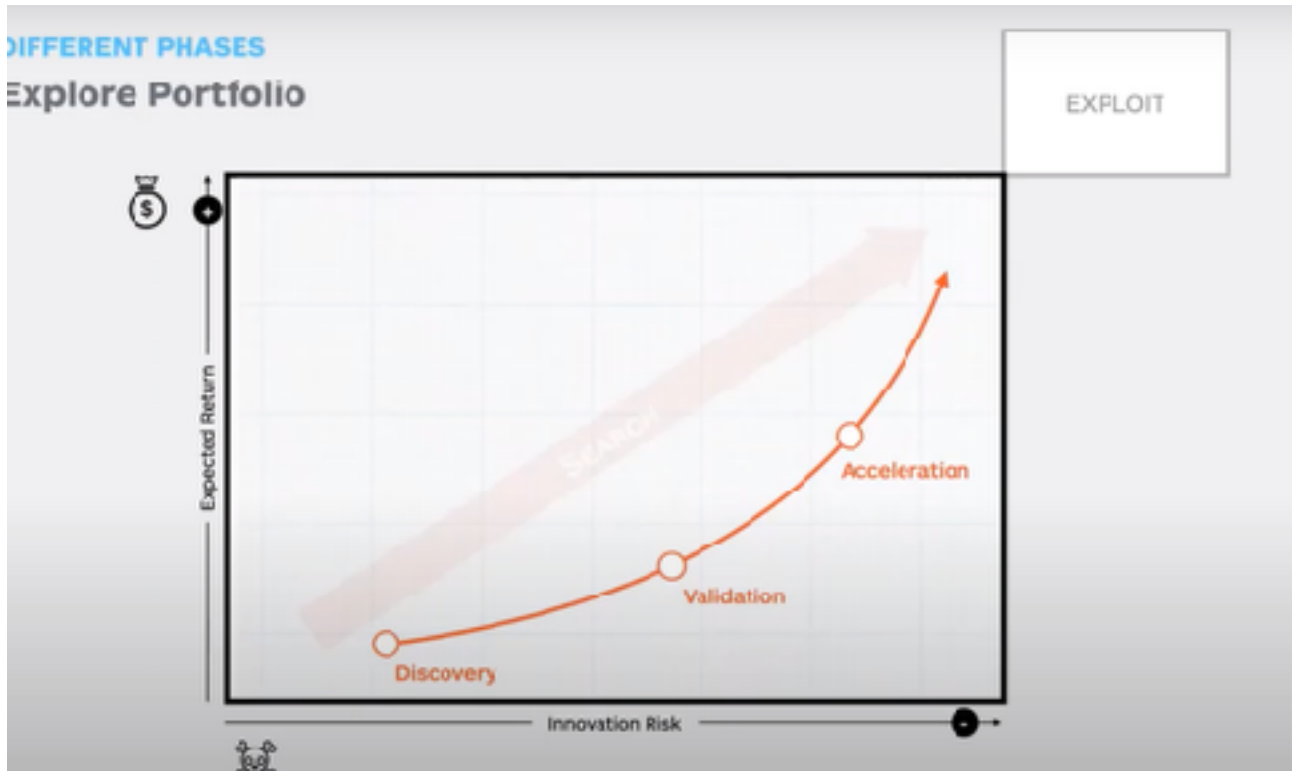
Transformative innovation portfolios need to be managed in ways that develop resilience in them. One way of conceptualising the management and development of transformative growth projects based in an efficiency organisation is to represent each portfolio graphically; the former reflects a squiggly line, the Efficiency Portfolio a straight line.



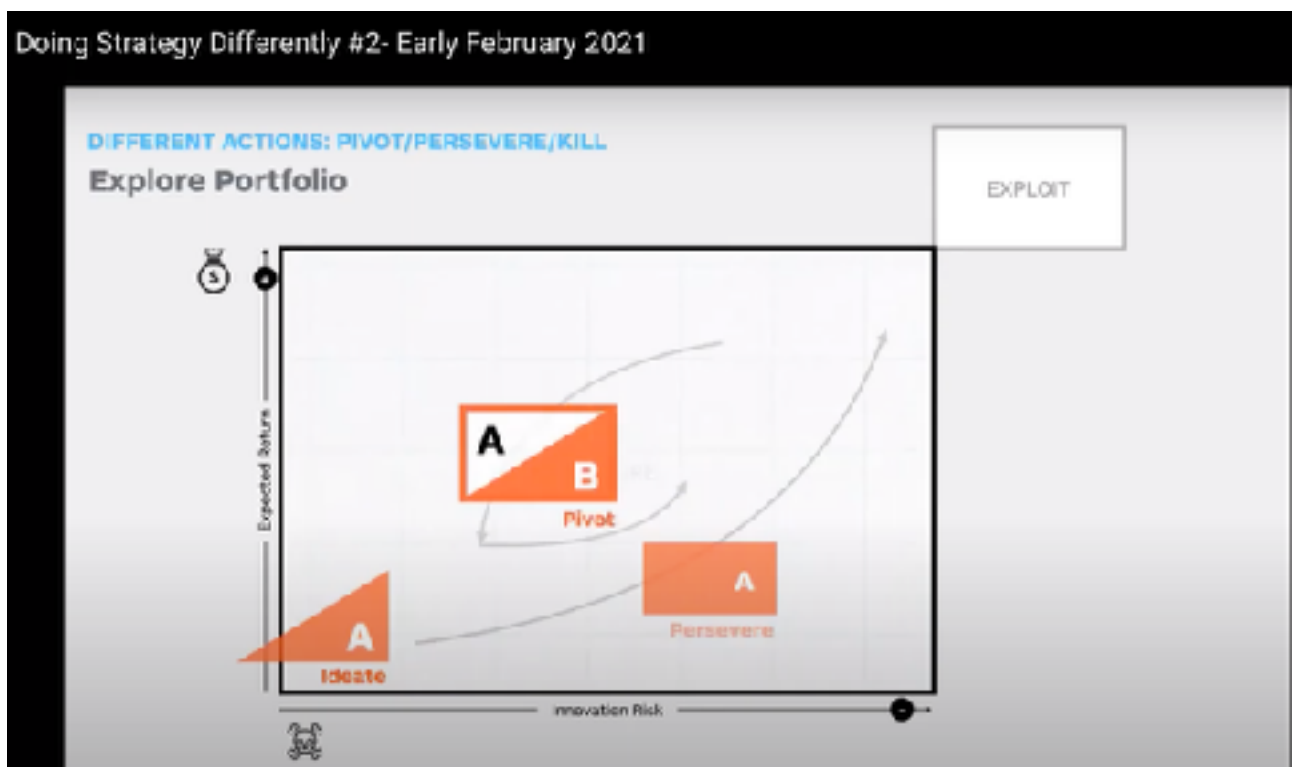
Managing a Transformative Portfolio is fundamentally different from managing a linear represented Exploit Process.

Managing a Transformative/Innovative Portfolio is messy - a squiggly process which may appear to outsiders as chaotic and unstructured! In this messy process, however, is a highly structured **Navigation Process** whose **end game is transformation** - never lose sight of that end game! **Structure supports creativity** - it doesn't negate it! (<http://louisebricknell.com.au/creative-thinking-is-a-highly-structured-activity/>)

The **Navigation Process** (which underpins the Explore Model) is best understood as transforming a squiggly line into a straight one and is characterised by three distinct **phases: Discovery; Validation, Acceleration.**



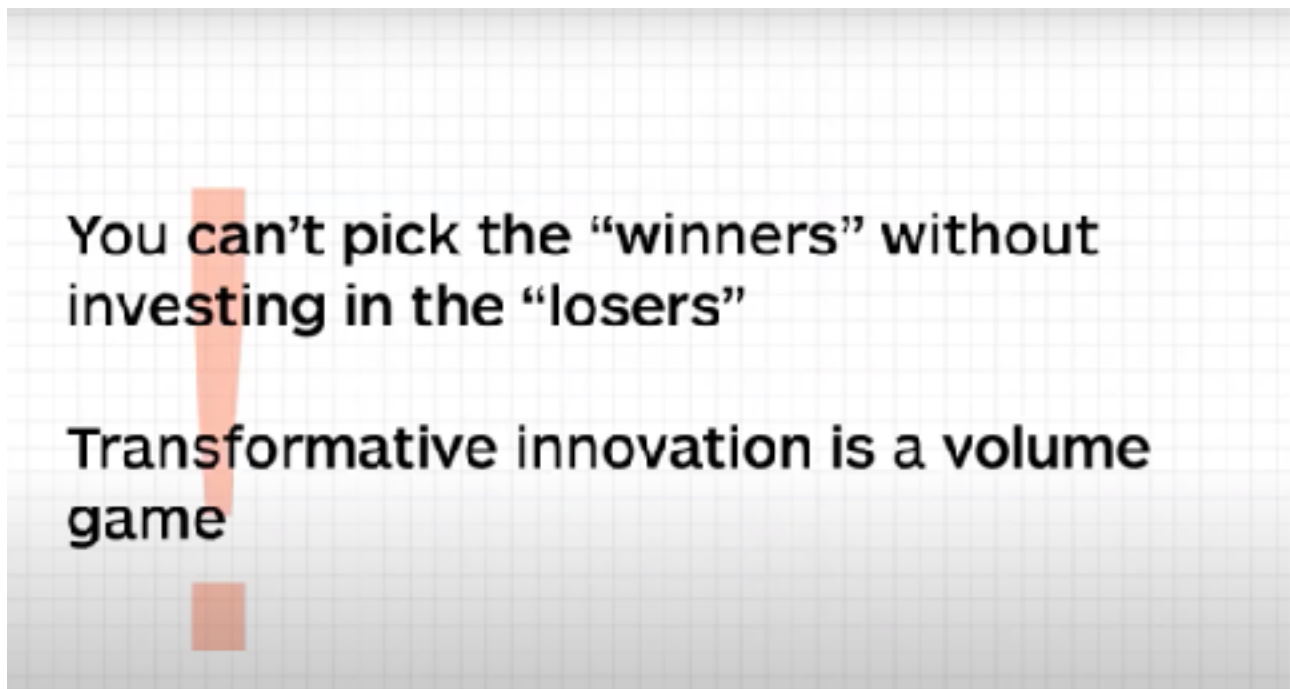
Each of these different **Phases** requires different **Actions, Ideate, Persevere, Pivot** and **KILL!** Ideas do have to be retired, which needs to be done swiftly and thoughtfully e.g., ideas could be transferred to



another project, maybe even transferred to the Exploit Portfolio in some format. Testing might show the potential of some ideas is too low, not sustainable - the idea has to be retired.

Each of the different **Phases** requires different funding strategies. For example, as the idea moves through the different phases and reaches the **Acceleration Phase** the amount of investment in the idea increases.

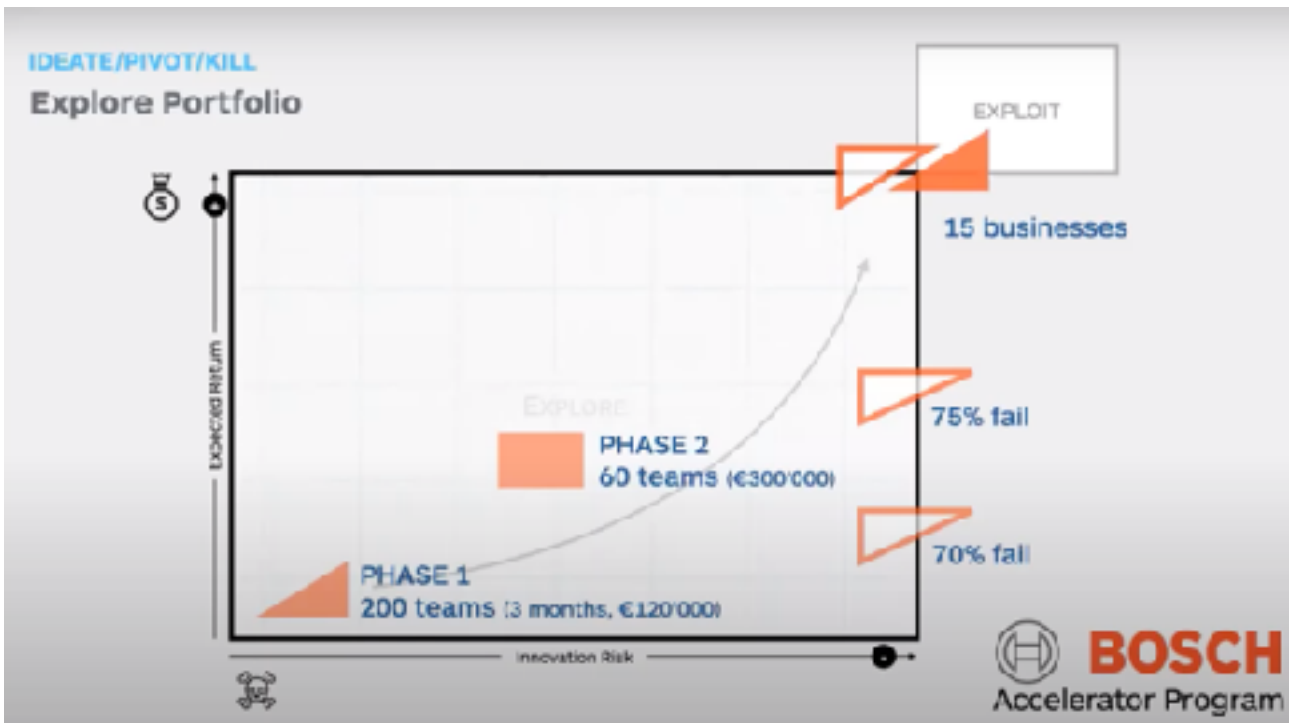
Different Phases = Different funding, leaders, directors, managers have to understand the relationship between phases, actions and management strategies quickly and intuitively. This point is particularly pertinent when considering the **Volume** (ideas) aspect to **Success / Exploit ratio** is considered.



An example of **Ideas:Success ratio** is highlighted by current Venture Capital research data which suggests 250:1 idea(s) is a success; two-thirds of investments don't get their money back. This ratio (and volume) applies to Transformative Innovation. In terms of capital investment this might look something like:

\$100,00 investments X volume of **250 projects** to create **one success**.

Etiemble uses the example of Bosch, where 70% of **Ideas teams** are retired after Discovery phase, because the ideas are not sustainable.



This ratio analysis is important to understand, because it often clashes with Boards' drive for efficiency and success.

In short, it is difficult for boards to go for volume in the realm of innovative ideas/projects. Why? Generally boards are more attuned to supporting successful teams reach their finishing line and are, therefore, not always comfortable with the **levels of failure demanded** (and it is just that) by the rigours of the innovative process.

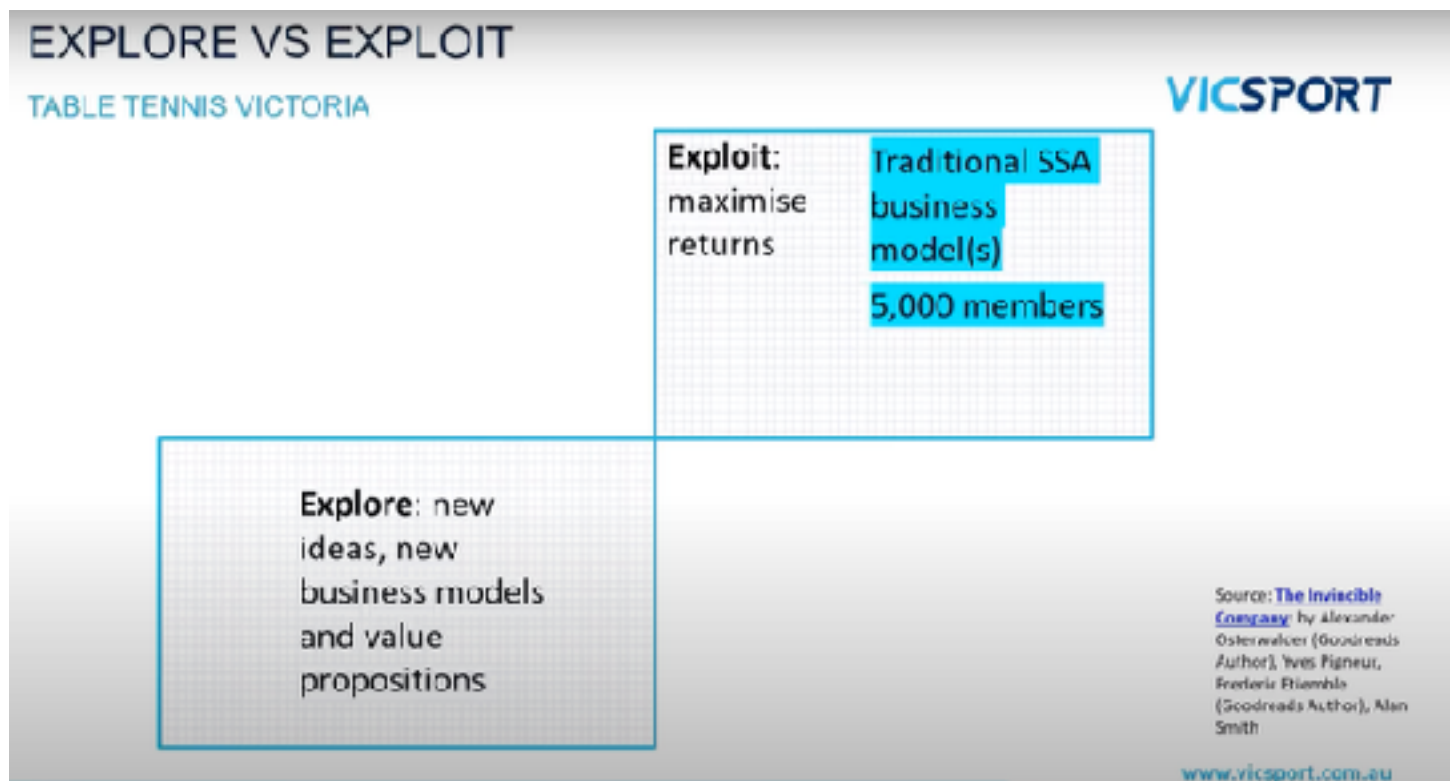
Aligning all aspects of an organisation from board members to the potentially highly innovative factory floor, including stake holders, is a crucial aspect of successful innovative organisations - everyone has to feel supported in order to move out of comfort zones. **Genius** rarely happens when **fear** is the main driver (<http://louisebricknell.com.au/creating-genius-the-task-of-the-learning-and-development-consultant/>)

Vicsport's Case Study of Table Tennis.

The final aspect to **#2 Doing Strategy Differently** was **Vicsport's Case Study of Table Tennis**. The study was undertaken by Tom Dixon from Vicsport's Innovation Lab and used the framework offered by **The Invincible Company**.

The following diagram illustrates how the Innovation Lab and Tom Dixon (using Strategyzer's framework) approached this (the complete presentation can be found at approximately the 40 minute mark <https://vicsport.com.au/events/view/1370>).

Overview of Table Tennis Case Study in relation to Doing Strategy Differently in Sport and managing **Innovative Portfolios**.



Key Resources

<https://www.strategyzer.com>

The Invincible Company <https://www.strategyzer.com/books/the-invincible->

Presentation Link <https://vicsport.com.au/events/view/1370>

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Disclaimer

Please note, this document offers a concise account of the presentation. Any misinterpretations are accidental, please refer to the full presentation for clarification of the content offered here. It is worth watching!

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