INSURANCE THOUGHT LEADERSHIP

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What Is Your 2016 Playbook for Growth?

Summary:

Doubling down on what worked in the past isn't enough. You need digital sales growth, and that means a new set of tools.

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CEOs entering 2016 convinced they can succeed by doubling down on what worked in the past may be reading from the wrong playbook.

According to a recently released Forrester/Odgers Berndtson study, "The State of Digital Business 2015," most companies remain unprepared for digital transformation" -- an absolute must for growth. Yet executives representing the diverse sectors examined in the study expect the majority of their sales to be digital by 2020. How will they get there?

If your transformation plan to capture at least a fair share of an expanding digital sales pie is not well underway, and you feel behind the eight ball, that may be for good reason - digital transformation leading to adopting a meaningful new business model or new technology can take years. And it demands operating along a different set of practices that used to work.

Growth is within reach of any CEO...

- Moving at least as fast as the pace of technological change,
- Delivering on clients' growing expectations for real outcomes, and
- Adapting to the shifts of economic and workplace controls to the millennial generation.

The CEO must be the Chief Growth Officer. Hiring a chief digital officer or chief innovation officer or someone else carrying a fashionable CXO title assigns daily responsibility for actions to close the digital gap. This can be a good move. The CEO cannot be everyplace at all times, and, besides, micromanagement from the top of the C-suite is deadly. When it works, this added role introduces skills, fosters enterprise-wide external partnerships, signals commitment inside and outside the organization and creates the digital blueprint for buy-in by colleagues. But the CEO alone has and must use his or her authority to coordinate growth levers and make the tough calls.

The CEO is also the Chief Culture Officer. Culture is not the job of HR or any other designee. Culture is the sum of the hundreds of choices everyone makes every day. People respond to the behaviors of their leaders. What do growth behaviors look like? Think about orchids in a greenhouse. Like orchids, new and different ideas are fragile and require special care. They may need protection from the outdoors - the conditions through which a mature business can operate, but that will kill a still-emerging concept. The CEO must advance a culture of a greenhouse, using governance to support both the work wherever growth businesses are being incubated, and a smooth transfer to the mainstream at the right time.

A lot has changed, but strategy is still the starting point for execution that gets results. Good strategy means having a clear view of where you are, an intended destination and a map of the terrain with a logical path to get there. Good strategy allows for good prioritization of short- and long-term moves, including the digital agenda. Strategy is still what gives all members of an organization a common view of goals. Strategy must evolve from what it has become in too many companies -- a financial extrapolation supported by a sales-y PowerPoint presentation and ungrounded assumptions.

You must govern to engage and create accountability. Bring the whole C-suite into the act - no bystanders or anonymous choristers allowed. It's a great idea to ask your CMO or CIO (or both) to lead the digital acceleration effort, but what about the rest of the C-suite? Put a governance process in place that fosters a constructive dialog with all of the CEO's direct reports, including the P&L leaders and functional heads. Governance must reinforce that every member of this team has "skin in the game" to achieve growth results. No one is exempt from being part of the solution.

You have to update the risk/reward equation. Face it - the traditional American corporation was built to be predictable - to control risk. But nowadays, avoiding deviation from the status quo may be the riskiest path of all. I'll paraphrase how Joi Ito, director of the MIT Media Lab, described the issue at a recent talk: To the corporate leader, downside risk is determined by aggregating variables that are stress-tested through complex analyses in an attempt to account for unknowns. And the potential of digital is full of unknowns, so it can easily be discounted down to where it is assumed to just have incremental impact.

But here's a whole different view: To a venture capitalist, the maximum downside is the loss of 100% of his or her investment. That investment is meted out in small chunks as milestones are passed, so exposure is clear, measurable and contained. And the upside is viewed as exponential (though low-odds).

Food for thought: Reframing the risk/reward inputs and calculation can be a liberating and responsible course of action.

Digital transformation is a non-starter without the right talent. Seek evidence beyond the skills that seem urgent now but come with an expiration date -- what matters is hybrid thinking, continuous learning and a record of delivering meaningful results. Is "fit" simply a euphemism for "people like me"? Go after your complements, and even some people who don't fit your mold, but for whom you are committed to make room. The continued homogeneity of the faces on the "Team" section of most corporate and start-up websites in this day and age reinforces the untapped opportunity to invite others in and reap the rewards.

You must measure client outcomes. What gets measured gets done. And the wrong metrics stifle innovation. Applying yesterday's metrics with blunt force is a death sentence for new ideas. The CEO must take a stand on how to gauge digital progress. Implement metrics that: 1. Align to the strategy. 2. Reveal how well you are delivering outcomes to the client (i.e., fulfilling the benefits that brought them to you in the first place). 3. Focus on how well the team is delivering results to clients. 4. Relate to drivers of the P&L and overall franchise health now and in three to five years.

You need to generate speed and momentum through constant progress in small chunks. It beats all-at-once precision that misses the market. Iterate, iterate, iterate, as fast as you can. Make live prototypes and show them to clients. Test and learn. Be flexible to new data and insight. The word "failure" does not appear in this playbook. "Failure" is something you bring upon your team when you don?t take the learning from a study, a test, a prototype, a client conversation and have it fuel the next improvement, however large or small, to allow you to move closer to success. "Failure" is what happens when the water cooler talk echoes with, "That doesn't work, so we killed it." A culture of "failure" has gum in its gears.

You must pursue three stages to finding your digital leverage: Step one: Identify the sources of revenue from new clients or relationship expansion (see above point on speed) and the drivers to win this business. Step two: Define the profit model. Step three: Go for scale. I worked under a CEO who set up this one-sentence approach during our early days of digital transformation: "Find the unit profit model and then see if you can scale it."

You need to collaborate. Some people are wired to collaborate. Others are expert at advancing their own goals through silos. Evidence of growth effectiveness: an environment where colleagues build on each other's ideas with the goal of shared success. Make collaboration a hiring competency that is taken seriously. Make it an expectation and demonstrate through your own behavior what that means.

Finally, you must get out there and get your hands dirty. We all learn by doing. Fast and valuable knowledge exchange takes place when corporates and start-ups interact. Corporates will find the speed, iteration and absence of failure as a concept inspiring. Start-ups are always looking for mentors and advisers with financial, marketing and operating experience. This quid pro quo can be the basis for a mutually beneficial and mind-expanding relationship. Make the meeting ground any space that is not a corporate conference room.

This post is also published in Amy's regular column on Huffington Post.

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