

Charting a Course During Uncertain Times

This paper is adapted from a December 2011 Harvard Business Review article that Doug Ready and Emily Truelove wrote, entitled: "The Power of Collective Ambition".



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Introduction

A luxury hotel chain emerges from the industry's worst time in its history stronger than ever. A financial institution thrives while its peers receive government bailouts, suffer debilitating reputational blows, or cease to exist. A beauty retailer on the brink of extinction a decade ago is now highly profitable and opening an average of two new stores a week.

In many ways, these global companies could not be more dissimilar. They are in different industries and life-cycle stages, yet they share a common trait: they defy the conventional logic that during a recession, morale and profits plummet.

We've spent the past two years studying these organizations and dozens of others to understand what makes them different. What allows them to flourish in times when most organizations flounder? How did they use a crisis as an opportunity to transform their business models, to redirect their strategies and to build momentum during a downturn?

We discovered that these organizations (and all truly great organizations) share a common thread: a well-honed collective ambition, a story that depicts their purpose, vision and plans on how to achieve their goals. Companies with strong collective ambitions have a deep understanding of why they exist and what they hope to accomplish. They have developed a path forward that involves working as a team to address their challenges. They align their brand promise with their core values and use them as guideposts to execute their strategy.

Companies with strong, well defined collective ambitions have leaders who realize that a business is more than a group of people chasing a financial target. These leaders are also highly disciplined when it comes to achieving and sustaining top performance. They collaborate with others in their organizations to shape their collective ambition and to energize their employees. Finally, they embrace the challenge of managing a powerful duality: that of balancing collaborative engagement (what we refer to as the glue) with commitment to disciplined execution and accountability for results (what we call the grease).

As the companies examined in these pages will demonstrate, developing and executing an organization's collective ambition requires involvement at all levels. HR and talent management professionals play a powerful role every step of the way, from helping to shape the collective ambition to executing it. An organization's collective ambition can only be successful if there are the right people, in the right places with the right knowledge, skills and abilities. Simply put, it takes people to make the glue and to facilitate the grease.

Promise

This white paper:

- Discusses the seven elements of collective ambition and why they matter.
- Explains why one of these elements may matter more than the others.
- Shows how top organizations collaborate to bring these elements together, enabling employees at all levels (and senior leaders in particular) to work together to provide the glue and the grease to get them where they want to go.
- Profiles several companies who have done an outstanding job of integrating these pieces into a powerful whole.
- Outlines the HR practices required at every level to ensure success.

The Seven Elements of a Collective Ambition

Scholars have studied what makes for engaged and sustainably profitable organizations for decades. Collins and Porras wrote eloquently about the importance of linking strategy with vision. Schein championed the importance of culture and values to an organization's success. Many others have written about brands, strategic intent and leader behaviors. Hence, the concept of collective ambition—which touches on all of these elements of organizational success—is not new. Instead, it provides a framework that will help pave the way for successful, organization-wide change initiatives.

There are seven elements that comprise an organization's collective ambition:

1. **Purpose:** The organization's reason for being; why it exists; its core mission.
2. **Vision:** The position or status an organization aspires to achieve in a reasonable time frame.
3. **Targets and milestones:** The metrics used to assess the extent to which the organization has progressed toward its vision.
4. **Strategic and operational priorities:** The actions an organization will take (and not take) in pursuit of its vision.
5. **Brand promise:** The commitments an organization makes to its stakeholders (customers, communities, investors, employees, regulators and partners) concerning the experience it will provide.
6. **Core values:** The guiding principles that dictate what an organization stands for in good and bad times.
7. **Leader behaviors:** How leaders will act, day-by-day and in the long term, to implement vision and strategy as they strive to fulfill their brand promise and live up to their values.

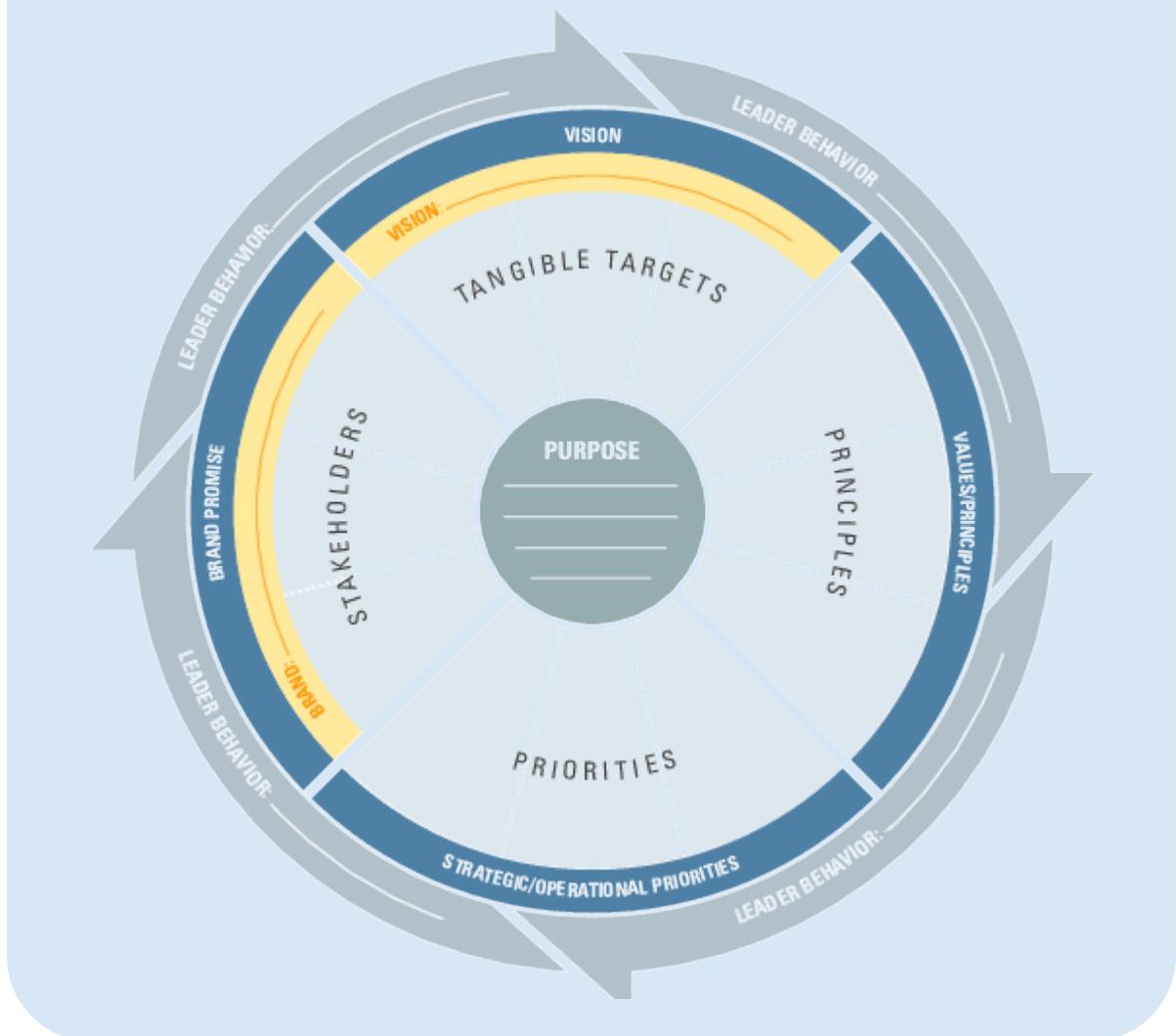
HR and talent management professionals (indeed, many business leaders) often tend to get excited about these elements without taking the time to place them in a broader context, causing them to behave more like initiative champions than integrative thinkers. It is not uncommon to see business leaders who try to drive change based on a vision that isn't fully anchored in reality or who attempt to enlist their entire workforce in a values project without carefully investigating how these values interact with the organization's brand promise or strategic priorities.

Leaders attempting to drive change must take the time to examine the elements that should--indeed **must**--interact with one another if the changes are to have any chance to succeed. They must understand the importance of shaping a powerful, compelling story of their organization's future, combine it with a collaborative process to build the human capabilities required to achieve that future, and have the discipline to follow that course in what is often choppy and perilous waters.

It is important to be clear about what these terms mean, and how they can be used to reinforce one another and execute an organization’s collective ambition. The terms vision and strategy or values and leader behaviors are often used interchangeably, which leads to confusion and causes them to become little more than meaningless jargon. These terms are not jargon, however. If understood correctly, they can be used to identify organizational capability gaps and to launch initiatives that address those gaps.

The Collective Ambition Compass

After years of working with organizations across the globe, we believe there are seven elements that really matter for organizational success. These elements define an organization’s collective ambition and when they are focused, provide a compass that leads to success. We call it the collective ambition compass (CAC):



The Collective Ambition Compass (...continued)

For any organization trying to harness its collective ambition, HR's role is clear. HR and talent management professionals are involved by:

- Working strategically with other senior leaders to frame the story that will become the organization's collective ambition.
- Working with other senior leaders to build employee engagement across organizational boundaries for the initiative.
- Communicating to ensure the organization's message is aligned with its purpose, vision and strategy.
- Participating in the development of metrics to measure achievement.
- Ensuring that new and existing employees at all levels have the knowledge, skills and abilities, and cultural fit to achieve the new business model. This involves not only talent sourcing and development, but also leadership development and succession planning.
- Ensuring that the organization's compensation and benefits systems are in keeping with tomorrow's business model.

The Glue and the Grease

Shaping an organization's collective ambition isn't just about telling a compelling story that inspires employees. The process itself—of working together to create the story—can be a powerful engagement builder and as such, is an opportunity to build or strengthen an organization's glue. It can also be a springboard to launch organization-wide change initiatives and to execute strategy—the grease.

To highlight the glue and the grease, two companies—Four Seasons Hospitality Group and Standard Chartered Bank—are examined. These companies differ in many respects yet are strikingly similar in their use of collaboration to realize their companies' collective ambitions. Standard Chartered Bank's glue was its recommitment to its founding principles which helped it through a difficult period in

its industry. Four Seasons' grease was the use of its collective ambition to enable transformational change.

Building the Glue: Standard Chartered Bank

While many of their competitors went bankrupt, received government bailouts or suffered irreparable harm to their brands during the recent recession, Standard Chartered Bank (SCB) emerged



stronger than ever. There are several reasons for its success, but one of the most important factors was that SCB used the crisis as an opportunity to recommit to the long-held principles that made it great in the first place, strengthening the glue and binding together its diverse and dispersed stakeholders during the recession.

SCB has more than 85,000 employees comprised of 129 nationalities who work in 71 markets. Going into the recession, the bank had a strong foundation, a compelling vision ("to be the world's best international bank, leading the way in Asia, Africa and the Middle East"), and a robust, well-aligned collective ambition. Despite this, most of the world—including many key stakeholders—couldn't articulate what made SCB unique among financial institutions. It had always had "the glue," but it needed to strengthen it. SCB leaders believed the recession was the perfect time to do this.

In 2009, Peter Sands, SCB's CEO, created a taskforce of senior leaders (including their chief human resource officer) that traveled the world to speak with thousands of SCB stakeholders—customers, employees, regulators, shareholders and the larger communities in which SCB operates—to get their take on the organization's vision and collective ambition. They heard a similar theme among their diverse and geographically disbursed stakeholders; that SCB was a positive force, an ethical partner, and a company in it for the long haul. As a result, "here for good" became SCB's new multi-layered brand tagline.

SCB didn't just want a tagline with a nice ring—it wanted a promise. Senior leaders realized that if they were to differentiate themselves from their competitors, they must deliver "here for good" to every stakeholder in every part of the world. To ensure that the promise was kept, they created a global accountability process.

The first step to deliver the promise was to engage all of their employees because they would be the ones to deliver it on a daily basis. SCB held town hall meetings at all their locations, a centerpiece of which was a two-minute "here for good" strategy video about SCB's positive impact on the world. The video inspired employees, who

universally felt that “here for good” perfectly captured the values already present in the company. “Here for good” did not create the glue; it strengthened what was already there.

As one senior leader explained:

“‘Here for good’ really does reflect who we are. Our local connections are very deep, in part because of our long-term efforts to develop local talent and because we’ve been in our markets so much longer than other multi-nationals. It is not uncommon for me to meet customers who tell me how we gave their grandfathers loans 50 years ago and have stood by their family businesses in good and bad times. They wouldn’t go to another bank. When the Asian financial crisis hit, many banks pulled out of the region. But we stayed and learned the lessons the West is learning now. Integrity matters. We are not separated from our communities. We are an integral part of them.”

SCB wanted to make sure that “here for good” was a promise not just to employees, but also to its other stakeholders (customers, clients, regulators, shareholders and the communities in which they operate):

- **Customers:** SCB promises that it will treat its customers as partners and offer them fair deals. Whether lending to cocoa farmers in Ghana (SCB helps more than 70,000 farmers in the cocoa industry in that country) or the big pharmaceutical companies in Europe, SCB helps its customers build their businesses for the long term. SCB makes these commitments loud and clear, for all to see in white papers published online.
- **Regulators:** SCB does not undermine regulations or cut regulatory corners to make a quick profit. SCB considers regulators partners in building thriving, healthy business environments. In the UAE, for example, many international banks fail to meet the country’s Emiritization quotas and instead choose to pay fines for not employing UAE citizens. In contrast, SCB views these quotas as a key part in developing the local talent the country needs for businesses to succeed. In Nigeria, because SCB’s policies adhere to the highest ethical standards, the bank has found itself educating Nigerian regulators on best practices. For SCB, these practices are nothing exceptional. Instead, they are a way to conduct its business of building the human and economic capital of a region and paving the way for a brighter future.

- **Shareholders:** SCB promises to provide its shareholders with ethical and healthy returns and to that end, has incorporated “here for good” into its core business processes. For example, when SCB bankers complete loan applications for customers, they must write a paragraph about why that customer will be a valued long-term customer, or “here for good”.
- **Community:** SCB’s community initiatives are a well-entrenched feature of the company’s brand and culture. SCB is part of the fabric of the communities in which it operates, be it building health centers for the blind in India or having employee “HIV champions” regularly delivering HIV awareness workshops in 50 countries. SCB grants employees three days a year of paid time off to volunteer and does not dictate how or where that volunteer time is spent (a bank manager in London spends time at a stable for rescued horses). SCB has found that community involvement is a powerful retention tool. As one manager observed, “When you have helped build a community center with your SCB colleagues and you walk by and see the lines outside, that’s energizing. It’s these intangibles that make people stay.” In short, it’s the glue.

Many companies must plan and execute large-scale changes to shape and execute their collective ambition. For SCB, the challenge was to remember and bolster—not abandon—their roots.

Building the Grease: Four Seasons

It may be easy to see how collaboration can be used to tell a compelling story of your company’s future and be the glue that binds. But how can this story provide the grease to enable and drive productive change?



FOUR SEASONS
Hotels and Resorts

Travelers worldwide brighten at the mention of Four Seasons, the hospitality group that literally set the standard for exceptional service in luxurious settings. Founded in 1961 by the iconic Isadore Sharp, the Four Seasons’ reputation is the envy of its peers. The last few years, though, have been particularly tough for the industry as a whole and the company in particular. The recession wreaked havoc on the hospitality industry, especially at the high-end market, Four Seasons’ primary focus. As vacationers cancelled trips and business travelers opted for less expensive hotels, bookings plummeted. At the same time, Sharp was ready to retire and enjoy the next phase of his life. In 2010, Katie Taylor, Four Seasons’ chief operating officer, took the CEO helm in the midst of the worst recession in 80 years.

In 2008, the Four Seasons found itself at a turning point. In preparation for her new role, Taylor had an important task; to engage 35,000 employees in more than 80 hotels in 35 countries in a collaborative process that would get Four Seasons back on track and poised to lead the industry once again.

For decades, the company's unique service, culture, quality and brand (called "the pillars") had led to success. The question in 2008 was how to ensure they would continue to do so in an ever-changing competitive landscape. The company had in place three key measures for success—people, product, profits (called "the bold ambitions"). While the bold ambitions had been the same throughout the company's history, Taylor knew they had to be captured anew and related to the change process in a way that was clear and compelling.

To that end, Taylor and her team overlaid the seven elements of Four Seasons' collective ambition onto such a graphic compass. As Taylor noted after completing the work, "We found that the compass was a very useful tool because it helped us do two things. First, it allowed us to think about the company and its success drivers in a different framework than we had before. Second, it allowed us to organize all of these thoughts in a way that gave them an actionable direction that was entirely consistent with our purpose and values, but with a new point of view."

Today, the company uses the compass as their framework for action.

An actionable path forward was precisely what Four Seasons needed. It needed the grease—a springboard to launch an enterprise-wide change initiative.

Taylor then formed a team of five vice presidents (including HR) from different parts of the business. Over a six-month period they held more than 45 site visits in 14 countries and conducted more than 400 interviews with Four Seasons guests, employees and stakeholders. The team used their "bold ambitions" —product, people, and profit—to organize their findings, which helped highlight how they were interrelated. They realized that to have the best product (luxury hotels), the Four Seasons needed to attract and develop the best people and create a culture that retained them. They knew that when they met their "people" goals, their hotels would thrive and the profits would follow.

Taylor and the executive team also decided that each bold ambition would have five work initiatives cascading from it. Working in small teams, senior leaders led the initiatives. Each team's focus was to make that piece of the puzzle align with Four Seasons' purpose.

For example, in the “people” category, one team led an initiative called “Who gets to be a leader around here?” The goal was to transition Four Seasons from an informal promotion system to a robust, systematic program that would promote people based on their potential and performance. This was particularly important to Four Seasons because service is their competitive advantage and it is vital to have the right people in the right roles and to ensure that they are developed, rewarded and retained.

Four Seasons' Collective Ambition Compass



An important outcome of the initiatives is that they have made strategic and operational priorities real, not just theory. As Four Seasons prepares for its next 50 years, Taylor is confident of its success:

“We have 34,000 employees who get up every morning thinking about how to serve our guests even better than the day before. Our promise to provide the most exceptional guest experience wherever and whenever you visit us is instilled in the hearts and minds of our dedicated employees. They are the ones who fulfill that promise day in and day out, in good times and in bad. Our guests are a central focus of this company, and our commitment to our employees to get them the tools they need to get that job done will remain a focus as well. The combination of strong global leaders and dedicated and caring employees is going to be the recipe for our success going forward.”

Putting the Compass Together

At the heart of the collective ambition compass or any figure used to create an organization’s story is purpose. Purpose is the center around which vision, strategy, brand, values and leader behaviors should be mapped.

While many organizations want their purpose statements to address a noble goal, simply having a purpose—for example, to provide excellent entertainment or banking services—is just as meaningful as improving healthcare in emerging economies. It does not have to be about saving the world. It just has to be an authentic representation of why your organization exists. A purpose statement is the starting point to differentiate your organization and to engage your stakeholders.

Constructing the Compass: Sephora

Founded in France in 1969 by Dominique Mandonnaud, Sephora is one of the world’s leading beauty retailers. Mandonnaud believed that shopping for cosmetics should be fun, and he designed Sephora stores to be entertaining places where customers could test products before purchase. The concept took off, and so did competitors’ adeptness in copying it. To try to differentiate itself from its competitors, Sephora increased the number of brands it carried, but it soon learned that carrying a wider range of cosmetic, fragrance and skin care brands in addition to its own private label was not enough to stay ahead of the pack. It needed something hard to copy.



Sephora is now part of LVMH, the world’s leading luxury products group. LVMH considered selling Sephora in 2003 because of its troubles, but instead brought in a new CEO, Jacques Levy, to turn the company around. Levy believed that saving Sephora was about creating a sustainable competitive advantage.

As it turned out, the process of creating a sustainable competitive advantage became an exercise in reinvigorating Sephora’s core purpose. After studying customer preferences, Levy and his senior team realized that Sephora’s competitive advantage wasn’t in the store layout or brands it carried. It was in something closer to what Mandonnaud sought to create: a truly unique shopping experience. Thus emerged Sephora’s newly articulated purpose which was a nod to the past and an acknowledgement of what sustaining success would mean in the future: “To provide customers with the most entertaining shopping experience of the retail industry— giving them a moment of relaxation and discovery, enabling them to experiment and play with their beauty.”

With this purpose, Sephora spent the next few years shaping and implementing its collective ambition. As a Sephora board member commented, “The market is moving so fast, but we’re on the crest of the wave. And we’re there because of the energy that Levy gives us. It speaks to the power of purpose. If you are a company that only wants to achieve targets, then you reach those targets and stop. But if you have a purpose like ours, you’re always working to satisfy it more fully. You’re always on the move.” Today, Sephora has 17,000 employees in 1,600 shops spread across 22 countries—and it is opening roughly two stores each week.

Purpose may be the spring from which the other elements flow, but it is not the only thing that matters in shaping and implementing an organization’s collective ambition. All seven elements must be integrated into the powerful story that is your organization’s collective ambition.

Sephora, for example, determined that if an entertaining shopping experience was its purpose, then its strategy should be to deliver exceptional service. But not conventional great service—service aligned with its core values of freedom, emotional connection, excellence and boldness.

Purpose, strategy and values play a role in everything Sephora does. Consider training at Sephora University. When employees learn about how to deliver exceptional service, they are encouraged to use their own means to get to the desired ends. For example, in a booklet that explains Sephora’s management style to employees, each

principle is listed with examples of how other employees have successfully achieved each principle and then there is a space where trainees can list how they will do it.

Conclusion

The companies showcased in this article continue to succeed despite the economic environment because they have harnessed the power of collective ambition to chart a course during these uncertain times. The successes experienced at companies like SCB, Four Seasons and Sephora could not happen without a clearly defined purpose and genuine commitment at the senior executive level. As demonstrated throughout this paper, an organization's purpose is the center of its collective ambition. Purpose matters for business enterprises. Purpose drives and informs employee engagement, leadership development initiatives and branding. It breeds trust, speeds decision-making and is the heard of compelling change initiatives. These companies embraced collaboration to shape their collective ambition and to energize their employees. Finally, they used the process itself as a springboard to initiate change and execute strategy.

Harnessing the power of collective ambition isn't easy, but then again, the path to excellence is never easy. There is no GPS button that will take an organization effortlessly to the Promised Land, or an external guru who can show the way in an hour's speech. The good news is that it can be done if the organization pulls together to work for it. This requires the commitment of HR and talent management professionals to ensure that the organization has the right people with the right skills and cultural fit to execute an organization's collective ambition. HR leaders must also work to prepare employees at all levels so that they are ready for the changes to come.

About UNC Executive Development

Our approach to program design and delivery draws upon the power of real-world, applicable experiences from our faculty and staff, integrated with the knowledge our client partners share about the challenges they face.

We call this approach [The Power of Experience](#). We combine traditional with experiential and unique learning. Through action learning and business simulation activities, we challenge participants to think, reflect and make decisions differently.

Our Approach: The Partnership

Our team customizes each leadership program through a highly collaborative process that involves our clients, program directors, faculty and program managers. This integrated approach consistently drives strong outcomes.

Our Approach: The Results

Our executive education programs are designed with results in mind. Below are a few examples of the results our client partners have achieved:

- Leadership refocused with new strategy and cohesive vision
- Strategic plans created for the global marketplace
- Supply chains streamlined
- Products redefined
- New markets targeted
- Cost-saving measures developed
- Silos leveled
- Teams aligned

Participants leave empowered to bring in new ideas, present different ways to grow business and tackle challenges. The result is stronger individuals leading stronger teams and organizations.

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