A BOOK ON A MISSION

Transform time-sucking, energy-depleting meetings into productive, strategic conversations that create engagement, alignment, and real MOMENTS OF IMPACT.

“Moments of Impact shows how design can transform our strategic conversations, too.”

Scott Cook, Co-founder Intuit

INTRODUCTION

Adapted from Moments of Impact: How to Design Strategic Conversations that Accelerate Change by Chris Ertel and Lisa Kay Solomon, Simon & Schuster 2014

INTRODUCTION

THE MOST IMPORTANT LEADERSHIP SKILL THEY DON’T TEACH AT HARVARD BUSINESS SCHOOL (OR ANYWHERE ELSE)

The call came eight days before the meeting. The caller—let’s call him Bruce—was anxious. A senior executive at an international development agency, Bruce was about to host one of the biggest meetings of his career. Forty top economic-development experts from around the world were coming to Jakarta—on his invitation—to strategize about the future of Asia. As the date approached, Bruce was petrified that the two-day session might flop.

We asked him a few questions: What’s the purpose of the meeting? What are the desired outcomes? “We just want people to come and talk, so they can learn from one another,” Bruce said. “After all, they’re the experts.”

What important points do your experts already agree on? Where are they at loggerheads? “We figured we’d sort that out in the room. We haven’t had time to talk with everyone in advance.”

How will you set up the issues? “We’ve got a list of eight priority topics on the agenda. We figured we’d work through them one at a time with the group.”

What kind of environment are you creating to help them be productive? “The meeting is in a big hotel near the center of town. I haven't been there yet, but you can check out their website. It looks pretty nice.”
What kind of overall experience are you hoping participants will have? “Er, what do you mean by that, exactly?”

As we peppered Bruce with more questions—Who’s kicking off the meeting and what will he or she say? What kinds of insights and next steps do you want people to walk away with?—we could feel his stress level rise. Bruce hadn’t thought through some basic but critical stuff. Now, his time was running out.

We shifted into triage mode to figure out what might be done in the little time remaining. Bruce had another idea. “Can you be in Jakarta on Monday?”

DESIGNING STRATEGIC CONVERSATIONS: A CRAFT, NOT A CRAPSHOOT

Bruce is an accomplished professional with a top-notch education and years of experience running meetings and events. Yet at no point in his career did he learn how to design a gathering like the one he was about to host—a creative, collaborative problem-solving session tackling a messy, open-ended challenge. That’s not a garden-variety meeting. That’s a strategic conversation.

If you’re a manager on the rise or a leader in your organization today, you’ve no doubt been to or organized at least a few strategic conversations. At some point, virtually all leaders—at all levels, across all organizations—convene them to address their most vexing challenges. At these critical moments, everyone will be looking to you—not for all the answers, but to help them unearth answers together.

Odds are, you have some ideas on how to set up a strategic conversation—but less than total confidence in how to get great results. Most leaders approach strategic conversations with a degree of anxiety because it’s a skill they were never taught. To our knowledge, no major business school or executive education program includes a course (or even a module) on how to design them.

Think about it. We go to great lengths and expense to bring together our best talent, with different skills and backgrounds, to tackle our biggest chal-
Challenges. Yet we have precious little guidance on how to do this well—either as participants or as leaders.

It’s a bizarre oversight. Imagine if a professional golfer trained for all parts of the game—except putting. She can hit 250-yard drives straight down the fairway and chip with precision, only to stumble around the green. A pro golfer wouldn’t last long without the ability to putt. How can any leader expect to get far without the ability to spark productive collaboration around critical challenges?

Because we pay little attention to this skill, every day an otherwise capable leader is hosting a strategy retreat without a clear purpose. Or a strategic planning session packed with presentations that lay out one fact after another without illuminating the choices at hand. Or a feel-good off-site where participants are asked to give their “input” though it’s obvious the leaders have already made up their minds. Or a freewheeling brainstorm session where “every idea is good.” We could go on and on. But so could you, we suspect.

Even when we get the basics right, things can still fall flat. The right people are in the room, the question is clear, the content is pretty good, and yet . . . somehow, not much happens. People talk around the issues but make no progress. In our work, this is known as *slipping clutch syndrome*. You think you’ve got the car in drive, but it keeps falling back into neutral.

Bruce’s meeting in Jakarta went “okay,” we later found out. The experts kicked around a few interesting ideas and made some new networking connections. But the energy level never took off. There was no follow-through. Afterward, people grabbed their bags, caught flights home, and that was the end of it. Bruce had his chance to be a hero at a key moment. Instead, he was just exhausted.

Lots of strategic conversations turn out “okay”—neither home runs nor disasters. But okay strategic conversations are *not* okay. They carry an immense price. They waste precious time and money—in some settings, well into the hundreds of thousands of dollars. They de-motivate participants and make them wonder if leaders know what they’re doing. Worst of
Moments of Impact

all, they can lead to terrible decisions that put careers or entire organizations in jeopardy.

By contrast, great strategic conversations can be powerful moments of impact that drive positive change in an organization. They generate novel insights by combining the best ideas of people with different backgrounds and perspectives. They lift participants above the fray of daily concerns and narrow self-interest, reconnecting them to their greater, collective purpose. And they lead to deep, lasting changes that can transform an organization’s future. We’ve seen it happen many times, often against the odds.

Yet the difference between an okay strategic conversation and a moment of impact isn’t random luck. Designing strategic conversations is a craft—not a crapshoot. It’s a craft defined by a few core principles and key practices that can catapult a “been there, done that” meeting into a gathering that few will forget.

Moments of Impact is a book with a mission. We want to eradicate as many time-sucking, energy-depleting strategy meetings as possible—and replace them with inspiring and productive strategic conversations. We aim to deliver the single most useful resource for managers and leaders who need better strategic conversations—now—to shape the future of their organizations for the better.

NEIL GRIMMER’S MOMENT OF IMPACT

Neil Grimmer is passionate about healthy food—especially when it comes to his two little girls. Grimmer is cofounder, CEO, and “Chief Dad” of Plum Organics, a baby-food company launched in 2007 with the goal of transforming the way small kids eat. The company offers sustainable, organic food (featuring unusual ingredients such as purple carrots) in innovative packaging, such as resealable pouches imported from Japan. By 2011, Plum Organics had built a loyal customer base, with annual revenues approaching $40 million.

In early 2012, Grimmer felt that his business was at an inflection point.
Other small competitors with similar approaches were popping up, threatening to crowd the market. Meanwhile, Plum had hit the radar screen of big market leaders such as Gerber and Beech-Nut. “Most of our gains so far had come from their losses,” says Grimmer. “But you can only squeeze so much shelf space away from big players before they take notice and respond.”

Grimmer knew it was time to engage his board in a strategic conversation. Its five members—all successful entrepreneurs or major investors—had many more years of experience navigating tricky competitive waters than he did. He needed their advice and guidance. But to get it, he knew he had to take a different approach from what he had done in the past. “We had talked about the what-ifs of competition before, but it had always been theoretical and elusive,” says Grimmer. “This time, we needed a more action-oriented discussion.”

At this critical point, most leaders would have reached for traditional business planning and strategy tools. Instead, Grimmer—a sculptor and designer by training—got creative. Rather than subjecting his board to the usual dense presentations and reports on Plum’s top competitors (which they’d seen before anyway), he came up with a war-gaming exercise designed to shake things up.

With just two hours on a standing meeting agenda, Grimmer paired each board member with a Plum team member and assigned each duo the role of a Plum competitor. For the first hour, he tasked each pair to do some web-based research and come up with a plan to present to the larger group. Their assignment: find a way to steal Plum’s small but growing market share. To set the right tone, Grimmer introduced the activity with a slide that had just three words—“Baby Food Fight!”—and an image of a cute baby waving boxing gloves.

Going into the session, Grimmer was apprehensive. As a former consultant, he thought the odds of success were good. But as CEO, he was less sure how his board members would respond to their unusual assignment. “My instinct was to provide them with detailed background materials,”
Grimmer says. “But instead we asked them to do the primary research themselves, which they could have rejected. Unless they entered the exercise with the right spirit, it could have been lame.”

Grimmer needn’t have worried. The teams dove into the assignment. Because everyone could see the other teams hard at work, a sense of competition kicked in. At one point, Grimmer noticed that two teams had come together. The pair representing private-label brands was conspiring with the duo representing a niche player similar to Plum.

When the larger group reconvened, these two combined teams unveiled a dramatic plot to dominate the organic baby-food market: capture both the higher and lower ends with a one-two punch, using separate brands but the same supply chain and distribution networks.

“From a theatrical standpoint, all of a sudden, everyone felt the competition,” Grimmer recalls. “It became visceral. At that moment, we felt as if we were at a board meeting of our competitor. After that, the other players also got in character and raised their game.”

In the end, the results exceeded Grimmer’s expectations. “We came away with radical alignment that would not have happened otherwise,” he says. The exercise made clear the key challenges ahead for Plum—and what they might do to position the company against rising competition. Board members also left the session with a stronger shared understanding of the competitive dynamics at play. In the months that followed, it became clear that Plum needed to expand internationally to bolster its position. In early 2013, it acquired a British company with a similar approach and coincidental name: Plum UK.

To date, Plum continues to grow at a strong pace despite a crowded field, with combined revenues over $90 million in 2012. In mid-2013, the company was sold to Campbell’s Soup Company. While many factors contributed to Plum’s success, the Baby Food Fight was a moment of impact that helped propel the organization in a positive direction.

The Baby Food Fight worked for a number of reasons. It worked because it engaged board members in active problem-solving rather than asking
them to lean back and judge the work of the management team. It worked because it ignited the passions and emotions of participants. And it worked because Grimmer was willing to take a few well-placed risks—knowing that a business-as-usual approach wouldn’t cut it.

Grimmer’s approach didn’t require a lot of props, tons of data, or advanced facilitation skills. It just required a dash of creativity and courage—and, most important, a shift in mind-set.

**STRATEGIC CONVERSATIONS: THE THIRD WAY**

Faced with a tough challenge that calls for collaboration—such as increasing competitive pressures or a shift in business models—most leaders will reach for one of two well-worn devices: the standard meeting or the brainstorming session. While both are fine for many situations, neither is sufficient for dealing with messy, open-ended challenges.

As Patrick Lencioni points out in his provocative *Death by Meeting*, most standard meetings fail to deliver the all-in participation that’s required to wrestle with tough issues.¹ They invite participants to play out their established roles while multitasking on the side. And according to Keith Sawyer, a psychology professor who specializes in the study of creativity, brainstorming has a poor track record in delivering results. “Decades of research have consistently shown that brainstorming groups think of far fewer ideas than the same number of people who work alone and later pool their ideas,” he writes.⁴

There has to be another option—and, thankfully, there is. Strategic conversations are the third way. A strategic conversation doesn’t feel like a regular meeting or a brainstorming session. It is its own distinct type: an interactive strategic problem-solving session that engages participants not just analytically but creatively and emotionally.

Strategic conversations happen in lots of places. They’re not the exclusive domain of corporate strategy or strategic planning departments. They can take place in formal or informal settings—from a board meeting to a casual retreat. They can be workshops, working sessions, or a module...
within a regular meeting. Most of the time, they involve at least five to ten people and at least half a day. Their defining features are that the stakes are high, the answers unclear, and the participants are expected to create real insights together—rather than play out prepared scripts—across organizational boundaries.

Here are a few examples of the kinds of open-ended, high-stakes situations that call for strategic conversations:

- A product development team trying to find “the next big thing” for its customers.
- An HR executive wanting to engage the organization in crafting a talent strategy.
- A management team trying to understand how global forces could affect their industry and markets.
- A school planning committee trying to decide what infrastructure and staff to put in place for the future, with limited resources.
- A business unit leader looking for ways to expand in a slow-growth environment.
- A start-up’s leadership team facing a “pivot or persevere” decision point around its business model.
- An IT department head trying to define a new technology platform to support diverse parts of the organization.

Many people feel their organizations have too many damn meetings already. They’re probably right. But we suspect those same organizations don’t have nearly enough strategic conversations—especially for the times we live in.

**WELCOME TO “VUCA WORLD”**

While it may be cliché to note that the world is changing fast these days, that doesn’t make it any less true. Unforeseen turbulence has become such
a constant feature in our world that military planners (among others) have an official term for it. They call it VUCA World—an environment of non-stop volatility, uncertainty, complexity, and ambiguity.

VUCA World is a bit like an amusement park: it’s full of thrilling rides—just not all of them are fun. It’s a world where stock prices swing wildly from one week to another and entire industries become features in larger ecosystems. A world where new competitors pop up out of nowhere and disruptive technologies wipe out entrenched business models overnight. A world where a political coup or a tsunami on the other side of the planet can disrupt markets in surprising ways.

Pure Digital Technologies—the makers of Flip Video—offers a vivid example of how market directions can shift in VUCA World. Two entrepreneurs—working out of a small office above a jewelry store in downtown San Francisco—set out to create an ultra-cheap video recorder that anyone could use. The first mass-market Flip camera, which could upload videos directly by USB drive, came out in 2007. It cost a bit over $100 and became the top-selling camcorder on Amazon.com within weeks of its launch.

For the next few years, Flip owned the category of low-end camcorders, despite being copied by giants such as Sony. Flip used its small scale to churn out incremental innovations—such as high-definition quality and customizable “skins”—faster than large incumbents, while maintaining a low price tag. In March 2009, Cisco Systems acquired Pure Digital Technologies for $590 million.

Just two years later, in April 2011, Cisco closed down Flip Video and sold off the remaining inventory at a deep discount. By then, low-cost video was becoming a ubiquitous feature inside mobile phones and cameras. Cisco also shifted its strategy away from consumer products, deciding to focus on its core business in enterprise markets.

That’s how fast change can happen today: a new company can come out of nowhere and move from scrappy start-up to market dominance to a massive payday and then back to oblivion in just four years. In VUCA World, orga-
nizations face constant surprises from all directions. By the time you think you’ve got an important market trend figured out, it’s already moved on.

**ADAPTIVE CHALLENGES CALL FOR ADAPTIVE LEADERSHIP**

Ronald Heifetz has been a popular teacher on leadership at Harvard Kennedy School for more than two decades. In a series of fine books, Heifetz and his colleagues draw a distinction between technical and adaptive challenges that’s critical to understand in navigating VUCA World. It’s foundational to our approach to strategic conversations.

*Technical challenges* involve applying well-honed skills to well-defined problems—such as building a bridge or organizing a production line. Technical challenges may be complex, but they can still be resolved within well-understood boundaries. In these situations, more traditional, hierarchal approaches to leadership work well. If you’re having heart surgery, you want the most experienced surgeon calling the shots—not a consensus-building exercise.

*Adaptive challenges*, by contrast, are messy, open-ended, and ill defined. In many cases, it’s hard to say what the right question is—let alone the answer. Many of the most important strategic challenges that organizations wrestle with today are adaptive challenges, such as the ones we listed earlier.

It’s nearly impossible for any one senior executive—or small leadership team—to solve adaptive challenges alone. They require observations and insights from a wide range of people who see the world and your organization’s problems differently. And they require combining these divergent perspectives in a way that creates new ideas and possibilities that no individual would think up on his or her own.

Navigating and solving adaptive challenges demands a different set of leadership muscles—such as asking penetrating questions, winning the full engagement of colleagues, and connecting insights from different sources in real time. While some leaders develop these skills over time, they’re rarely the focus of business school programs or annual performance reviews. Because these skills are less familiar, leaders often try to analyze
their way through adaptive challenges instead. They grab at “silver bullet” technical approaches that address only part of the challenge, if that.

**WHITHER STRATEGY?**

Given the realities of VUCA World, many leaders today are wary of traditional tools for strategy, which were built largely for tackling technical challenges during more stable times. These days, the notion of three- or five-year strategic plans with their predictable, incremental improvements feels quaint—more like a relic of the Soviet era than a leading practice of a dynamic, modern business. Henry Mintzberg made this observation back in 1994 with his seminal work, *The Rise and Fall of Strategic Planning.* Today, though many organizations still run annual strategic planning cycles, it’s often a check-the-box exercise that helps coordinate activities but produces few novel insights.

Meanwhile, the idea of a corporate grand strategy as a source of sustainable competitive advantage is also losing ground. The oft-cited examples of coherent, durable, and successful corporate strategies are so familiar—Southwest Airlines, Apple, Enterprise Rent-A-Car—precisely because they’re so rare. While the idea of setting an enduring strategic direction still has strong appeal, it’s tough to do when the playing field keeps shifting and the goalposts won’t stop moving.

Still, most organizations feel obliged to keep up appearances by putting out official strategies and plans. As the cubicle-dwelling cartoon figure Dilbert knows, such documents often consist of either generic statements (“Delight our customers,” “Grow share in our target markets,” or that old chestnut “Maximize shareholder value”) or a laundry list of current initiatives (“Increase net promoter scores by 5 percent,” “Reduce waste across the supply chain”)—or both. Their purpose may be more to reassure employees and investors that someone is awake at the wheel than to provide real guidance for decision-making. Strategies like these remind us of a Hollywood set of an old Western town. It looks good from the outside, so long as you don’t push too hard on it.
Richard Rumelt is a professor at UCLA’s Anderson School of Management who’s been writing, teaching, and consulting about strategy for four decades. His recent book *Good Strategy/Bad Strategy* provides a sweeping overview of strategy today. It’s not pretty. As Rumelt observes:

*Unfortunately, good strategy is the exception, not the rule. And the problem is growing. More and more organizational leaders say they have a strategy, but they do not. Instead, they espouse what I call bad strategy. Bad strategy tends to skip over pesky details such as problems. It ignores the power of choice and focus, trying instead to accommodate a multitude of conflicting demands and interests. Like a quarterback whose only advice to teammates is “Let’s win,” bad strategy covers up its failure to guide by embracing the language of broad goals, ambition, and values.*

**THE RISE OF THE “HYPHENATED STRATEGISTS”**

Still, strategy isn’t dying—it’s evolving. If strategy was like a high-stakes chess game a few decades ago, it’s more like hockey today—fast, risky, and hard to follow. There’s at least as much improvisation as there is planning involved.

At the corporate level, company leaders tend to set broad direction and then expect to deal with a shifting menu of issues rather than lay out a detailed agenda for years to come. Meanwhile, leaders and managers across the organization are being hit with waves of adaptive challenges at all levels, making more decisions under uncertain conditions and with limited guidance.

Strategy is thus a pervasive and fluid activity in most organizations today, with key issues and opportunities popping up in different parts of the organization at different times, calling for a host of different approaches. While few executives feel comfortable admitting out loud that this is how strategy really happens, it may be the only realistic way to navigate the relentless challenges of VUCA World.

As a result, a flowering of “hyphenated strategists” has emerged—people
with the word strategic in their title, such as strategic marketing director, strategic product development, strategic ventures, and so on. We suspect that most large organizations today have far more hyphenated strategists than people in central strategy offices, which tend to be lean and mean when they exist at all.

Amid all this flux and change, there is one constant. If you want to make progress against adaptive challenges, you have to harness the best thinking and judgment of your best people—especially when they don't agree. The old saying is true: nobody is as smart as all of us. Plus, it's a lot harder to put strategic decisions into action if the people executing them aren't part of the conversation.

Leaders thus face a world-class dilemma: they need to make good strategic choices under uncertainty while engaging more people with different perspectives, more effectively, in the process—and do it all faster, too. To do this well, we've got to put the people back into strategy—in a much smarter way. Today, more than ever, strategy is the conversation.

WHERE WE’RE COMING FROM

We’ve spent the past fifteen years helping leaders get more out of their strategic conversations, creating well over a hundred sessions in more than twenty industries and sectors. We’ve designed and led strategic conversations on a dizzying range of topics—from investment services to office furniture, from global logistics to consumer electronics, from pharmaceuticals to software, from higher education in Mexico to the future of Japan. We’ve led sessions in about as many subspecialties of strategy as you can think of—from corporate and business unit to innovation, marketing, technology, and talent.

Our work has taken us from formal board meetings and intimate off-site retreats to companywide jam sessions and global virtual conversations via satellite feed. We’ve chased bush turkeys out of a leadership-team meeting in Australia, facilitated dialogue among Catholic leaders from more than eighty countries in Rome, and helped a few thousand business leaders
anticipate the global financial crisis of 2008. We’ve logged our ten thousand hours on this topic—and then some.

Our work, and this book, sit at the crossroads of three disciplines: strategy, design, and conversations (or group dialogue). Our purpose is not to break new ground in these established fields, which are rich with great ideas and research that we’ll draw on in these pages. Rather, our laser focus is on the intersection between these disciplines. It’s a space that has received scant attention to date but is increasingly critical to the success—and often the survival—of organizations today.

We call this space the art and science of designing strategic conversations.
WHAT MOMENTS OF IMPACT WILL DELIVER

Moments of Impact is for ambitious leaders who get assigned the hardest and most vexing strategic issues in their organizations, for entrepreneurs trying to engage their boards productively, for social-change agents pioneering new business models for community impact, for hopeful educators and health-care practitioners mired in slow-to-change industries, and for enterprising business school students who have ambitions to tackle global challenges.

In writing this book, we made a serious effort to “crack the code” on what makes for effective strategic conversations. We interviewed more than a hundred people in all, including many managers, leaders, and skilled masters of this craft—a group we refer to as black belts. And we spent time with leading thinkers on topics that are central to strategic conversation—people such as Ronald Heifetz and Chip Conley on leadership, Peter Schwartz and Joe Fuller on strategy, Bill Moggridge and John Maeda on design, Art Kleiner and David Sibbet on group dialogue, Nancy Duarte and Dan Roam on visual thinking, Nathan Shedroff and James Gilmore on experience design, and Clay Shirky and Lisa Gansky on online conversations.

One reason it’s hard to develop this skill set is the sheer lack of public examples. Most strategic conversations happen behind closed doors, rendering them invisible to all but a handful of participants. It’s hard to get better at anything without seeing “what good looks like” at least a few times.

This book takes you on a power tour of some great strategic conversations. You’ll see how the leaders of Hagerty Insurance reconnected with their core purpose when confronted with a choice between growth opportunities. And how the Rockefeller Foundation brought together practitioners in the emerging field of “impact investing” to turn a vague buzzword into a global network for addressing social challenges. We’ll also describe strategic conversations that proved audacious in their goals and in their design—including how the software firm Intuit used a scavenger hunt to help its executives envision new possibilities in mobile platforms, and how a Catholic teaching order, the De La Salle Christian Brothers, used a
customized board game to imagine a bright future despite its declining numbers.

Moments of Impact is organized to help you grasp our approach quickly and to systematically build your understanding of how it works. The next chapter (“Designing a Strategic Conversation”) digs into the concept of the strategic conversation—what it is, where it came from, and why it matters—and previews the five core principles of our design process. The following five chapters share the key practices behind each of these principles, with a bit of supporting theory and ample illustrations along the way. “Confronting the ‘Yabbuts’” then takes you on a short walk through the dark side of strategic conversations, helping you to prepare for the three major hurdles that often get in their way. The closing chapter (“Make Your Moment”) ties things together and offers a few parting thoughts on how to set yourself up for success.

But that's not all. This book also features a Starter Kit crammed with tools and tips to put the book’s core principles into practice—and raise the quality of your next strategic conversation.

In the age of VUCA World, the number one job of leaders must be to help organizations and society resolve adaptive challenges. It’s our hope that Moments of Impact will better equip you to design the conversations that mean the most to the future of your organization, your career, and maybe even the world.
Moments of **IMPACT**

How to Design Strategic Conversations that Accelerate Change

“If you’d like to short-circuit the meeting loop and energize your team’s ability to solve real problems and create new visions, then Moments of Impact is the book you need.”

Daniel H. Pink, author of *To Sell is Human* and *Drive*

“What if conversations at work actually mattered? Moments of Impact shows how they can, offering an actionable model for driving change and sparking creativity.”

Adam Grant, Wharton professor and author of *Give and Take*

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**Chris Ertel** has been designing strategic conversations for seventeen years as an advisor to senior executives of Fortune 500 companies, government agencies, and large nonprofits. A PhD-trained social scientist, he lives in Berkeley, California, with his wife and daughter.

**Lisa Kay Solomon** teaches innovation at the MBA in Design Strategy program at San Francisco’s California College of the Arts and helps executive teams develop the vision, tools, and skills to design better futures. She lives with her husband and two daughters in Menlo Park, California.