



Welcome to our latest bulletin.

In our lead article [Peter Boggis](#) and I discuss how operating principles can bring meaning to people who are expected to implement strategy and how they can be a powerful tool for helping organisations change their trajectory away from their default future.

In our second article we feature a recent report from the McKinsey Global Institute that describes 12 technologies that could drive truly massive economic transformations and disruptions in the coming years.

Finally, we review Dave Gray's book [The Connected Company](#), in which he explains how companies should respond to everything becoming a service.

As always, we welcome your feedback.

Best regards
[David Trafford](#)

About Formicio

We work with people who want to improve their organisation's future by delivering transformational change.

We provide both thought leadership and thought partnership on all aspects of change from formulating strategy to managing migration.

Throughout our work we believe that it's important for the client to retain ownership of their challenge and find an

How operating principles can make strategy meaningful

A successful strategy must not only define a new trajectory, but engage people at all levels of the organisation in a way that is meaningful to them. Gone are the days when strategy was for the few, typically the Executive Committee, who every five years or so refreshed the strategy, presented it to their Board for approval and then passed it to their senior managers to implement.

Communication was on a need-to-know basis and staff assumed that management knew best. The prevailing thinking was that markets would continue to grow, customers would remain loyal, change could easily be implemented and skilled people were readily available.

Today the world is very different: markets are continually changing, customers are no longer loyal, technology drives innovation, sourcing is done globally and the war for talent is getting tougher. As a result, strategies need to be refreshed on a continual basis and their successful implementation is dependent upon the contribution of virtually everyone in the organisation.

But all too often strategies are too complicated, too detailed or too vague to be meaningful to the people who are expected to implement them. They lack meaningful definitions of how things need to operate in the future, what capabilities are needed and what challenges need to be overcome. What's missing is a set of clearly articulated principles that define how the organisation needs to operate in the future.

If strategy is essentially about making choices, then these choices can be articulated through a set of principles, where a principle is defined as a 'conscious choice between two equally valid alternatives'.

To read the full article where [Peter Boggis](#) and [David Trafford](#) give examples of operating principles and discuss the importance of principles over practices, click [here](#).

Disruptive technologies: advances that will transform life, business and the global economy

In 1975 the price of the fastest supercomputer was \$5 million. Today the iPhone 4 has equal performance and costs merely \$400. Between 2007 and 2011 there was a threefold increase in efficiency of North American gas wells. Since 2000 the cost per watt of a solar photovoltaic cell has dropped 85%. Google's autonomous cars have had only one accident in 300,000+ miles, and this was a result of human error.

Whether you are a fan of technology or not, there is no denying that advances in technology have changed our lives and will continue to do so. To help us understand their impact, the McKinsey Global Institute has identified 12 technologies that could drive truly massive economic transformations and disruptions in the coming years. The

approach that will work for their organisation. Our role is to support and facilitate the process, while keeping the client true to their intent.

Specifically we can help:

Explore alternative futures that are not only better, but achievable.

Establish the conditions necessary for successful transformational change.

Develop capabilities needed to 'pull' an organisation into an improved future.

More details can be found on our [website](#).

Parting thought

"If change is happening on the outside faster than on the inside the end is in sight."

Jack Welch 1935-
Ex-CEO General Electric

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report looks at exactly how these technologies could change our world, as well as their benefits and challenges, and offers guidelines to help leaders from businesses and other institutions respond.

They estimate that, together, applications of the 12 technologies could have a potential economic impact between \$14 trillion and \$33 trillion a year in 2025.

Some technologies described will be familiar, while others are more surprising. To read the report, click [here](#).

The Connected Company

Dave Gray's book [The Connected Company](#) covers a lot of ground, but his basic thesis is that everything is becoming a service, and if companies want to succeed in the service economy they need to learn how to connect with their customers and, equally importantly, how to connect with themselves.

The driver for his thinking is that the balance of power is shifting from companies to customers and that customers now have the means – through the Internet and social media – to form networked communities that allow them to rapidly share information and self-organise into powerful interest groups. As a result companies must rethink how they deliver value and move away from the industrial model that focuses on producing high volumes of consistent, standard output to one where value is created through services.

Unlike products, services are designed or modified as they are delivered; they are co-created with the customer and their value is contextual, in that the where, when and how they are delivered can make a big difference.

Not all companies will make this shift – and many will not need to – but those that do will look and feel very different to what we see today. Gray argues that a truly connected company is a complex, adaptive system that functions more like an organism than a machine.

Many of the ideas in this book are not new, but they are presented in a way that helps the reader to understand the theory and connect the dots of what they see happening around them. Not all executives will 'get it' and many will think it will never happen – and therefore they do not need to do anything about it. But as William Ford Gibson, the American-Canadian writer once said "the future is already here – it's just not evenly distributed".

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