

# NEXTGEN IDEA-TO- SOLUTION

We sow today what we want to harvest in the future. Markets demand tailored solutions at speed and competitive prices. Traditional operating models reach boundaries. It is time for a radical and holistic approach to improve Go-to-Market.

# Executive Summary

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We sow today what we want to harvest in the future. Customers provide opportunities. Competitors demand speed. The VUCA world challenges the way we act and react. Our own DNA is required to change. The ‘What’ is not the question. We need to become better, quicker, cheaper, and more tailored in the way we provide solutions to our customers.

The ‘How’ is the question. To improve, we need to tackle “from idea to solution” tangibly and holistically. The whole operating model – not just the aspiration – needs to fit the purpose: leadership and steering, mindset and people, structure and processes. All embedded within the strategic context.

We believe in a radical approach to meet the new normal. From laissez-faire and coincidence to a balanced framing and freedom. From a focus on technical possibilities to demand and voice of the customer. From doing everything to targeted complexity. From functional silos to seamless information flow and cost-optimized resource pools along the value chain, and a more systematic approach to digitize the innovation process. From internal focus to open garden networks and ecosystem build-up. From “good old product sales” to new monetization approaches. And all of these shifts need to be accompanied by a renewed sense of entrepreneurship throughout the organization.

The positive effects? Well, there is no alternative: A market relevant product & services pipeline is the basis. But only large scale improvements and total disruption in Go-to-Market set-up and operating model will make it a success.

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# 1. The Challenge

## *VUCA, Changing Customer Preferences and Hyper Competition*

Many organizations handle incremental change quite well. They continually optimize the as-is, based on the as-is. But this way of delivering solutions is increasingly being challenged. While harvesting the fruits of past endeavors remains important, the speed and competitive environment has changed and is set to change even further going forward. Customers are demanding economical, cutting-edge services and solutions, while at the same time challenging conventional ownership and financing models. Industries are converging, leading to increased competition and faster time-to-market requirements. Our VUCA world adds even further to this dilemma. This environment therefore requires a rethinking of established operating models and structures for the Go-to-Market within our companies. A new approach, one that better serves (potential) customer needs holistically, is inevitable. **We believe that a new Idea-to-Solution approach is required to remain competitive and successful in the market.**

Embracing new ideas keeps businesses growing. Ideas need creativity, vision, and courage. And while pretty much every organization is teeming with creative minds nurturing new ideas, why do some organizations deliver better and cheaper solutions? We believe it is the “how” that makes the difference. But why is the “how” so difficult? Many organizations were established at a time when incremental improvements paved the road to success. From automotive and industrial goods to financial services and healthcare – all focused on improving their current offering, but often with limited attention to the customer’s point of view. There is nothing wrong with being at the forefront of technology and continuously improving, but it is vital that outside-the-box ideas don’t get lost in the process. **Incremental improvement and self-disruption need to be mastered simultaneously and in the right balance.**

Again, this is nothing new, and yet we still see many companies fighting the same old battles.

Competition has always been there, but what was once a game between equals fighting for a competitive edge has changed. New market entrants far away from a firm’s core business develop game-changing products and services that break entire industries. What’s more, they can do so at a fraction of the cost as they are not hampered by legacy structures. At the same time, the market is converging, with suppliers and players from completely different backgrounds now challenging the status quo. **New competitors are moving fast and changing the rules of the game.**

Many companies, especially those with strong German backgrounds, pride themselves on their top-notch engineers and technological capabilities. While this is very important, it often leads to overengineered solutions. Such companies typically fail to capture cross-series development synergies, which generates additional costs and prolongs the time to market. Furthermore, these solutions often overshoot actual customer needs and their willingness to pay. **Focus on customer value needs to be at the very start of the innovation process – followed by a more rigid and targeted complexity in the product and solution portfolio.**

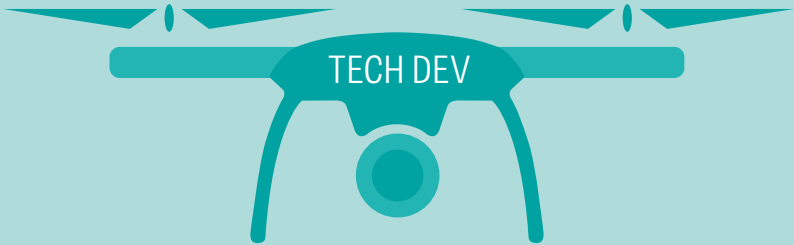
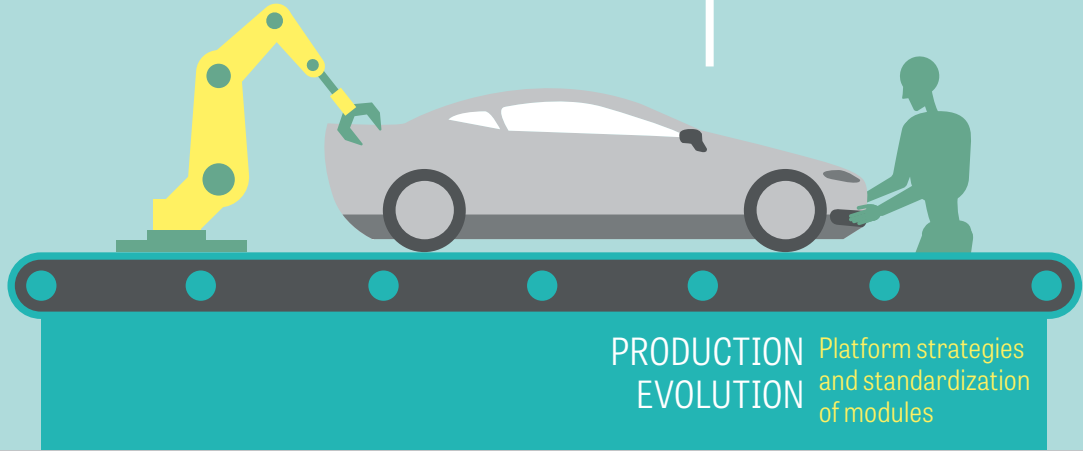
Employees need to be “intrapreneurs”, scanning the horizon for opportunities (and threats!) in order to come up with bold ideas. Many organizations struggle with the very first step: the impulse to innovate. Instead of being open innovation gardens, they are idea cemeteries. Even if employees come up with ideas, they get often caught up in the mills of corporate bureaucracy and have to battle against existing silo structures and managers keen to protect their own turf. Assuming they manage to develop an early (digital) prototype, they then face the next obstacle: a lengthy go or no-go decision. At a time when speed is of the essence, managers resort to silos and customer centricity is lost. **Solutions are thwarted by silos and a lack of external impulses.**

The development journey does not stop once the solution is launched. Indeed, many companies miss out on practical monetization opportunities, and some risk becoming mere commodity providers. From service models to data monetization initiatives, myriad opportunities exist. Idea-to-Solution does not stop with a market-ready product or service. **The right monetization model is an innovation in itself.**

CURRENT  
IDEA-TO-  
SOLUTION  
APPROACH  
REQUIRES  
**DISRUPTION.**

# CASE STUDY: IMPLICATIONS FOR THE IDEA-TO-SOLUTION PROCESS AT AN AUTOMOTIVE SUPPLIER

In the automotive industry, disruptive technological innovations and changing market requirements place carmakers under a lot of pressure. To adapt to a rapidly changing and volatile environment, a manufacturer wanted to change its organizational and operating setup. After careful deliberations, several concrete measures were identified, among them differentiating between efficient process and exploratory project environments, shifting the focus to core competencies, reviewing and optimizing the value creation process, building new capabilities, strengthening collaborations, and changing organizational structures, including changes in the overall development footprint.



- Autonomous driving
- Safety regulations and safe driving
- Electrification
- Commoditization of mechanical parts
- Components to system



- Transport as a service
- Connectivity & digitalization
- Smart cities
- Emerging markets
- Shareconomy

## IMPLICATIONS FOR IDEA-TO-SOLUTION PROCESS

- 1** Combine solid efficiency platform and agile pooling structure
- 2** Stress modular design and production
- 3** Review and implement core in-house capacity
- 4** Drive software ramp-up (competencies & capacity)
- 5** Foster cross-business-unit cooperation
- 6** Optimize footprint and increase best cost location footprint
- 7** ...



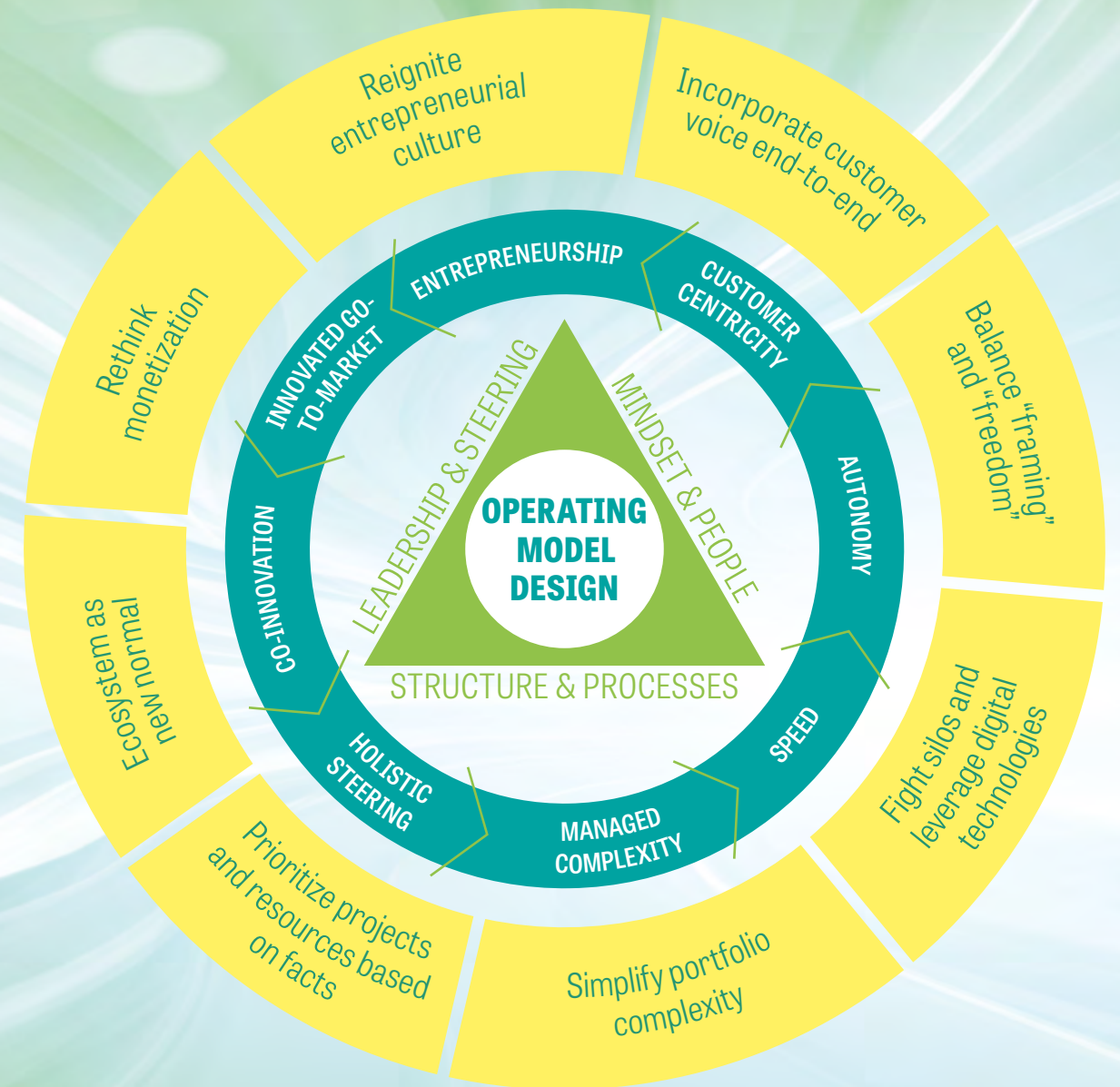
## 2. The Solution

### A Tangible and Holistic Approach for Speed and Innovation: NextGen Idea-to-Solution

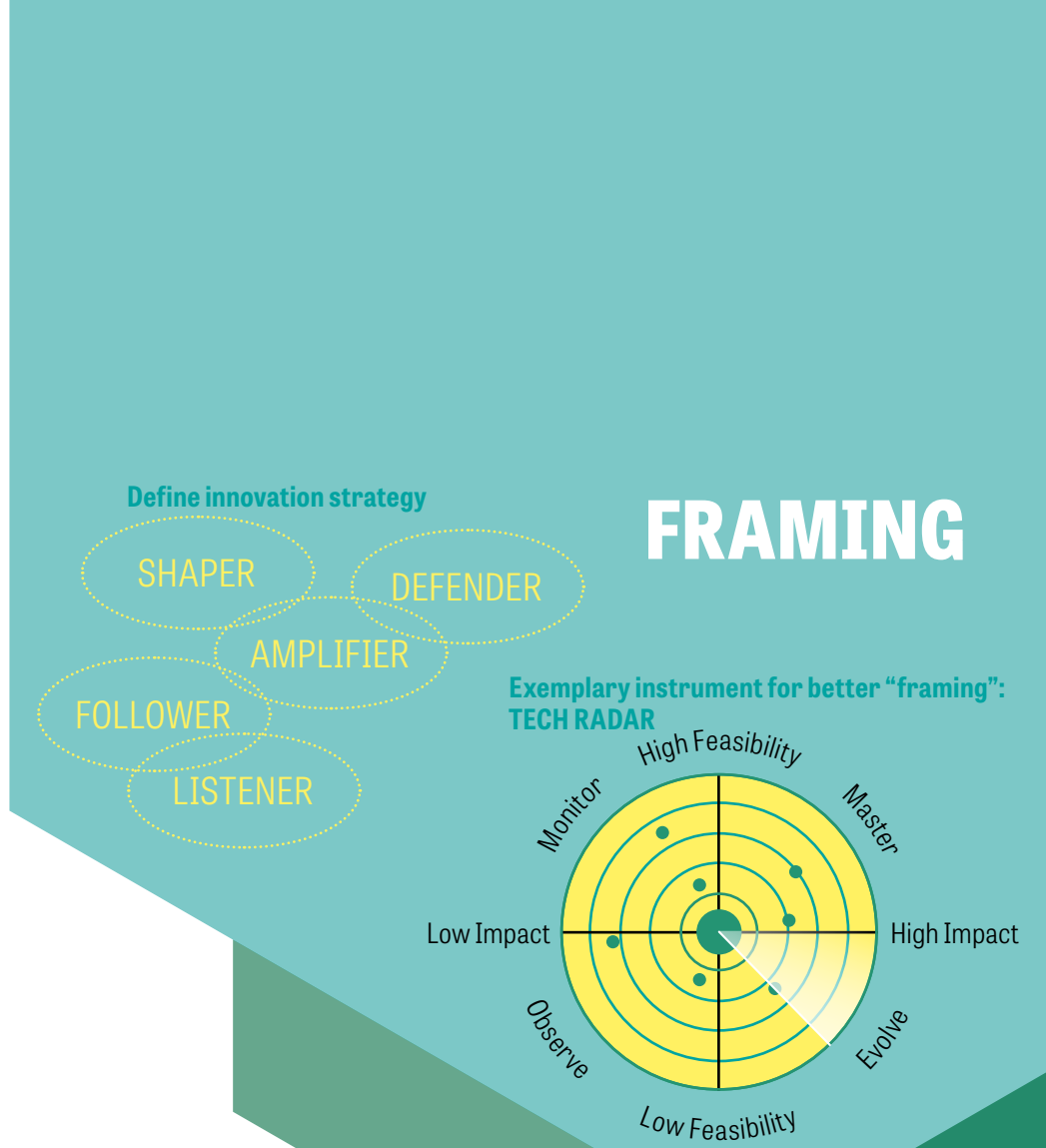
The pain points are clear, and every organization has its anecdotes. Changing the process for the better is a major undertaking rarely mastered with a few small tweaks. We believe that a more radical and holistic approach is required. Organizations need to build a new target operating model designed to cope with volatile markets, to include the customer's voice, to build up the necessary speed, and to develop better solutions. Leadership and steering, mindset and people, structure and processes need to be rethought.

Based on our project experience, **we share eight recommendations for the new Idea-to-Solution operating model:**

- 2.1 Steered autonomy: balance "framing" and "freedom" in the innovation funnel
- 2.2 Customer centricity: incorporate voice of the customer in an end-to-end oriented approach
- 2.3 Manage simplicity in complexity: simplify portfolio and solution offering complexity
- 2.4 Gain speed: fight functional silos and leverage digital technologies throughout the innovation and sales process
- 2.5 Co-innovation: build up innovation ecosystems as the new normal
- 2.6 Active resource management: prioritize projects and resources based on facts and drive constant reallocation
- 2.7 Innovated Go-to-Market: rethink and extend monetization approaches for new profit pools
- 2.8 Lived entrepreneurship: reignite entrepreneurial culture and decision appetite



**NextGen Idea-to-Solution:  
holistic approach for moving towards  
a new operating model**



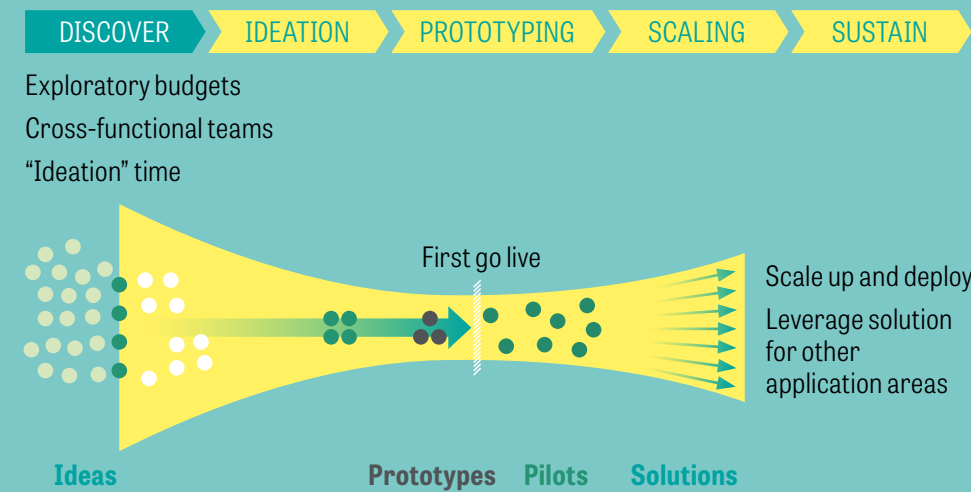
**2.1 Steered autonomy: balance "framing" and "freedom" in the innovation funnel**

Innovation comes in many forms, from evolutionary to revolutionary. Although most innovations are evolutionary in nature, it is the revolutionary innovations that grab our attention and fuel our inspiration. In recent years, we have seen multiple "revolutions" changing the way entire industries work. From telecommunications, electronics, utilities, and finance through to the automotive industry, disruptive ideas have redefined market rules and forced companies to reset their course to unknown shores. **Fast-paced market entrants are the new normal.**

Consequently, the organization's leadership must be on constant look-out for the next innovation. Management by coincidence is not an option. With the potential to decisively impact the company's business model and competitive position, anticipating and preparing for the next evolution or even revolution is the top priority on the leadership's agenda. The challenge is to provide clear guidance while at the same time allowing autonomy within the given frames. **Balancing "frame" and "freedom" is a key leadership task.**

The frame provides guidance for the organization. A bold innovation strategy based on a clear technology roadmap shines light on the way ahead. Planning for both evolutionary and revolutionary innovations in the long-term strategy provides flexibility and opportunities. Constantly monitoring the technology landscape ensures the organization is not missing out on opportunities. By providing the strategic frame, management gives orientation, while ensuring a more strategic resource deployment and a gradual capability build-up. **The frame provides guidance and front-load for the innovation funnel.**

At the same time, allowing freedom to innovate is essential. Enabling the organization to work on the next product upgrade or moonshot project requires commitment and true entrepreneurial leadership. To start with, management must provide the space for unconstrained ideation and solution development by dedicating development time, exploratory budgets, and the necessary capabilities. The organization requires dedicated resources and expertise, lean and agile structures, and secure funding to effectively develop evolutionary innovations. To fuel innovations, employees need to be liberated from burdening bureaucracy and resource constraints. **Freedom needs to be actively steered.**



**FREEDOM**

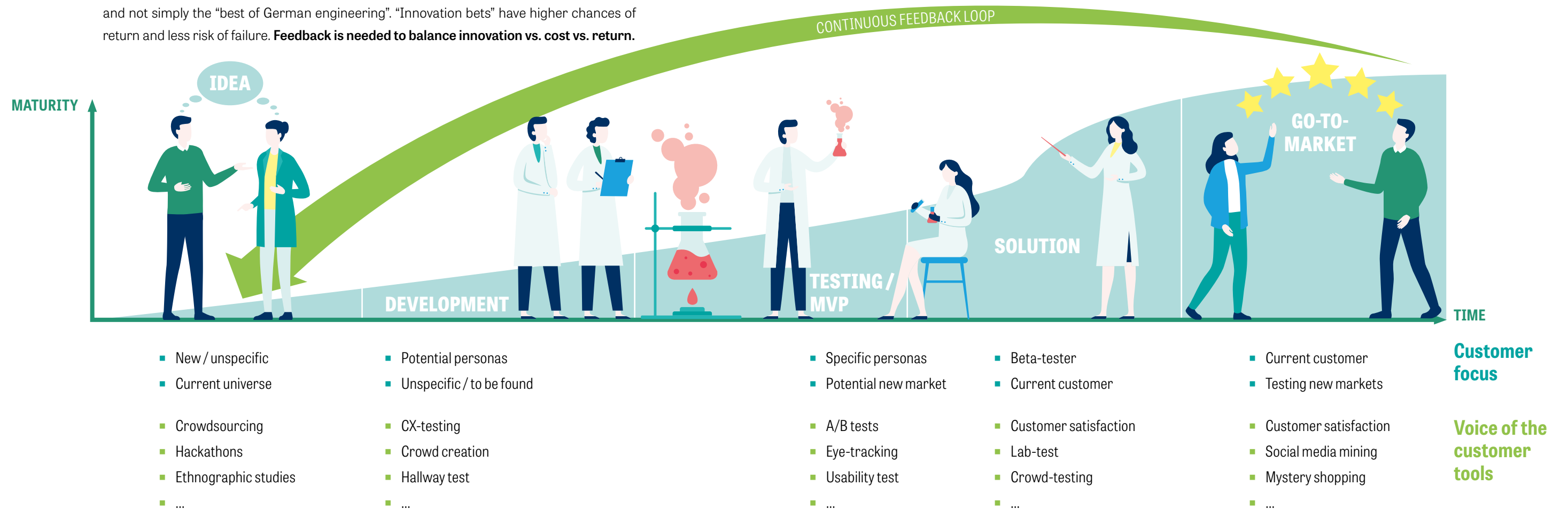
## 2.2 Customer centricity: incorporate voice of the customer in an end-to-end oriented approach

Asking customers directly what they want will never result in disruptive solutions. However, integrating the customer voice throughout the Idea-to-Solution process provides important insights. The “voices” range from articulating basic needs to service design and pricing approach. Customer-centric organizations incorporate customer satisfaction KPIs throughout the process steering, from capital allocation decisions (e.g. MVP testing) to continuous service optimization (e.g. instant feedback). **The voice of the customer is essential for targeted solution development. And this is much more than just a sales-force job.**

For example, in the commoditized banking industry, “who owns the customer” is a key strategic issue. The target customers are engaged early on in the Idea-to-Solution process, with dedicated tools for each stage and clear fact-based decision gateways. For instance, ethnographic studies are used to understand needs or eye-tracking to study the new app-based customer journey. While this entails a significant effort, the benefits outweigh the costs. Decisions are based more on facts and less on estimations. Solutions are tailored more to needs and not simply the “best of German engineering”. “Innovation bets” have higher chances of return and less risk of failure. **Feedback is needed to balance innovation vs. cost vs. return.**

Experience has shown that customer-centric Idea-to-Solution development is not limited to one team but requires a company-wide effort. Furthermore, a strong analytical backbone is needed to correctly interpret the feedback and give strategic advice. Digital tools such as data analytics algorithms provide a window on the consumer’s needs and generate valuable input for managing the development pipeline. Acting as a cross-divisional and functional entity, it is the central advocate of the customer voice within the organization. The “customer advocate” consults throughout the Idea-to-Solution process and may even escalate or halt the process if it is out of step with the customer feedback. **The “voices” must be integrated throughout the Idea-to-Solution process.**

### Customer engagement in the Idea-to-Solution process



### 2.3 Manage simplicity in complexity: simplify portfolio and solution offering complexity

It goes without saying that companies need to develop and grow their product and service portfolio over time, whether it be to capture new customer segments, address specific customer demands, or diversify risks by expanding into new areas. However, growing the portfolio comes at a hidden cost in the form of increased complexity. Over time, internal complexity builds up, until it becomes unmanageable for the organization. The machine slows down, margins deteriorate, and costs rise. **Unguided complexity leads to standstill.**

To avoid this common pitfall, organizations must focus hard on managing and simplifying complexity. Of course, this doesn't mean operating to a single standard or failing to respond to customer requests. The key is to strike the right balance. Product and service profitabilities need to be considered from a wall-to-wall perspective (i.e. from engineering to aftermarket). A clear phase-in and phase-out process needs to be established to constantly monitor the portfolio and take the right decisions. Product and service development must always consider the bigger picture, thus maximizing the number of standards. What's more, complexity itself is a business line, insofar as the customized product versions are priced at a premium. **The aim is therefore to achieve targeted complexity rather than doing everything.**

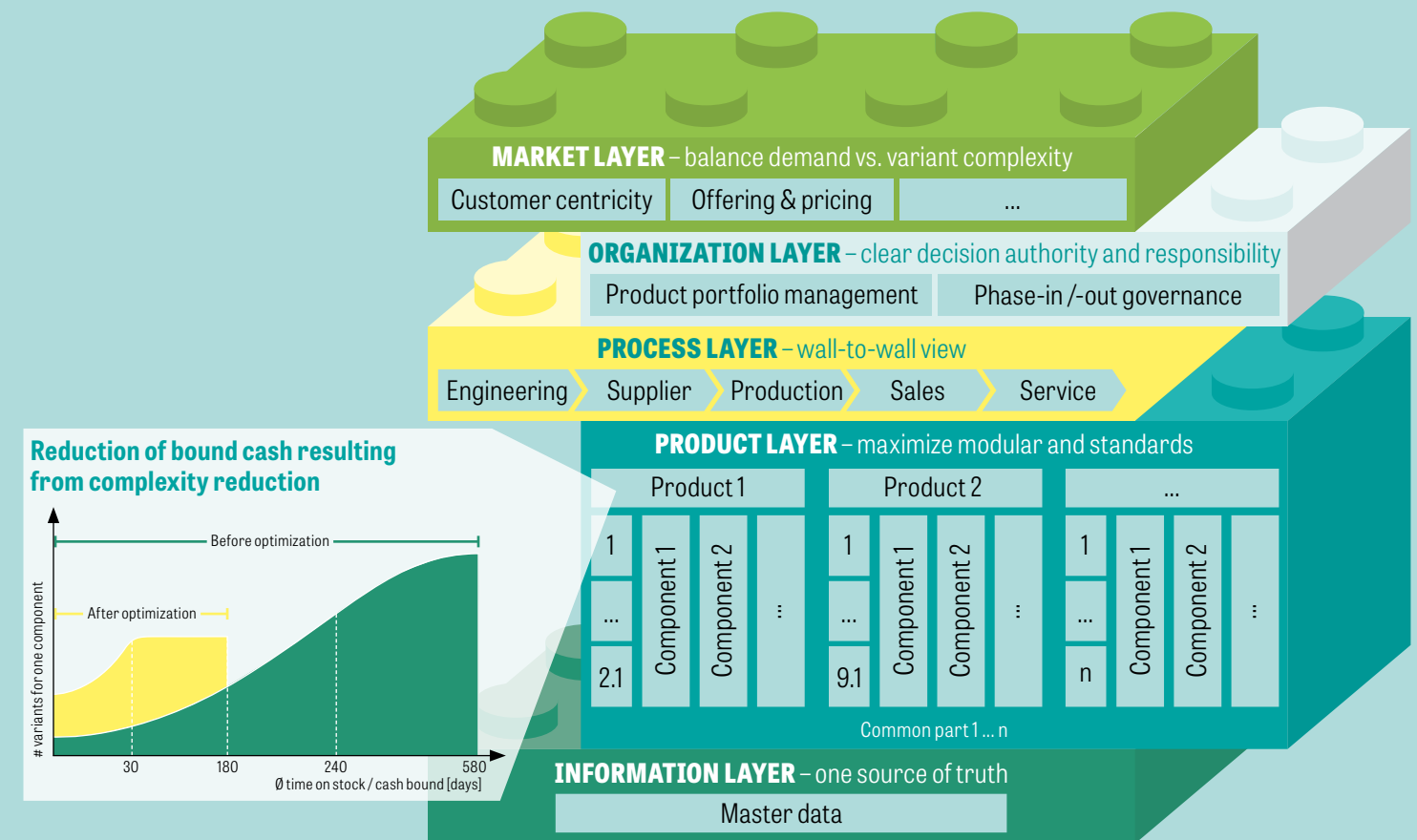
Typically, this cannot be done slowly over time, but requires an initial big bang combined with a clean-cut approach. This step usually hurts and is highly emotional, but proves rewarding in the mid to long run. Internal synergies are better leveraged, tasks focus on clearer value-add, cash is freed up, and operations throughout the value chain are streamlined. The machine starts to accelerate again. **Simplifying complexity is the first step.**

## ORGANIZATIONS MUST FOCUS HARD ON MANAGING AND SIMPLIFYING COMPLEXITY.

## CASE STUDY: VARIANT COMPLEXITY REDUCTION PROGRAM

A market-leading industrial goods manufacturer sought to increase its profitability by reducing complexity induced by its extensive product portfolio. Over the years, the number of product variants and thus specific spare parts kept climbing. The growing complexity resulted in high cash demands and redundancies along the entire value chain. Through a holistic portfolio health check combining technical, legal, market, and financial assessment, the product variants were reduced by more than 50% and the material masters by over 90%. A gradual phase-out allowed the cash tied up in stock to be reduced significantly.

Overall, three-digit million efficiency savings were achieved and customer satisfaction also improved thanks to better offerings. In addition, a wall-to-wall product governance was established to avoid future complexity build-up.





## 2.4 Gain speed: fight functional silos and leverage digital technologies throughout the innovation and sales process

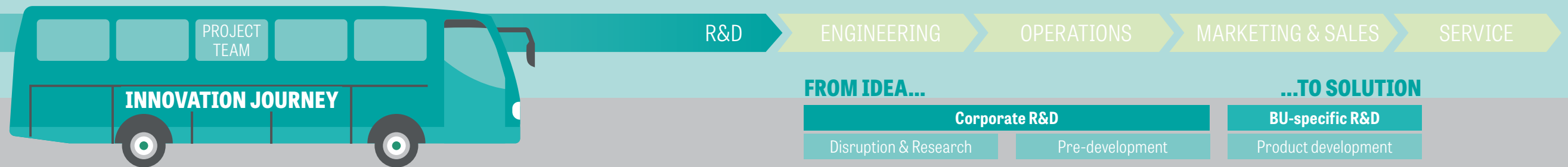
Thinking and living in functional silos slows innovation speed and leads to non-conformity of products and services. In order to cope with volatile environments and fast-paced innovation cycles, the Idea-to-Solution process must be accelerated by fighting functional silos and leveraging the power of digital technologies throughout the process. **Companies need to get up to speed by leveraging their full organizational potential.**

Idea-to-Solution is a team effort. From development to production to sales and aftermarket, functional experts must come together and work together. Organizations need to set up dedicated teams with end-to-end ownership to bridge any tricky gaps along the way. We believe that in order to deliver projects faster, cheaper, and with better results, an agile environment is needed. This environment must provide flexibility and adaptability – and in some cases may entail a complete detachment from functional structures. One setup option is a dedicated

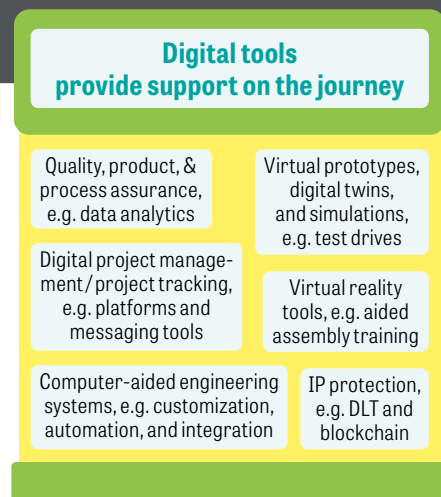
Idea-to-Solution Swarm structure. This is a living, breathing resource pool of domain experts (e.g. development, customer analytics, supply chain), UX thinkers, agile coaches and the like, providing the space for lean and more flexible development projects. In dedicated cells, the teams co-create and leverage domain knowledge and project learnings. **Idea-to-Solution is cross-functional by design.**

Sharing information and exchanging knowledge across functional domains is the necessary groundwork for product and service development. However, connecting and integrating internal functions and external partners can be a real nightmare. In order to connect all relevant information flows across domains, digital tools need to be deployed. Project management platforms and flexible product documentation systems provide the much-needed foundation for seamless collaboration. In addition, digital tools such as computer-aided engineering systems, virtual prototyping, simulations, and augmented and virtual reality tools speed up the iterative development process. **Digital tools accelerate the process and lead to better results.**

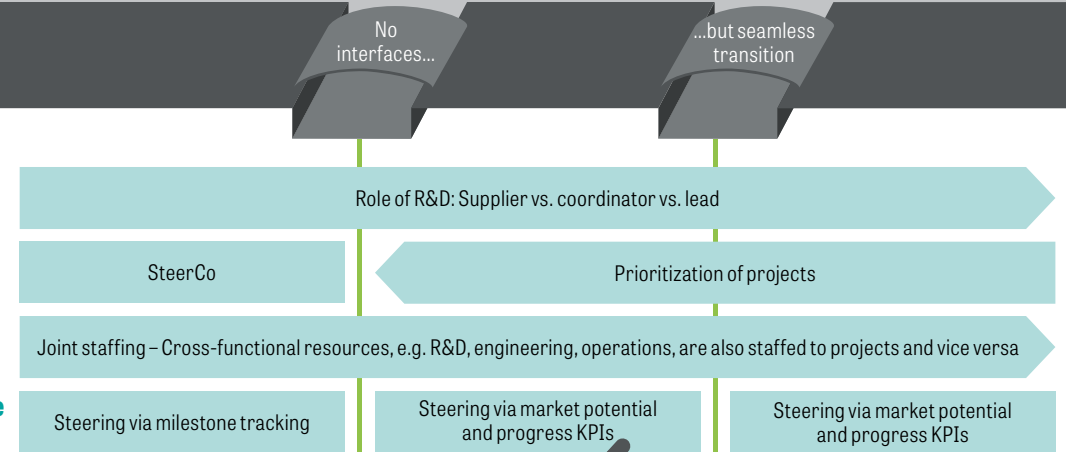
**"Bus ride" instead of "relay race"**  
End-to-end innovation process with one core team



## Fight the silos: overcoming existing innovation flow interfaces with seamless transitions



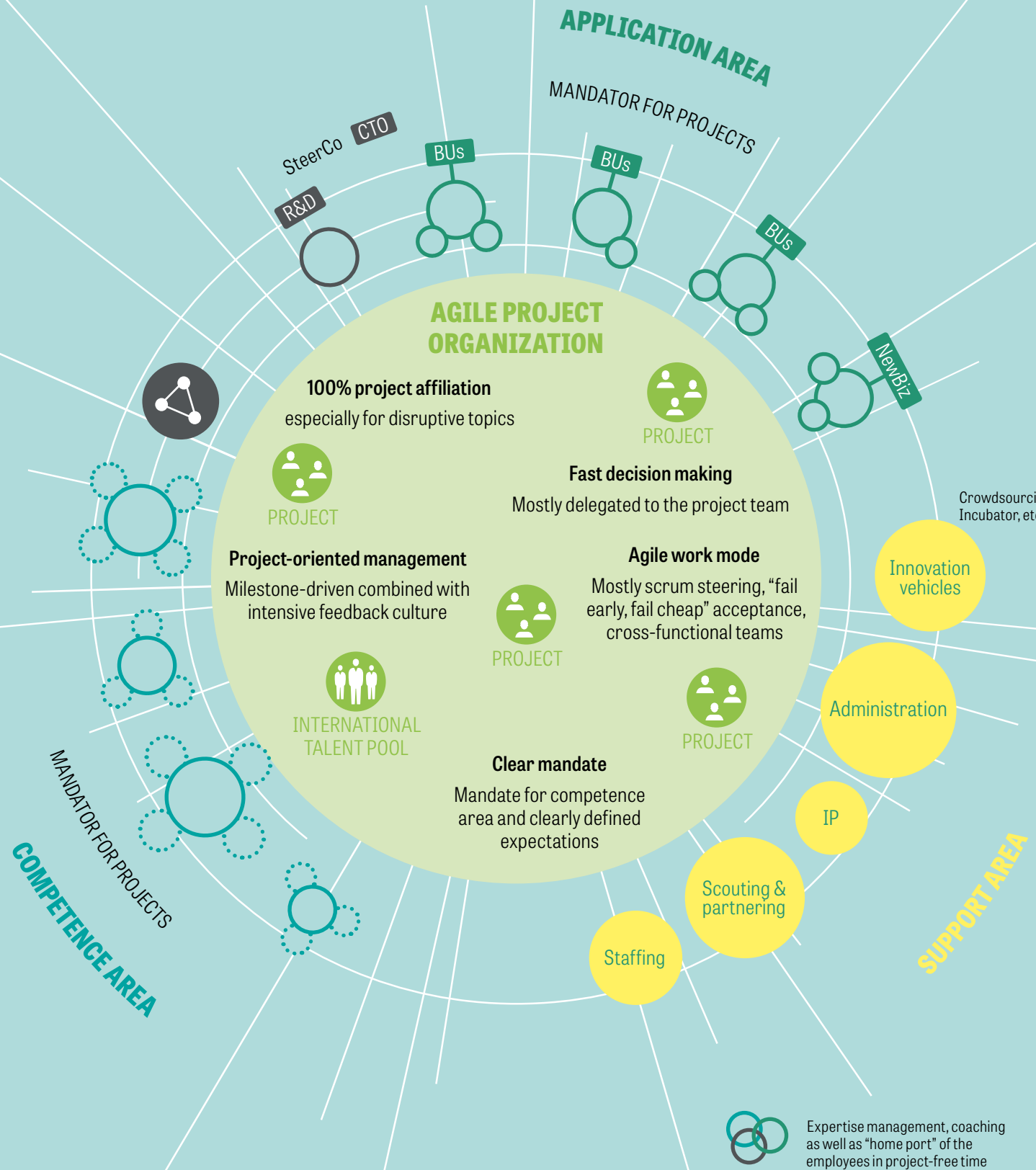
**Technology roadmap**  
**Capital allocation**  
**Staff & resources**  
**Performance & steering**



**Roadmap-driven prioritization**  
**High share of mixed teams** ensure cooperative & open self-understanding

# CASE STUDY: AGILE PROJECT ORGANIZATION WITH A DEFINED “HOME PORT” – THE SWARM CONCEPT

A consumer goods manufacturer aspired to become more efficient in project delivery and to reduce time to market. To this end, it institutionalized a new organizational structure called the Swarm, which provided a flexible and agile project environment across functional silos and stimulated information sharing. All innovation projects of varying sizes and complexity were integrated. A dedicated Swarm management handled overarching issues such as strategy, conflict management, partner management, and staffing. With a clear mandate and the necessary resources, project delivery speed and quality improved significantly. In addition, knowledge exchange and information sharing between domain experts increased in the Swarm's competence clusters, leading to new product ideas and more tailored products.



## 2.5 Co-innovation: build up innovation ecosystems as the new normal

Industries are changing fast and the next challenge is just around the corner. To understand their competitive and technological environment, organizations need to institutionalize a “window on the tech frontier”. External expertise can complement internal domain know-how. Bringing together the best of the corporate world, academic institutions, and new entrants in open garden networks leads to better ideas and groundbreaking innovations. But building an innovation ecosystem is not just a worthy thing to do in itself: co-innovation also has tangible benefits in terms of risk diversification, knowledge transfer, speed, and reduced costs. **The innovation ecosystem is the new R&D function.**

There is no one-size-fits-all solution for co-innovation. Everything is possible, depending on the organization, its industry as well as its competitive positioning. Some prefer to work with partners on basic research, whereas others go “all-in” and set up a venture fund. What is right for one organization may not work for another. Disruption potential, resources, and depth of control are what matter. **Identifying the appropriate collaboration format is important – one that is tailored as well as specific.**

As an example, many media companies are moving from an all-print top line to an almost entirely digital offering. Shifting from physical to digital portfolios is not easy, but through collaborations with external partners, strategic investments, and other vehicles the transformation is possible. The strategic goal of “traditional businesses” is clear: self-disrupt the core, before others do it for you. **Institutionalize self-disruption for the long-term game.**

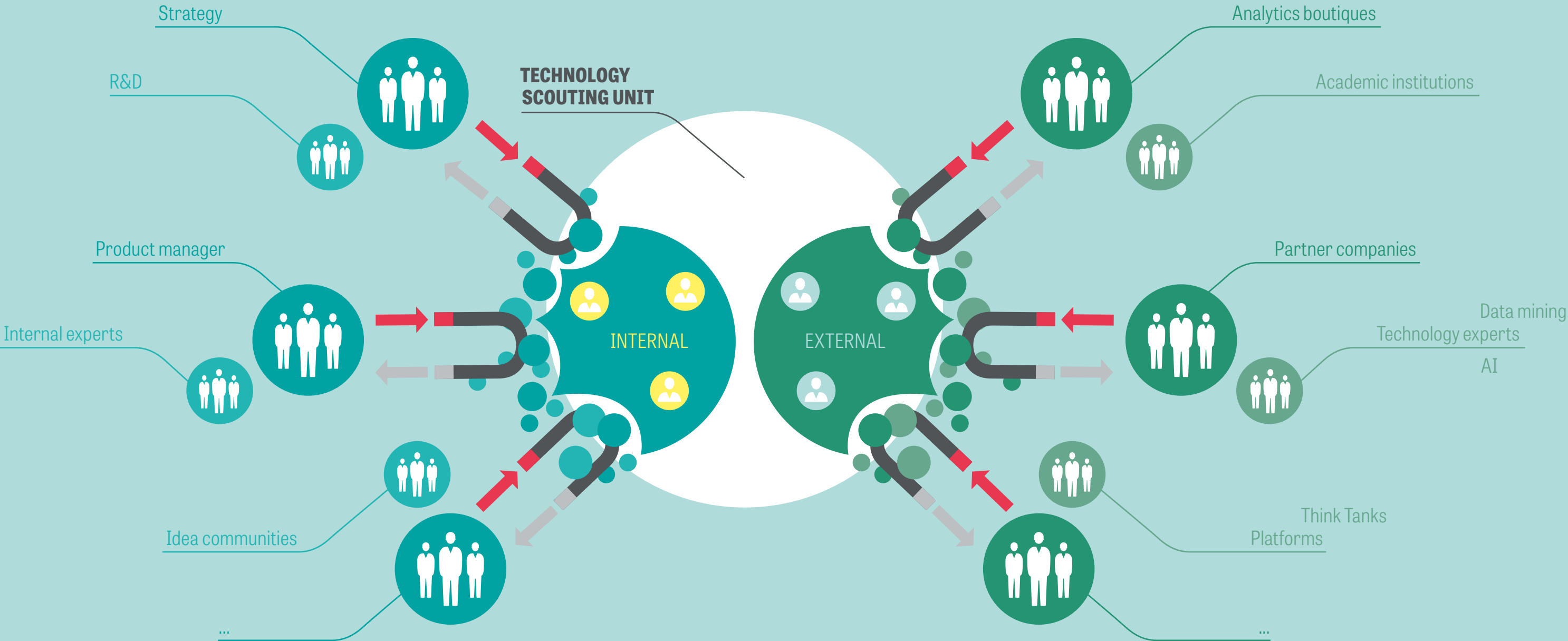
### Selection rationale of open garden elements

		INTERNAL BACKBONE		“NEAR-SHORED INNOVATION”			CO-INNOVATION			
		INTERNAL R&D	TECH SCOUTING	SPIN-OFFS	CORPORATE VENTURE CAPITAL UNIT	INCUBATORS / ACCELERATORS	CROWD PLATFORMS	START-UP PARTNERSHIPS	ACADEMIA / INSTITUTIONS	STRATEGIC PARTNERSHIPS
OBJECTIVE	Sustain innovation	Map competitive & technological environment	Develop non-core business model or technology	Institutionalize equity link to start-up ecosystem	Link to start-up ecosystem (and intra-preneurs)	Harvest collective knowledge to innovate	Non-equity link to start-up ecosystem	“Window on technology”	Competitive collaboration	
DISRUPTION POTENTIAL	●	●	●	●	●	●	●	●	●	
RESOURCE REQUIREMENTS	●	●	●	●	●	●	●	●	●	
DEGREE OF CONTROL	●	●	●	●	●	●	●	●	●	

● Bubble size indicates relevance – high (large) to low (small)

# CASE STUDY: SCOUTING UNIT AND INNOVATION VEHICLES OFFER A WINDOW INTO THE TECH ECOSYSTEM

A medical device manufacturer identified a standstill in its innovation pipeline combined with uncompetitive R&D expenses. Adopting the core principle of “no holy cows”, it began to try out things that were previously unthinkable. As part of this radically new approach, it set up a technology scouting unit. First, internal competences and expertise were bundled and redundancies reduced. Second, an open garden approach was applied to join forces and leverage know-how. The open garden included a wide range of individuals and institutions, including technology experts and data analytics boutiques as well as academic institutions and competitors. In addition to significantly enhancing speed and quality, this innovation platform also resulted in new partnership-based business lines.



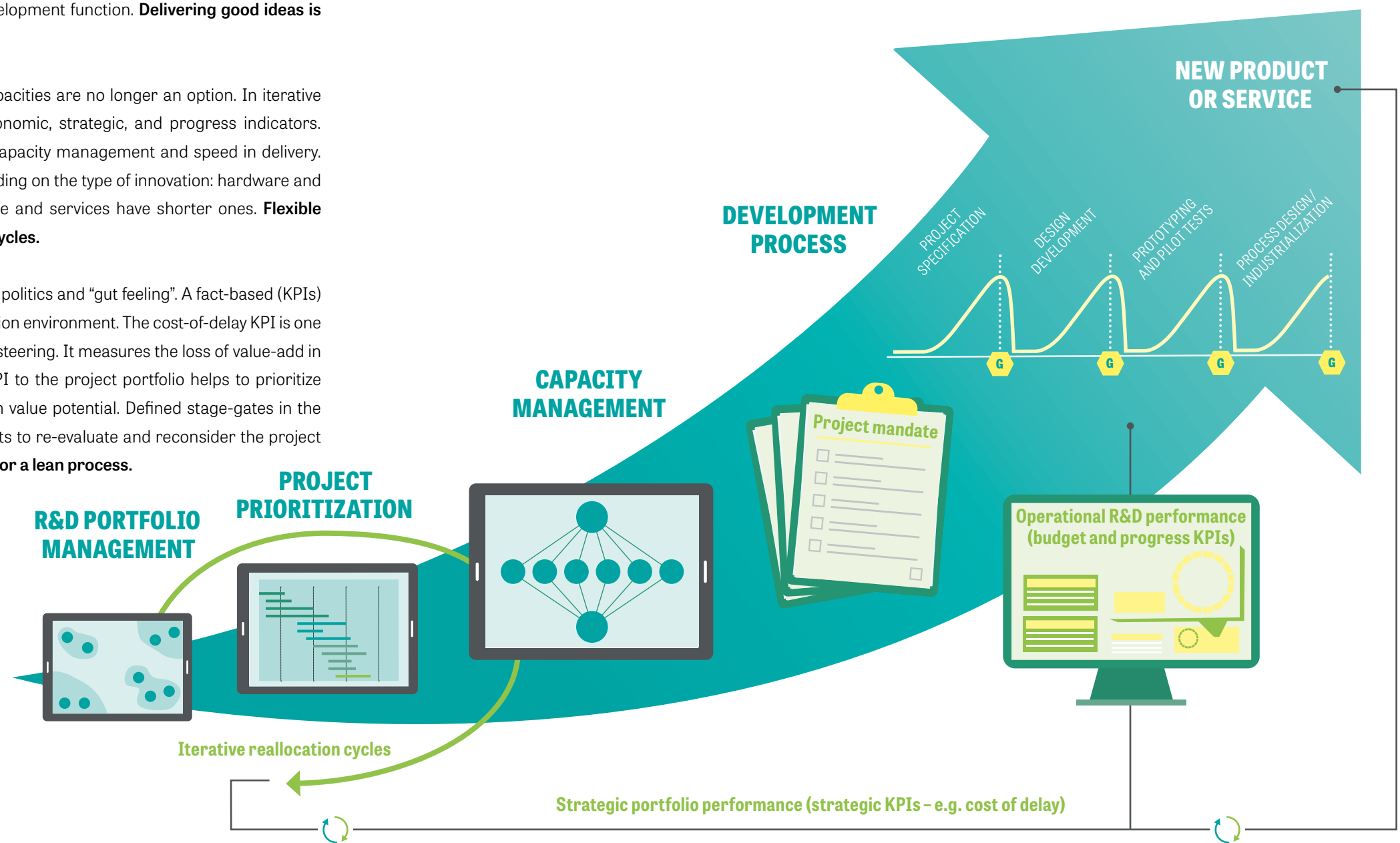
### 2.6 Active resource management: prioritize projects and resources based on facts and drive constant reallocation

It would be wrong to assume that the most innovative companies have the highest development spend. Similarly, the reason why a truly innovative product hasn't been launched in recent years is not due to limited development budgets. In most cases, development spend is not the issue, but rather a mismatch in development portfolio management and project prioritization. While the idea part needs clear framing and freedom, the solution development requires an iterative steering cycle for the development function. **Delivering good ideas is about prioritization, not budgets.**

Waterfall-based decision-making and fixed capacities are no longer an option. In iterative cycles, resources are allocated based on economic, strategic, and progress indicators. Cross-functional structures allow for flexible capacity management and speed in delivery. The cycle times are managed differently depending on the type of innovation: hardware and products have longer cycles whereas software and services have shorter ones. **Flexible project organization allows for fast steering cycles.**

Often, project prioritization is based on internal politics and "gut feeling". A fact-based (KPIs) and standard process promotes a neutral decision environment. The cost-of-delay KPI is one of the proven metrics for holistic performance steering. It measures the loss of value-add in relation to project delay time. Applying this KPI to the project portfolio helps to prioritize limited resources effectively and unlock hidden value potential. Defined stage-gates in the development process act as natural breakpoints to re-evaluate and reconsider the project prioritization. **Fact-based steering is essential for a lean process.**

## Holistic project steering in product and service development





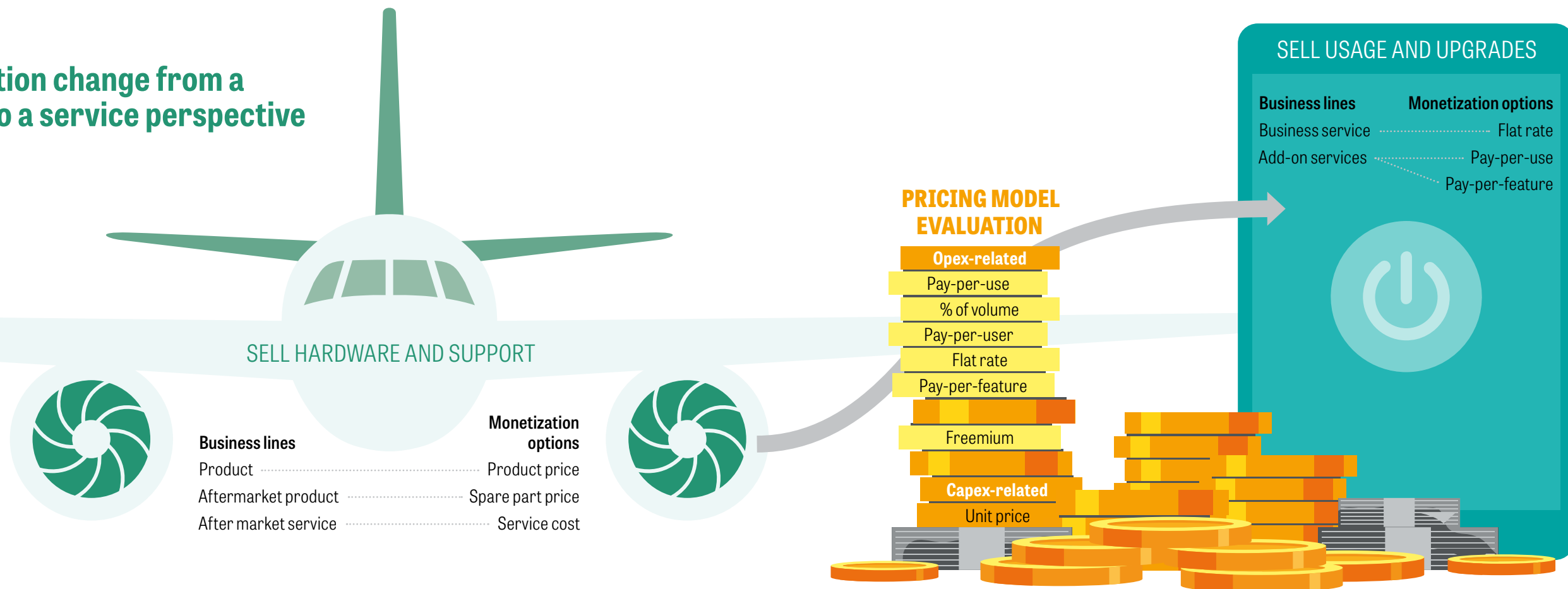
## 2.7 Innovated Go-to-Market: rethink and extend monetization approaches for new profit pools

Coming up with ideas and developing solutions is only the start. Organizations have to address customer needs and deliver solutions in the way that customers demand. Customer behavior is changing, in both B2C and B2B environments. The trend towards a sharing economy or Capex-to-Opex are just two examples. Consequently, organizations need to rethink their business models. The shift from product to service company or manufacturer to technology provider requires a complete revamp of the Go-to-Market approach. Such a transformation cannot be done overnight, but is a gradual, step-by-step process. Often, a new solution will trigger a redesign of sales channels, communication, and pricing. **A holistic view from solution to customer is required along the entire value chain.**

Once an organization has switched to a new business model, monetization options are manifold. Shifting from cost-plus unit prices towards flat or variable fees addresses the demand for greater flexibility. In addition, the subscription economy opens up space for charging for services that were free or unavailable in the past. The monetization of usage-data or providing add-on services that offer functionalities on-demand are some examples. An industrial goods manufacturer switched from selling fixed assets to a flat usage fee with variable upgrade options. By completely changing its monetization, the company created a more stable and plannable income flow. Partnering with a financial service provider allowed it to meet its increased need for financing. **New monetization approaches attract customers while opening up additional sources of income.**

The change of monetization does not only require new price tags, but more importantly a complete redesign of internal processes. From sales to supply chain to financial planning and treasury, all functions are challenged. In case of the industrial service provider example, Treasury became a key pillar in providing the external financing of the subscription model. Further, the After Market Business Unit shifted from a sales unit to the technical service provider. **A shift to new monetization approaches requires an end-to-end process redesign.**

### Monetization change from a product to a service perspective

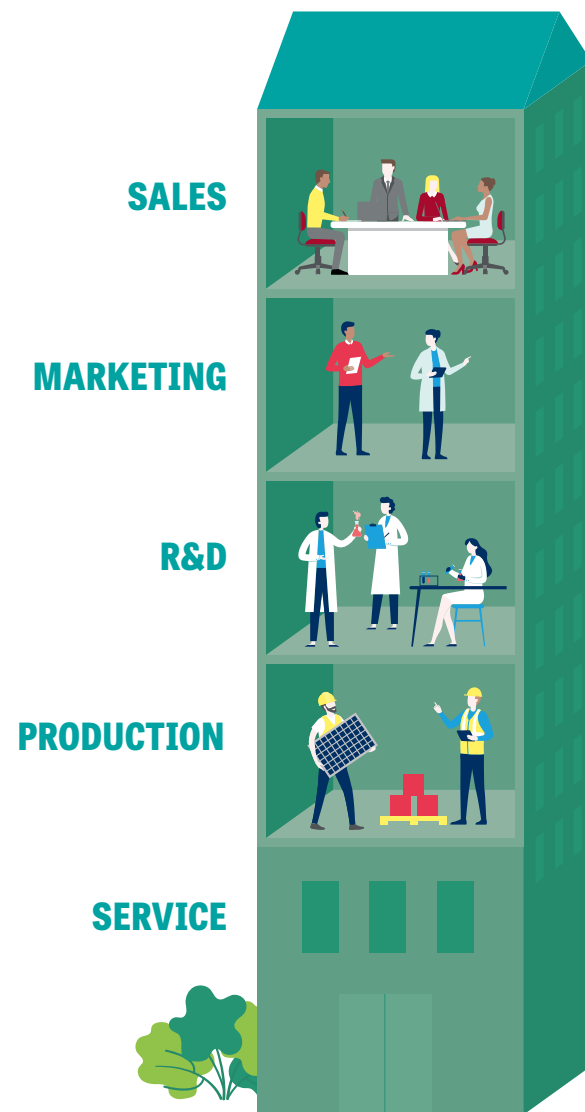


## 2.8 Lived entrepreneurship: reignite entrepreneurial culture and decision appetite

Organizations want their employees to be entrepreneurs. Entrepreneurs act in the best interest of the client, harvest promising business opportunities, and are not afraid to make bold decisions. However, we see that many organizations have lost the entrepreneurial spark that characterized their early days. **Employees need to become entrepreneurs once again.**

There are many ways to reignite that entrepreneurial spark. Across all industries, a mission towards “more entrepreneurship and less administration” is observable. Many try to put on an “innovation make-up” by starting accelerators and digital labs. However, single islands are not enough; the whole organization needs a makeover. Change starts with culture. Entrepreneurship is about taking risks. Celebrating success, but also failures. It requires freedom and decision rights from bottom to top. **A complete new structure is required to enable entrepreneurship.**

Employees should have the opportunity and resources to start value-adding projects at their own discretion. Access to innovation vehicles (and budgets!) is one factor – but to unleash the full potential of intrapreneurs, decision appetite and speed must change as well. Organizations need to experiment with delayed hierarchies and a wider span of control. Working with overengineered and overcomplicated segregation-of-duty approaches should be avoided, as should a management philosophy based on the (still widespread) RACI matrix at activity level (i.e. determining who is responsible, who is accountable, and who needs to be consulted and informed for all pre-defined work steps). Decision-makers need to be given higher limits of authority for key decisions, rather than for individual activities, which in most cases will not fit with the specific solution being worked on anyway. All of this must be embedded within a more systematic approach geared towards consequence/learning management and a more effective system for building up and deploying corporate memory (“If we knew what we already know”). **The goal is to reignite the spirit of entrepreneurship within the corporate DNA.**



### Ways to reignite the entrepreneurial spirit



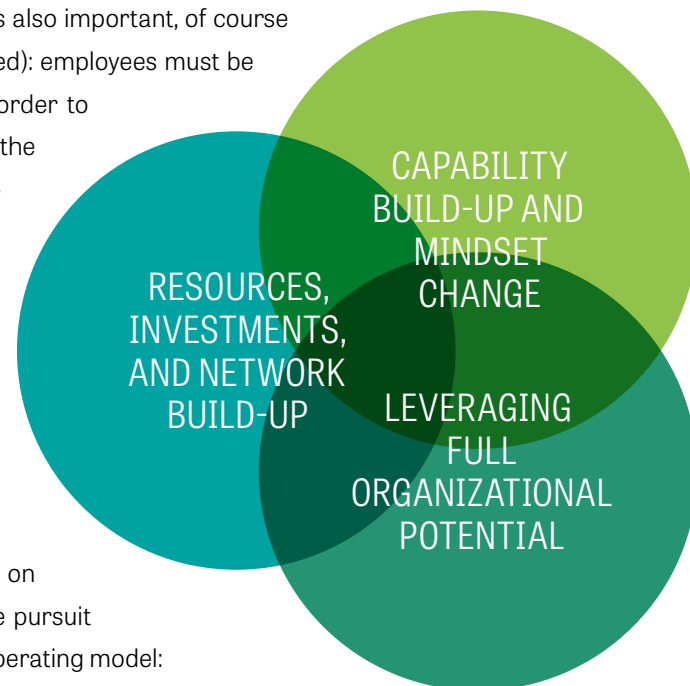
# 3. The Transformation

## How to Implement the New Approach

Challenges present opportunities. We believe that a radical approach is needed to make the new operating model a reality. The goal is clear: to provide better and more tailored solutions to customers, while speeding up the process, actively steering complexity, and optimizing cost levels. The change needs to be managed holistically; just altering certain parts is no longer enough. Today's challenges call for action. **The time has come to start the transformation.**

Change starts from the top. The organization's leadership needs to act proactively and be the advocate for change. The message must be clear and the communication tailored to the audience. Presenting a clear target picture and benefit case will help the organization to understand the reasons behind the required transformation. "What's in it for me?" is also important, of course (though still often overlooked): employees must be inspired by the change in order to actively build the bridge to the new normal. **The organization must actively create and participate in the journey.**

We recognize that implementing this radical approach entails significant challenges. We therefore recommend focusing on three areas of action in the pursuit of a new Idea-to-Solution operating model:



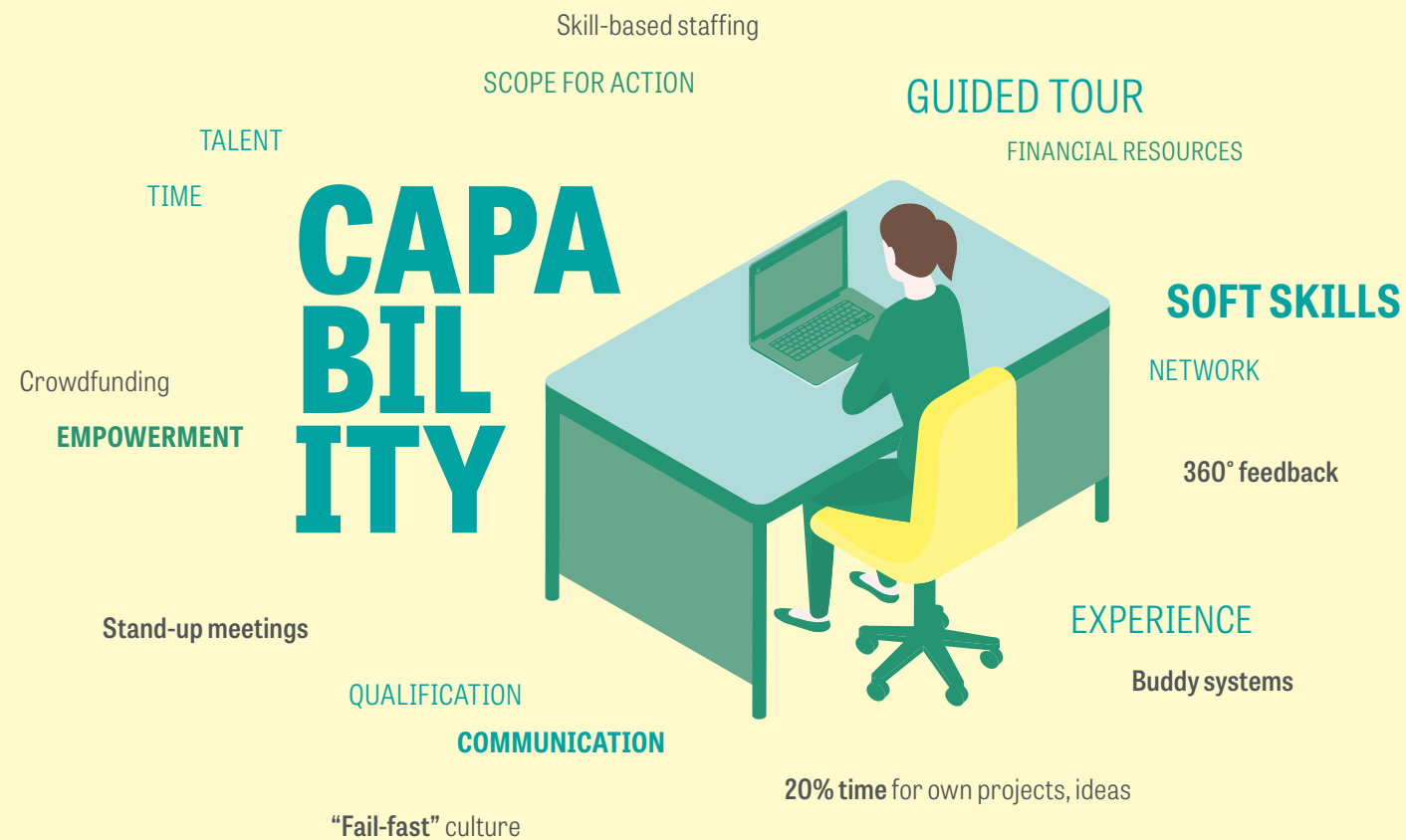
In order to empower and enable the organization's workforce to achieve the new normal, the immediate first step is developing a dedicated capability strategy. Building up the required internal capabilities entails further developing existing HR and potentially hiring new talent. Furthermore, an inspiring and motivating work environment needs to be created, offering the necessary room for innovation and collaboration. Providing freedom and building a constructive failure culture can empower employees to become true entrepreneurs, moving them from a "show-me" to a "can-do" mindset. **Empowering employees lays the groundwork for innovation.**

THE TRANSFORMATION REQUIRES  
**CROSS-FUNCTIONAL COLLABORATION.**

Enabling the organization to face the challenges of the future comes with a price tag. However, we believe that the benefits significantly outweigh the costs. With smart and targeted investments in additional resources, digital tools, and expertise, the organization can make a great leap forward. It is the leadership's responsibility to provide the required resources and to define a sound investment strategy. Taking this approach one step further, leadership should also actively pursue collaborations with like-minded partners and start up an innovation ecosystem. External capabilities complement internal resources. **Invest in capability and collaboration to drive innovation.**

Organizational structures must be adapted to provide the necessary stability and flexibility for innovation and solution delivery. Functional silos should be torn down, information seamlessly connected across domains along the entire value chain, resources deployed wisely, and processes accelerated significantly. Fluid and flexible working structures with lean governance appetite and higher decision autonomies can be effective instruments to accelerate and improve Idea-to-Solution. But it is about more than setting up a new organizational entity. For the whole thing to work successfully, governance and processes must be completely rebuilt. **The entire operating model needs to be transformed.**

## Example mind map for people and organizational enablement



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