

Editor's letter

One description of *Strategy & Leadership's* business model is that we search for original strategic concepts and present them to readers along with process guidelines for putting them into practice. So here are the innovative ideas offered in the articles in this issue along with some of the practical advice their authors propose:

- **Maximizing shareholder value is a corrupting influence that thwarts investment in employee talent, sustaining innovation, product quality and customer loyalty.**

In his article “**Why maximizing shareholder value is a threat to U.S. business,**” iconoclast author Stephen Denning warns that treating stockholders preferentially and rewarding them excessively is harming businesses by starving investment in sustaining innovation. It's a widespread problem. “Many long-established public corporations in the U.S. have chosen to bow to the power of shareholders and reward them instead of attempting risky initiatives that might create new customers or enhance customer value,” he notes. Denning proposes that, “Business leaders must move beyond being simply practitioners of capitalism and become its stewards, working to enhance the sustainability of the market system. Practicing leadership in the interest of all stakeholders instead of just the few is a critical part of that stewardship.”

- **Synthesizing creative solutions to wicked problems and prototyping game changing options to unsatisfying choices can become standard practice by learning a new integrative thinking methodology.**

In his interview with strategist Roger Martin, “**A tool for creating breakthrough choices: integrative thinking methodology,**” Brian Leavy asks him to share insights about how the methodology produces innovative solutions to business dilemmas. “The necessary raw materials for an integrative solution are two opposing models,” Martin explains. “Too many people don't think they are capable of creating new possibilities from what they think of as nothing – the proverbial blank sheet of paper. Our process teaches that anyone can be creative. The two extreme models replace the blank sheet of paper giving those seeking new possibilities lots and lots of raw materials.”

- **Mature companies that add Agile methods to their toolboxes and tailor their innovation approaches by the type of innovation – incremental or breakthrough – can perform significantly better than those that stick to a single phase-gate approach.**

Research by Arthur D. Little consultants Mitch Beaumont, Ben Thuriaux-Alemán, Prashanth Prasad and Chandler Hatton indicates that “Today, Agile approaches are increasingly being deployed alongside phase-gate processes in engineering and R&D functions outside software, with a very positive result.” In their article “**Using Agile approaches for breakthrough product innovation,**” they found “Companies adopting two general approaches when trying to introduce Agile into an existing phase-gate process: integrating Agile into a single innovation process or adding a partly parallel Agile path.”

- **To achieve competitive advantage from advances in digital intelligence and digital re-invention of functions, companies need a cognitive computing strategy.**

In “**The enticing promise of cognitive computing: high-value functional efficiencies and innovative enterprise capabilities,**” IBM consultants Glenn Finch, Brian Goehring and Anthony Marshall anticipate that, “New forms of innovation will emerge, and cognitive computing will enhance the capability of the enterprise to rapidly re-align in response to new opportunities.”

- Every crisis is a business problem before it is a communication problem. Effective crisis response pairs smart action with smart communication.

In “**Strategic choices for managing potential crises,**” veteran corporate communications advisor Helio Fred Garcia guides executives through the right way to respond to a potential crisis. He explains that “Effective crisis response begins with a timely demonstration of caring. Framing decisions in light of stakeholder expectations leads to smarter choices faster, and maintains stakeholder trust.”

- By integrating experienced China experts’ analysis of the country’s political constraints with what they see as its economic constraints observers can achieve a much more accurate measure of how the future will likely unfold.

In “**Four political perspectives on China’s economic future**” Jonathan Brookfield, Fletcher School of Law and Diplomacy at Tufts University, warns that “To really take advantage of its R&D investments, China needs a stronger market-based economic system, a more open and democratic political system, and a rule-based legal system that offers strong intellectual property protection.”

- By introducing smart robots, computers capable of learning and by rethinking processes so machine reengineering can complement employees and endow them with new capabilities, companies are starting to reap impressive productivity gains.

In their article “**Machine reengineering: robots and people working smarter together,**” Accenture researchers Prashant Shukla, H. James Wilson, Allan Alter and David Lavieri observe that, “In this new era driven by what we call ‘machine reengineering,’ computers use artificial intelligence to take charge of effecting process change, and do so continuously as feedback data is generated and learned in real time.” They warn that, “Executives and managers must establish a culture that enables employees to thrive alongside intelligent machines while at the same time encouraging workers to maintain a healthy skepticism of machine-generated outcomes.”

And don’t miss “**Synthesizing and modeling creative solutions,**” Alex Lowy’s review of *Creating Great Choices* by Jennifer Riel and Roger Martin. Lowy, a consultant who has written extensively about solving corporate dilemmas, examines the book’s intellectual context and explains why its methodology empowers practitioners searching for innovative options.

Bows and flourishes of trumpets

Finally, it’s noteworthy that this issue marks the completion of *S&L*’s 45th anniversary year. Thanks are in order to our authors, to our loyal contributing editors and reviewers, to our founding colleagues and to readers far and wide. It’s a unique community, sustained these many years by remarkable strategic thinkers and practitioners.

Good reading,

Robert M. Randall

Editor

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