

Towards the Ambidextrous Organization

Leadership and leadership principals as key catalysts to accelerate the journey towards ambidexterity

Ambidextrous Organizations

Arthur D. Little's executive roundtable "Ambidextrous Organizations" in Munich on January 21 combined impulse presentations from executives with interactive discussions between all participants, around how to manage adaptability & flexibility and standardization & efficiency at the same time. The presentations and discussions revealed the importance of consistently implementing leadership principles in the whole organization, and emphasized both exploitation of the core business and exploration of new opportunities.

Wilhelm Lerner, Partner and Head of Arthur D. Little's Strategy & Organization practice in Central Europe, opened the roundtable, gave an introduction into the topic and defined "ambidextrous organizations" as companies that continuously solve the trade-off between being fast & creative and scale-driven & productive. As such, they can establish an equilibrium characterized by strong emphasis on both dimensions. The need for such a balance is apparent, as new ways to organize and manage companies are necessary due to technological, economic, societal, ecological and political changes. Accordingly, if companies want to succeed in this complex world, they need to excel at exploiting their core businesses and exploring new opportunities.

Leadership principles as key success factor

The evening revealed that one key challenge for most companies is to align all employees around the company's essence and way of doing business. A second key challenge is to standardize and scale the organization while staying innovative and open to new opportunities.

The participants agreed on five factors that

are vital for digital centric companies to thrive:

- **Agility:** Fast decision-making processes and quick responses to the market
- **Connectivity:** A variety of different communication channels
- **Empowerment:** Clarity about the organization's vision and goals and individual contributions
- **Transparency:** Presence of leadership philosophy and ethical principles
- **Customer-centricity:** Customers' needs as overarching criteria for all decisions

An excellent way to implement the factors is to translate them into corresponding leadership principles. The most essential aspect of leadership principles is not so much the principles themselves, but rather the consistency with which they are implemented across the organization. Additionally, it is important that these principles cover both aspects of ambidextrous organizations. They need to demand from managers to be task- and human-oriented and strive for scale and creativity.

By talking about good examples of leadership principles the attendees highlighted the importance of customer-centricity. It is more crucial than ever to understand the customers' pains, gains and needs and make all decisions based on them. Innovative solutions are in high demand to match the customers' needs and stay ahead of the competitive curve. However, a certain level of error tolerance is vital for the flourishing of an innovation culture as mistakes can provide insightful learnings.

Consistency and omnipresence are crucial for the implementation

The roundtable discussed the issue of implementing the principles because most

organizations struggle with living up to theirs. The main conclusion was that the principles need to be modeled by every manager and especially the top management. Additionally, they need to be implemented across the whole organization, e.g. serve as selection criteria for new hires and be the basis for performance evaluations and promotions.

Leadership principles as the core of an organization



Source: Arthur D. Little

By talking about transitioning to ambidexterity the leadership principles are critical as the leaders have to make the first steps and appreciate the core business as well as innovative projects. All employees need to understand that both parts are important for the long-term success of the company.

Conclusions

As there is a clear need for balancing productivity & scale with speed & creativity to succeed in today's complex and fast-changing world, every transformation needs to start with the leadership team and therefore consistently implemented leadership principles across the whole organization are the key to success.

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