

Open Strategy at AXA UK & Ireland – a new approach to strategy making

For decades companies have developed strategies behind closed doors. Today, more and more organizations decide to pursue “Open Strategy”. AXA UKI is a leading example by giving their employees more visibility in the strategy process and letting them contribute their own ideas. *Theresa Langenmayr, Violetta Splitter*

At the beginning of the year AXA UKI set up the “Beyond 2020” strategy process, thereby moving from an elite, confidential process towards an inclusive and transparent strategy process. This decision is in line with a general trend towards increased openness in strategy making – a phenomenon referred to as “Open Strategy” in management science.

Motivations for Open Strategy

There are different motivations for companies to open up their strategy process. Especially during strategy development, the involvement of a wider group of people enables a firm to pool diverse knowledge and resources and thus to better exploit their capabilities. Therefore, organizations such as Siemens or Wikimedia involve their employees or even the wider

public through crowdsourcing suggestions for their corporate strategy.

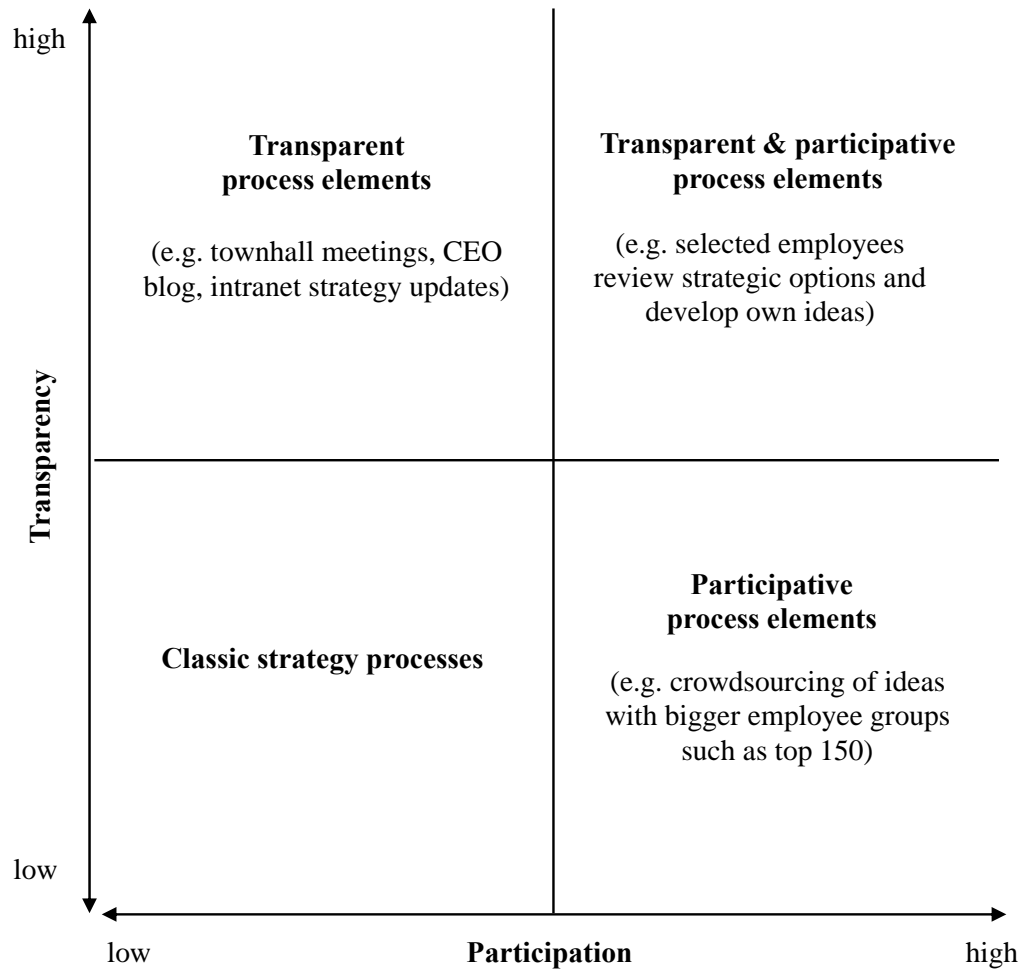
Increased inclusiveness also has a positive impact on the strategy implementation where previously involved employees tend to have a better understanding and feel a stronger commitment towards the new strategy. This, in turn, can reduce resistance and tensions and lead to a more sustainable implementation [1].

In the case of AXA UKI, the CEO Claudio Gienal decided to open up the strategy process in order to capture different perspectives and creative ideas for their new strategy. They also plan to use selected employees and their networks to better communicate and implement the strategy throughout the organization.

Different forms of Open Strategy

Openness in strategy can be shown on the basis of two main dimensions. On the one hand strategy processes can become more *transparent*. This implies that information about the process and content of the strategy development is available to a wider group of employees or even the public. On the other hand strategy processes can become more *participative* allowing stakeholders beyond the top management to contribute and shape the strategic conversation [2]. When setting up an “Open Strategy” process, companies can decide whether they want to use more transparent or participative elements – or, as in the case of AXA UKI, both. Figure 1 illustrates the different forms of openness in general and illustrates the tools used at AXA UKI.

Figure 1: Different forms of Open Strategy – illustrated with tools used at AXA UKI



Regarding transparency, Claudio Gienal (CEO) blogs after bigger events such as leadership conferences or strategy workshops to update all employees across AXA UKI about the latest developments of the strategy. He also uses bi-annual townhall meetings to engage with employees and to consider their feedback and questions. During these townhalls he incorporates digital tools to crowdsource ideas and inputs for the further strategy process.

Regarding participation, one of the main elements of the strategy process at AXA UKI is the involvement of the “Beyond 2020” group in the strategy process – a group of 20 employees who come from different levels, departments and geographical regions of the company. This group was selected to bring in different perspectives into the strategy conversation and work cross-functional on the development of strategic ideas.

Potential challenges of Open Strategy

Open strategy implies a continuous balancing and adjusting of the degree of openness. Many companies, such as Nokia, Unilever or Starbucks, decide to be highly inclusive during the ideation phase. Yet, within the prioritization and idea selection phase they typically reduce openness as it can also be associated with risks – in the literature often referred to as *dilemmas of Open Strategy* [1]. One of those dilemmas is the *process dilemma*: While companies can draw upon the diverse knowledge of different actors, management also loses flexibility and autonomy over the strategic decision process. This happens, for example, if certain groups of actors decide to discuss strategic but irrelevant topics. While AXA UKI might face this risk, it tried to avoid it by preselecting strategic themes for the “Beyond 2020” group. This ensured that their ideas would fit into the overall roadmap of the strategy which was initially defined by the Management Committee.

Another dilemma is the so-called *escalation dilemma*. On the one hand, if participation increases, new strategic actors often claim to have more visibility on the strategy process. On the other hand, a higher degree of transparency leads to higher expectations towards the ability to influence the strategic decision making. If those expectations are not met, actors tend to get frustrated and might accuse management to run an image campaign. At AXA UKI, both the CEO and the Head of Strategy (Amber Wilkinson) were sensitive about false expectations of employees and clarified the boundaries of participation and transparency at the beginning of the strategy process. However, one remaining challenge is still ahead of them: considering diverse strategic ideas of employees and integrating those ideas in the final strategy.

Outlook

Open Strategy is a new phenomenon, and a new approach to strategy making for AXA UKI and many other companies around

the world. While the strategy process at AXA UKI is still ongoing, one thing already became obvious: This new approach has shown how employees across functions and hierarchical levels can benefit from working more closely together.

Authors

Both, Theresa Langenmayr and Dr. Violetta Splitter study Open Strategy processes at the department of Organization and Management at the University of Zurich. They have followed several strategy processes at various organizations and are particularly interested in the long-term effects of Open Strategy.

References

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