



THE BAIN MICRO-BATTLES SYSTEMSM

Restoring your Founder's Mentality[®] by creating microcosms of the company you want to become

Version 4.0

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The Bain Micro-battles SystemSM



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Introduction

Welcome to the Bain Micro-battles SystemSM 4.0, our latest release of a compendium of our essential blogs on micro-battles. In this short introduction, we want to do two things: first, remind you why we're talking about micro-battles and second, discuss how we've organized this book.

Why are we talking about micro-battles?

In June 2016, we published our book *The Founder's Mentality*. In it, we argued that all companies face a growth paradox: Growth creates complexity, and complexity kills growth. Therefore to grow sustainably and profitably, you not only need to win the "outer game" of strategy (make the right choices about where and how to compete), but also the "inner game" of strategy (urgently address the complexity that's slowing you down). In deciding how well you're playing the "inner game," we asked you to consider two questions:

- How well have we retained our Founder's Mentality[®]?
- How well are we benefiting from our size as we grow?

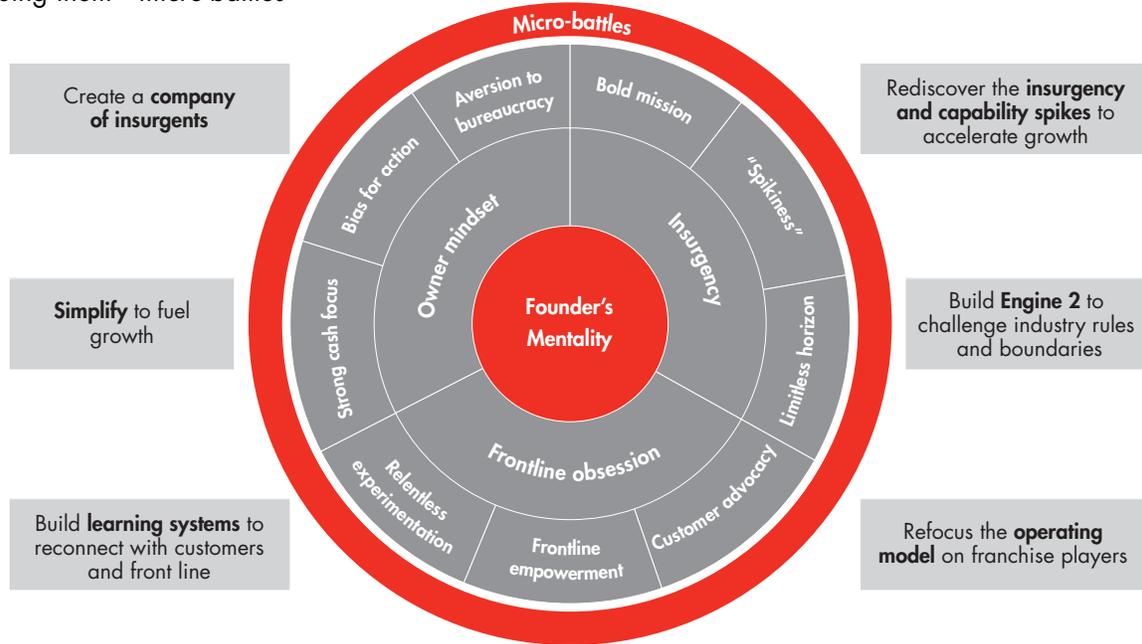
We noted that all great companies start as insurgents. They're at war against their industry on behalf of underserved customers. They have no scale, but they have a tremendous sense of Founder's Mentality, which we defined along three dimensions. First, they have a clear insurgent mission. They understand which capabilities need to be world class in order to deliver to that mission to customers. Second, they are obsessed with frontline empowerment. They understand that the entire business depends on creating loyal customers. Everything that they do strategically and organizationally empowers the front line and defines the core routines and behaviors that lead to the best customer experience. Third, the whole team operates with an owner mindset. Costs are controlled, so there's fuel for growth. There's a bias to action in all meetings and a hatred of bureaucracy.

We also noted that over time, these insurgents grow, professionalize, and add teams and processes designed to capture the benefits of size. Because size matters, this journey is positive—for a while. What the team is losing in terms of Founder's Mentality, they're gaining with size benefits. But we then noted a big issue. Eventually, most companies become the incumbents in their industry. They have size, but have lost any sense of their insurgent mission. The front line is buried under layer after layer of management. No one thinks or acts like an owner.

These companies also lose a critical skill for generating sustainable, profitable growth: business building. Incumbents don't declare war on their industry on behalf of an underserved customer segment. They don't disrupt industries, products and services, or business processes. They don't invest to develop innovations through uncertainty and entrepreneurship. They kill their growth with internal complexity. This might be okay for a while, but then companies encounter a new generation of insurgents in their industry. As they try to compete, they realize that their size is no longer an asset. They're so big and so slow that their size is a liability.

Our book described this journey and set out how you could stop this from happening. At the heart of our action plan was the need to rediscover your Founder's Mentality. We outlined the forces that are working against you and provided an online diagnostic to see how you're doing. We set out six actions you could take (*see Figure 1*).

Figure 1: There are six building blocks for restoring Founder’s Mentality and one distinct system for pursuing them—micro-battles



Source: Bain & Company

We described these as the “what” and have included more detailed descriptions in the appendix to this book. But we then argued that it was as important to focus on the *how* as the *what*. And the *how* is launching micro-battles. At their simplest, micro-battles help you rediscover the art of getting things done fast. They introduce a new set of skills around winning, around scaling and around amplifying. They help you relearn the lost art of building new businesses.

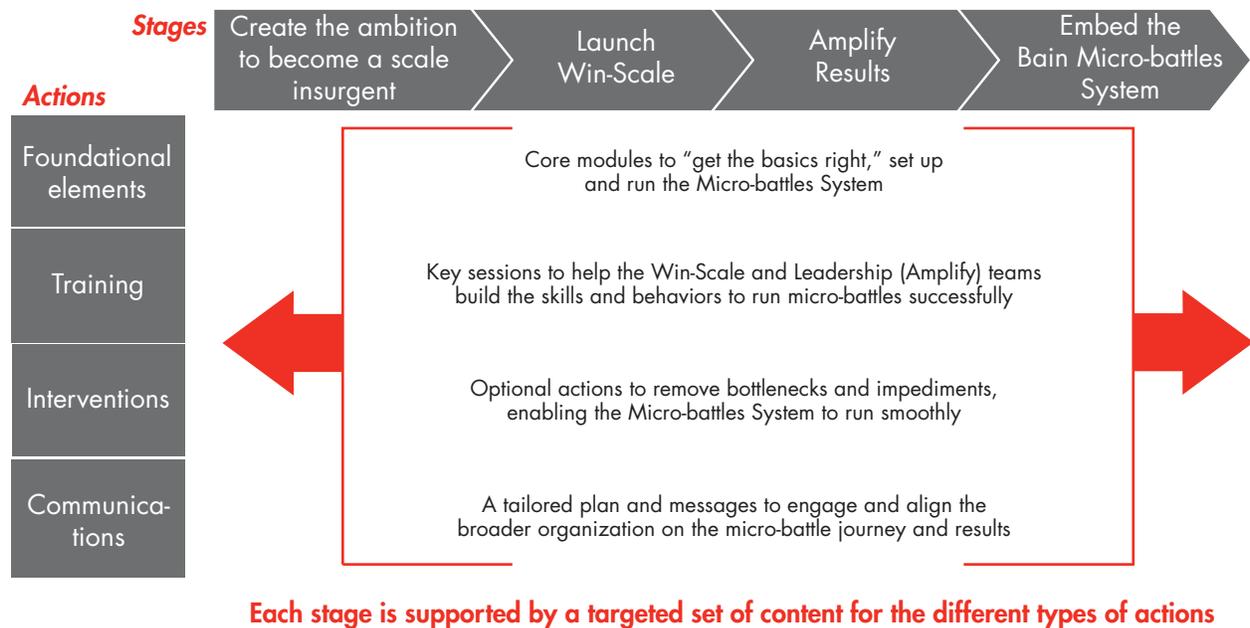
Since we wrote the book, we’ve been on a shared mission with dozens of companies to rediscover their Founder’s Mentality, relearn the art of business building and start a journey to becoming the scale insurgent in their industry. We’ve worked on hundreds of micro-battles and blogged about the lessons we’ve learned. You’re reading this because we believe micro-battles will be a critical part of your ambition to be the scale insurgent in your industry.

How we’ve organized this book

We treat the Bain Micro-battles System as a micro-battle itself, so consider this book as our latest prototype. We’re running hundreds of micro-battles with our clients around the globe, and as we learn, we’ll continue to improve our approach. This edition collects our latest lessons, including our recent research on identifying and developing members of the scaling community and managing the full portfolio of micro-battles. We’ve organized these lessons into a user guide, with the sections ordered chronologically. As you move from testing the first wave of micro-battles to running a full portfolio, you’ll move from section to section.

Figure 2 shows how we’ve organized the book. We have defined the micro-battle journey in four stages:

- Stage 1 is about creating the ambition to be the scale insurgent in your industry and making the case for change internally. In this section, we introduce the idea of micro-battles and tell “Freddie’s story” to illustrate

Figure 2: An overview of the Bain Micro-battles System

Source: Bain & Company

the profound behavioral change that will come with launching micro-battles. We also discuss how to use the Founder’s Mentality diagnostic to make the case for change.

- Stage 2 is about launching the first wave of micro-battles and learning the critical skills of winning and scaling. This section covers all the foundational elements of leading a micro-battle team, including how to choose and launch the first wave of micro-battles, how to write micro-battle missions, how to translate strategy into a first failure point, how to plan prototyping and how to consider the role of technology from Day 1. We also provide a checklist to help micro-battle teams confirm that they are set up to succeed.
- Stage 3 is about the role your senior team plays in managing the portfolio of micro-battles. While your micro-battle teams are learning to win and scale, your senior team will be learning to amplify micro-battle results. They’ll be learning how to accelerate existing battles and how to scale lessons from these battles across the enterprise. We emphasize the importance of scaling skills and explore the concept of the scaling community—the group that acts as a bridge between innovation and execution—in depth. If you want to succeed as a scale insurgent, you need to focus on building this community. We share our research on the defining behaviors and traits of scaling community members to help you identify the right people and engage them in working with the rest of the organization.
- Stage 4 is about embedding micro-battles into the day-to-day operations of your company. We review how to scale and manage the portfolio of micro-battles. Through the development of the portfolio, you’ll start to scale the system across your organization. We discuss how embedding micro-battles into your daily ways of working will fundamentally challenge your operating model. It will force you to think about “transformation through technology.” It will also help you to relearn the critical skill of business building.

The Bain Micro-battles SystemSM

Finally, we've also tried to organize this book based on the actions senior leaders need to take. First, they need to make sure their teams understand the foundational elements of micro-battles. These are the core concepts everyone should know, and we introduce them in stages. Second, we wanted to provide lessons on three other sets of action: how you train your people, how you intervene to keep the program on track and how you communicate the journey. We introduce our blogs on Training, Interventions and Communications in the order in which these will come up on your journey.

We hope you find this user guide helpful, and we welcome your feedback. Good luck!

Create the Ambition to Become
a Scale Insurgent

The Bain Micro-battles SystemSM

Preface: Stage 1

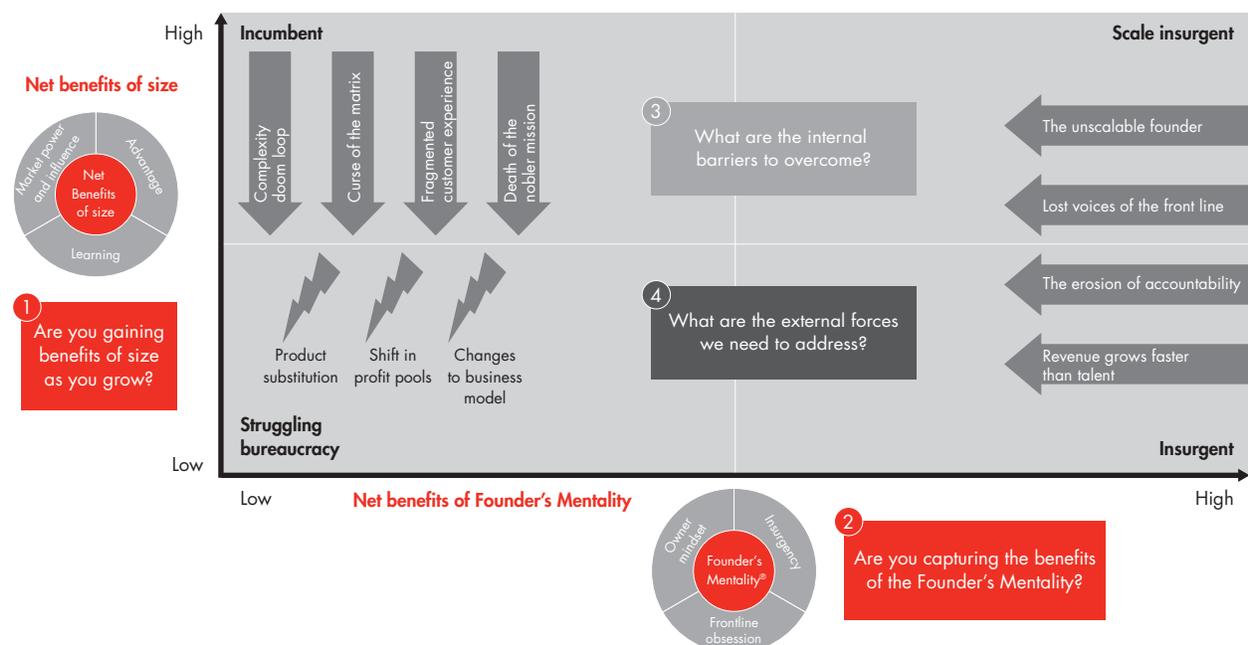
Welcome to Stage 1. We hope you're reading this for one reason: You want to create the ambition to be the scale insurgent in your industry. You're worried that you have lost your sense of Founder's Mentality® (see Figure 1). No one can remember what the insurgent mission of the company is. The front line is frustrated under layers of bureaucracy. And no one thinks like an owner. The company is too complex and too slow.

But you also know you can't retreat to some mythical past where you can still be a small insurgent start-up. Instead, you must become the scale insurgent in your industry (see Figure 2). You must be big *and* nimble. You must capture the benefits of your size *and* rediscover your sense of Founder's Mentality. We're here to help.

We've designed this section to get you started on your journey to become a scale insurgent. Our goals are:

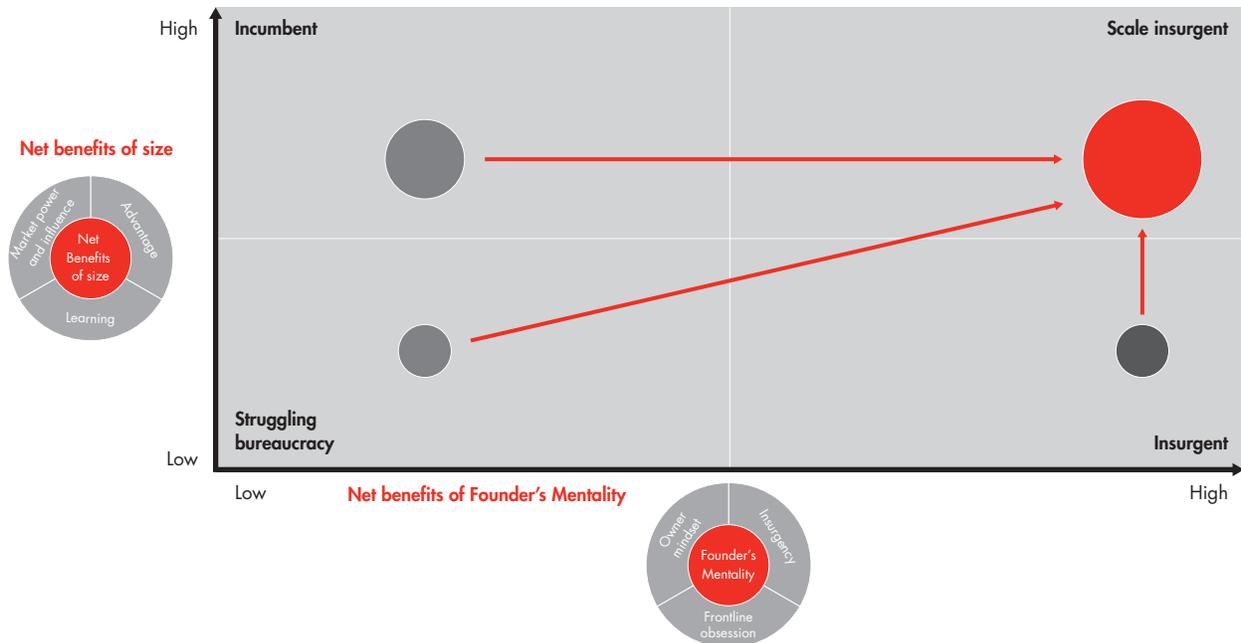
1. **To give you an overview of the Micro-battles System.** In our view, micro-battles are the *how* of your journey. They'll help you rediscover the art of getting things done fast. (If you want to learn more about the *what*, we've provided details in the appendix.) We'll give you some context for why micro-battles are important and introduce you to what we mean by Win-Scale-Amplify. You'll learn that micro-battles involve two teams. The first is the team running an individual micro-battle. It's fully empowered and becomes a master of winning and scaling. The second is your senior leadership team, which will review progress on micro-battles and manage the portfolio. This team will learn the skills of amplifying.
2. **To argue that the first problem is (not to put too fine a point on it) you.** We'll deep dive on the importance of behavioral change in running micro-battles. We tell the story of Freddie. Freddie runs a micro-battle team and is doing a great job. He loves the concept and has fired up his team. But then he goes to a senior manage-

Figure 1: Four key questions can help determine a company's current position and trajectory



Source: Bain & Company

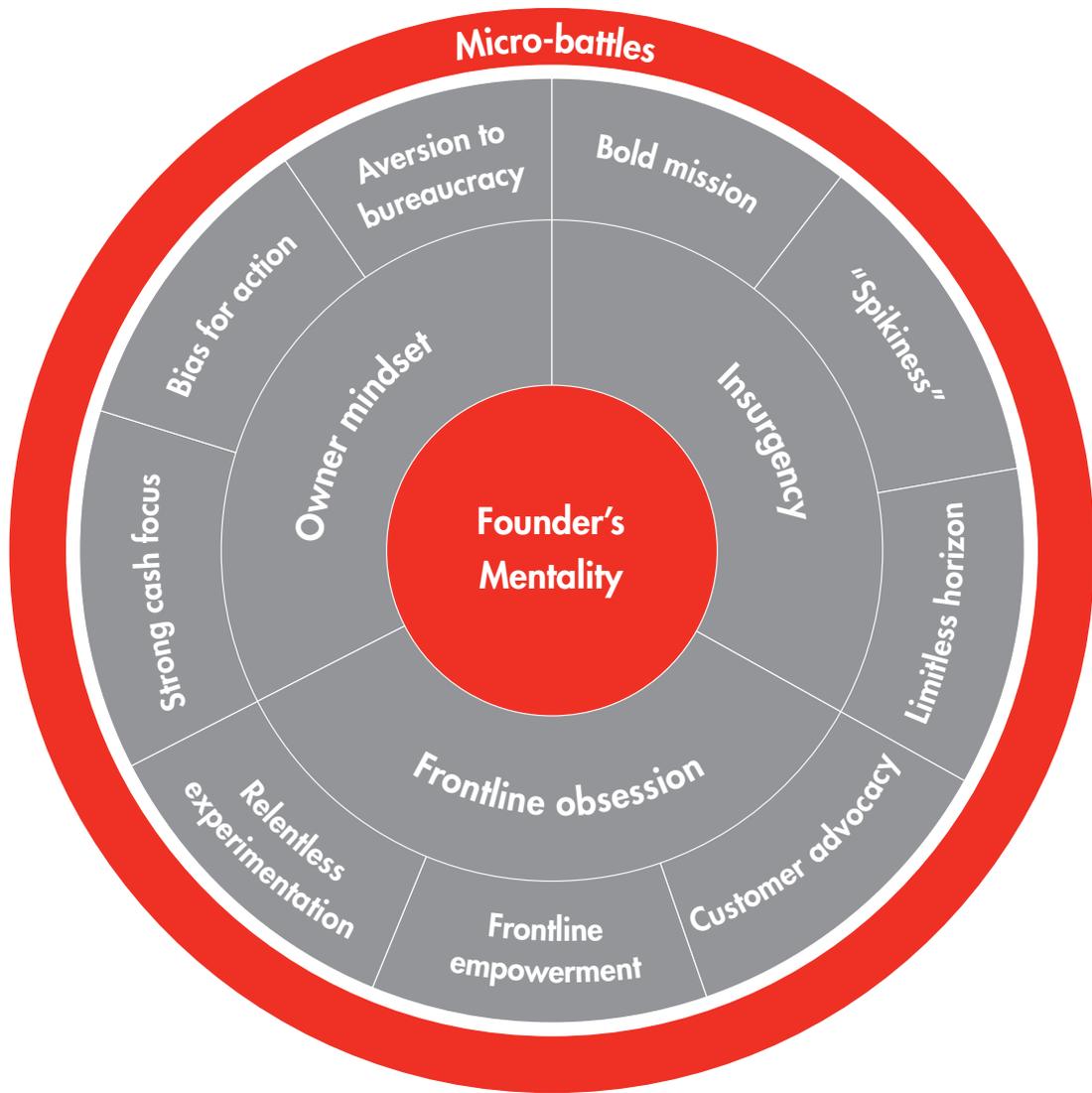
Figure 2: The goal of micro-battles is scale insurgency



Source: Bain & Company

ment meeting and faces all the bureaucratic behaviors that defined the company over the last decade. The lesson: You'll never successfully deploy micro-battles unless you address head-on the behaviors of your senior team. To put it bluntly, you guys are the problem.

3. **To introduce you to what a scale insurgent looks like.** Once you understand the Micro-battles System and the need for behavioral change, we want to give you a sense of the journey. What does it mean to be a scale insurgent and how might it look? We introduce this early because we want you to constantly ask: "Are my actions bringing me closer to that image of a scale insurgent or further away?" If you like this topic, we provided our Bain Brief "The Firm of the Future" in the appendix, which gives a lot more detail.
4. **To give you the ideas and tools to get started.** Now that you understand the basics of micro-battles and what becoming a scale insurgent looks like, we imagine you'll ask, "Okay, how do I get started?" Our guide to "Making the Case for Change" covers how to use the Founder's Mentality diagnostic.
5. **To give you an overview of the training agenda.** Another element of getting started is about training. In this section, we give you a full overview of the training agenda, so you can understand the journey.



Introducing the Bain Micro-battles
SystemSM

The most successful leaders turn their companies into scale insurgents by creating teams that embrace the benefits of Founder's Mentality and the benefits of scale.

This Founder's Mentality[®] topic has become quite hot, and we're working with a lot of business leaders on how to become scale insurgents. Central to this work is the idea of micro-battles, which at their simplest help large companies rediscover the art of getting stuff done fast. Let's introduce you to what we call the Bain Micro-battles System.

Context: The six building blocks on the journey to scale insurgency

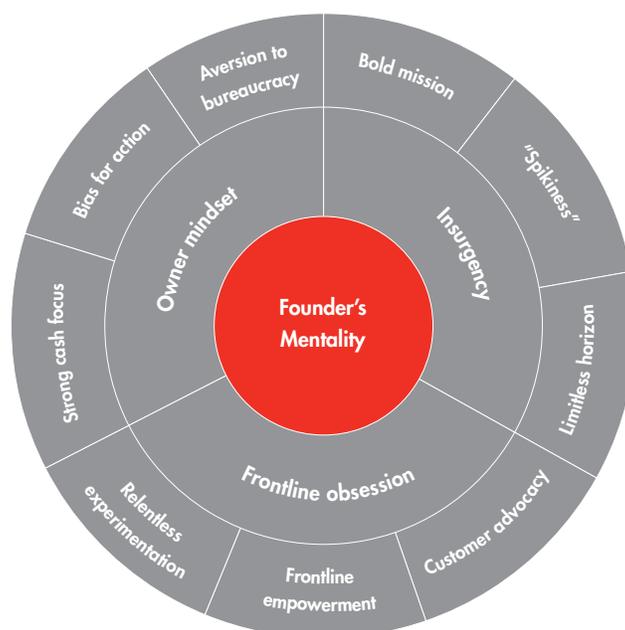
Context matters. What matters most is the growth paradox: Growth creates complexity, and complexity kills growth. Understanding how companies respond to this core problem has led us to look at companies on two dimensions:

- How well do they maintain their Founder's Mentality as they grow?
- How effectively are they capturing the benefits of their increasing size?

All great companies start as insurgents, at war against their industries on behalf of underserved customers. This creates a tremendous sense of mission, clarity and focus. Because everyone in the company makes or sells the product in the beginning, these insurgent companies are incredibly customer and frontline focused. Everyone acts like an owner of the business because most are. Speed is a weapon. And what insurgents lack in size, they make up for with the missionary spirit of a scrappy, fast-moving challenger (see Figure 1).

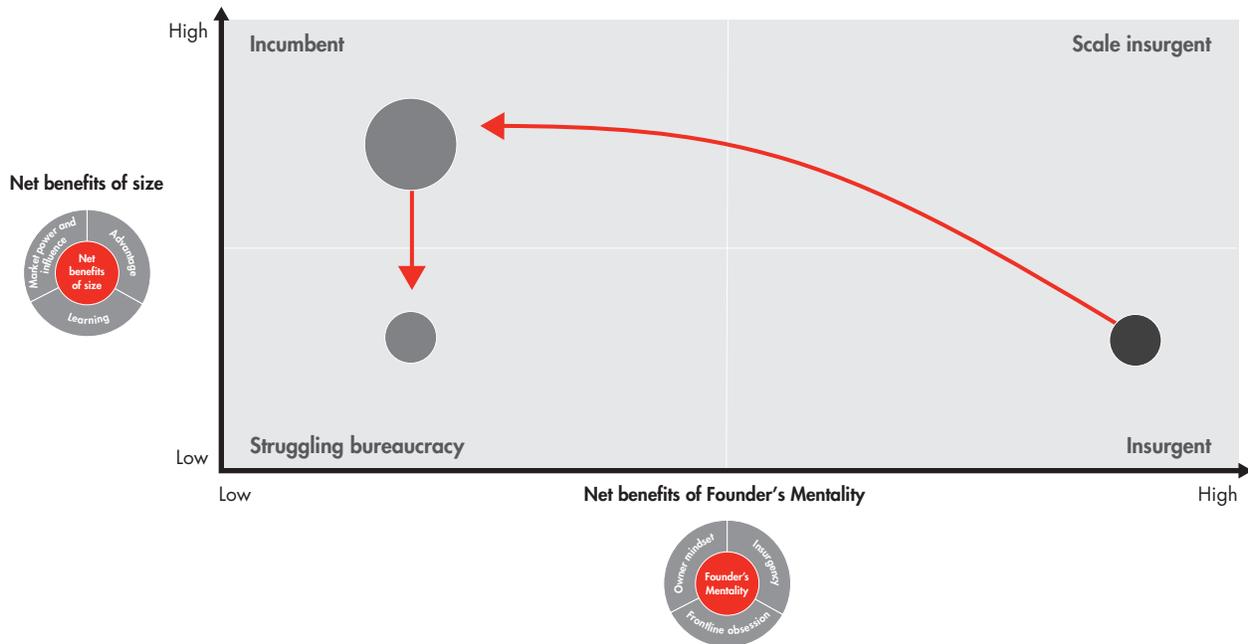
But as companies move along the default path from insurgency to incumbency (see Figure 2), they trade their Founder's Mentality for the benefits of size. This trade-off seems positive for a while—after all, size matters in business. But once the culture tips toward a more bureaucratic, incumbent mindset, the leaders of these big companies face a huge problem: Their size becomes more burden than asset, and a new generation of insurgents begins picking off their underserved customers. Slowly, these companies slide from incumbency to struggling bureaucracy. They don't die fast because they have strong core businesses that can

Figure 1: Elements of the Founder's Mentality



Source: Bain & Company

Figure 2: The default path—absent management intervention, most successful companies lose their Founder’s Mentality



Source: Bain & Company

generate profits even in a lousy culture. But it ain’t a lot of fun to work there, and they begin losing the war for talent. Some of you work for companies such as these and can attest that it doesn’t feel great.

We’ve invested a huge amount of time identifying the forces that pull companies off track, and our key message is that there are eight “winds” that hold back all companies. It’s important to note, however, that the forces that blow you toward the default path aren’t personal or political; they’re the result of your growth.

By managing these winds effectively, some incumbents and struggling bureaucracies recover, and some insurgents avoid the drift to incumbency. The most successful leaders turn their companies into scale insurgents by creating teams that embrace the benefits of Founder’s Mentality and the benefits of scale. These stories are at the heart of our book *The Founder’s Mentality*, and we’ve been working with dozens of CEOs on how to start their journey toward scale insurgency. The most successful deploy six building blocks.

- Rediscover the insurgency and capability spikes to accelerate growth.** The key concepts here are “insurgency on a hand” and a “compass.” The goal of the former is to translate your strategy into the language of the front line (biological constraints force you to simplify). Your thumb is a statement of your insurgent mission (in customer-focused language), and your fingers represent the three or four spiky capabilities that help you deliver that insurgent mission. The goal of the compass is then to translate that simple but powerful insurgent mission into 10 to 12 “nonnegotiables.” These are the must-do frontline routines and behaviors that everybody commits to doing every time, every day. One CEO argued that this process helps recover the common instincts that defined team behavior in the firm’s early days.
- Build Engine 2 to challenge industry rules and boundaries.** The key here is to recognize that sustainable growth demands working through the Engine 1/Engine 2 challenge. Engine 1 is your cur-

rent core business. It returns significant capital because you lead and have invested in it for years. But it may not be future-proof. Engine 2 may be your future source of revenue—new businesses with the potential for rapid growth, but also characterized by turbulence and lousy short-term economics because you need to invest ahead of revenue. Or it may be where you choose to experiment with a new future-proof business model to better serve your existing core. Every company needs to figure out the right organization and investment strategy to manage Engines 1 and 2, but most make one of the following mistakes. First, many companies delay major Engine 2 investments until they see a significant reduction in Engine 1 performance or their current business model starts to show cracks. This is a problem because the new business or business model may take years to build, which means you have to invest well ahead of time. The second mistake is postponing the major Engine 1 cost- and complexity-reduction programs that free up the necessary funds for Engine 2. Companies do this because they think about strategy based on last year's revenue and overweight Engine 1's need for resources. The key is to look forward and allocate resources to where you expect growth over the next decade.

- **Refocus the operating model on “franchise players.”** The modern firm is dominated by the professional managerial class, and a cynic would argue that incumbent leaders spend most of their time serving this group's interests rather than the interests of customers. The antidote to this inward focus is to identify your franchise players and reorient the enterprise around them. Franchise players are the mission-critical people who deliver the insurgent mission to customers every day—either by providing the benefits of intimacy (roles devoted to local, close customer contact) or size (roles that focus on lowering costs through global scale). Franchise players are frontline people, but they also fulfill the critical functions that deliver spiky capabilities through scale. Many business leaders don't know who their franchise players are—and when they

do identify them, they often find them buried beneath layers of bureaucracy, making it nearly impossible for them to deliver the insurgent mission to the company's most important customers. It's critical to liberate them.

- **Build learning systems to reconnect with customers and the front line.** We talk about learning as a core benefit of getting bigger, but the truth is that very few companies actually have world-class learning systems. They assume that getting bigger results in experience-curve benefits, but they do nothing to enable this. In essence, they're ignoring the one massive competitive advantage of size: superior learning. The best learning system is the Net Promoter System[®]. Get acquainted with it.
- **Simplify to fuel growth.** Leaders should constantly review the resources under their control and try to figure out how to do more for less. They should then look for unneeded resources and reallocate them to fund new growth opportunities in or out of their control. Of course, leaders rarely do that, because all bureaucratic training teaches you to hold resources in reserve and to measure your worth by the size of your empire. To create an owner mindset (in which folks see every resource as the firm's resource and work to apply it to the highest and best use) demands a profound cultural shift.
- **Create a company of insurgents.** Companies don't win through processes or systems alone; they win through the heroics of their people. Whom you reward and the stories you tell about heroes define the company you want to be. Do you regularly reward the folks who do whatever it takes to solve customer issues and who fight against the stupidities of bureaucratic decision making? Or do you signal every day that the way to get ahead is to keep your head down and rise through the professional managerial class slowly and carefully by mastering the politics? When you start to look deeply into your recruiting and development programs, you'll be shocked—you're most likely creating incumbents, not insurgents.

Introducing the Bain Micro-battles SystemSM

The Micro-battles System

The six building blocks set out the “what”—what do we need to do to become a scale insurgent?—but equally important is the “how.”

Leaders of large companies face a dilemma: They agree completely with the ambition to become a scale insurgent, but they are, by definition, an incumbent or a struggling bureaucracy because the leaders have an incumbent or bureaucratic mindset. The leaders participated in the drift—we got ourselves into this mess, and business as usual isn’t going to get us out of it. The act of deciding to become a scale insurgent is implicitly a declaration of war on the routines and behaviors of the leaders themselves.

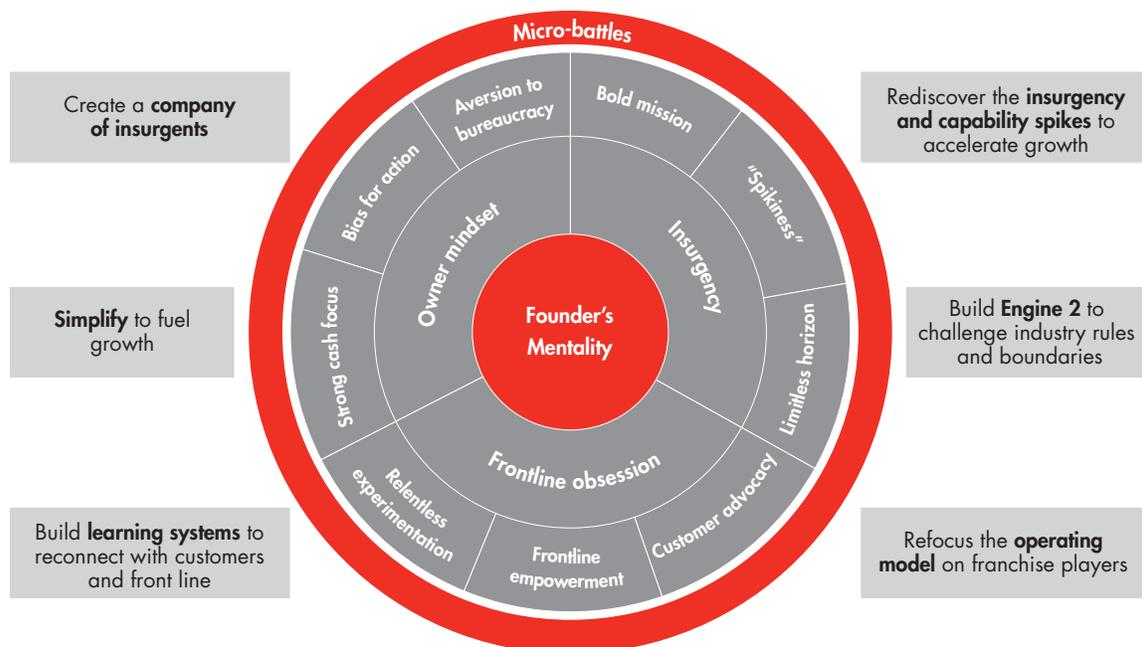
We’ve worked long and hard on this problem over the past five years and believe that deploying the Micro-battles System (see Figure 3) is a highly effective way to pursue the what (building blocks) while shaking up

everything in the how. It’s a way to start winning again in the marketplace, and it’s a way to pursue deep behavioral change as you begin to act as a scale insurgent. It’s surgical. We’re going to bring change one micro-battle at a time. But the reason we’re doing this is because business as usual will fail.

The best way to explain what we mean by a micro-battle and the Micro-battles System is to start with a couple of good examples.

Business to consumer (B2C): Let’s say you’re a global beer company called Bedrock Enterprises (BE). Your biggest premium brand is Fred’s Grog (a nod to the Flintstones), and it competes with all the top brands. Similar to any self-respecting global company, BE has a strategic priority to “win in China,” and that will require lots of things to go right: BE must hire a good sales team, it must acquire a bunch of Chinese beer brands to get distribution scale, it must deal with Chinese regulators and so on.

Figure 3: There are six building blocks for restoring Founder’s Mentality and one distinct system for pursuing them—micro-battles



Source: Bain & Company

What you realize, though, is that these are all enabling activities. The thing that will determine BE's ultimate success in China is making Fred's Grog the No. 1 import brand, and that will require winning in the on-trade channel (bars and the like). To conquer the on-trade channel, BE will need specific promotions in the trendiest bars that outperform all other imported beers on the preference drivers of aspirational consumers (namely, the folks whom everyone else wants to be like). That's a mouthful, I know, but you see how we've moved from the vague idea of winning in China to a specific need to get promotions right with specific consumers in specific bars.

And there's more. What capability are we trying to build with this micro-battle? And how are we going to scale this battle? The leadership team of BE has choices. They could logically argue that since the micro-battle is all about winning in China, the best scaling strategy is to apply their learning in on-trade channel promotion to BE's portfolio of other brands in China. But they might also take a broader approach. Let's assume in this case that BE management decides to scale this micro-battle by taking the model proven in China to other emerging-market countries, starting in Nigeria and India. The real strategic priority, then, becomes "win in emerging markets," not "win in China." To create an approach that is transferable to India and Nigeria, the BE team decides to add on-trade specialists from India and Nigeria so they can constantly test the prototype for transferability. What you see here is that a micro-battle is no small thing; it's an extremely focused initiative that starts with the hardest problem first and iterates on the solution. Micro-battles are all about fast failure and adaptation. But as we'll see, the key is low-cost failure—you're trying to make cycle times so fast that you limit the cost of failure on each cycle of learning.

Business to business (B2B): We can be briefer with this second example. Let's assume we have a complex trucking company called Transport Co. Transport has just bought several major warehouse companies that own lots of distribution centers. It has also acquired a major online player that creates B2B digital platforms

to handle ordering and fulfillment. Strategically, Transport wants to be more of an end-to-end logistics player, with both trucking and warehouses, and it knows it needs to tie it all together with a robust digital customer experience. Organizationally, all these moves will demand that Transport go through a huge reorganization around customer segments on one hand and create a single end-to-end logistics function on the other.

Typically, this kind of transformation takes years of complex organizational rewiring, with lots of internal focus and bureaucratic infighting. But Transport management takes a different approach: For each of our five new customer segments, the company decides, we'll launch a micro-battle to gain 100% share-of-wallet from the best-in-class player in that segment. In sports and apparel, for example, the battle will focus on capturing the entire end-to-end logistics business of the leader in that segment.

The goal of this micro-battle and the four others similar to it, however, is more ambitious than that. The ultimate objective is to use these battles to figure out how to act like the Transport of the future. Transport will learn to work with each of its top five customers as a truly integrated logistics company, even if the broader company isn't there yet organizationally. So yes, we'll continue with some horizontal initiatives to reorganize companywide, but these five micro-battles will ensure that for our five most important customers, we'll remain externally focused and Agile. We'll do whatever it takes to organize to serve them and test what the Transport of the future can be.

Defining a micro-battle

With those examples in mind, let's agree on a standard micro-battle definition:

- Micro-battles are discrete time-boxed initiatives that rapidly bring strategic choices to action and aim to deliver speedy results.
- Micro-battles are run by small, cross-functional teams of seven to nine people, preferably dedicated full time.

Introducing the Bain Micro-battles SystemSM

- They are led by a *franchise player*, who owns the results.
- The team brings together the benefits of customer intimacy (front line) and benefits of scaling (the functions).
- Each team includes a *process owner*, who understands the principles of Agile innovation and can help the team unlock problems to be more effective.
- Every micro-battle has clearly defined deliverables around developing a winning *prototype* that can scale. This demands the company develop a clear thesis on key battlefields and what capabilities need to spike.
- Teams are *empowered* to progress and make recommendations, with a clear process to:
 - collect customer feedback to adjust the prototype; and
 - gather input from a defined set of stakeholders (including *senior leadership*).
- Teams are devoted to test and learn. They're willing to fail fast and adapt.

The ultimate goal of micro-battles is to teach your organization to act like a scale insurgent. Because of this, each micro-battle should look like a microcosm of the organization you want to become. This demands a system to maximize learning, focusing on the behaviors of two types of teams:

1. **Win-Scale:** The individual teams running individual micro-battles. They test and learn on three- to four-week cycles.
2. **Amplify:** The Leadership (Amplify) team at the corporate center that is running the portfolio of micro-battles as part of its overall strategy to become the industry's scale insurgent. They support individual micro-battles and manage the portfolio.

Let's explore how each team should work and the broader capability building and behavioral change we're trying to engineer.

The Win-Scale team

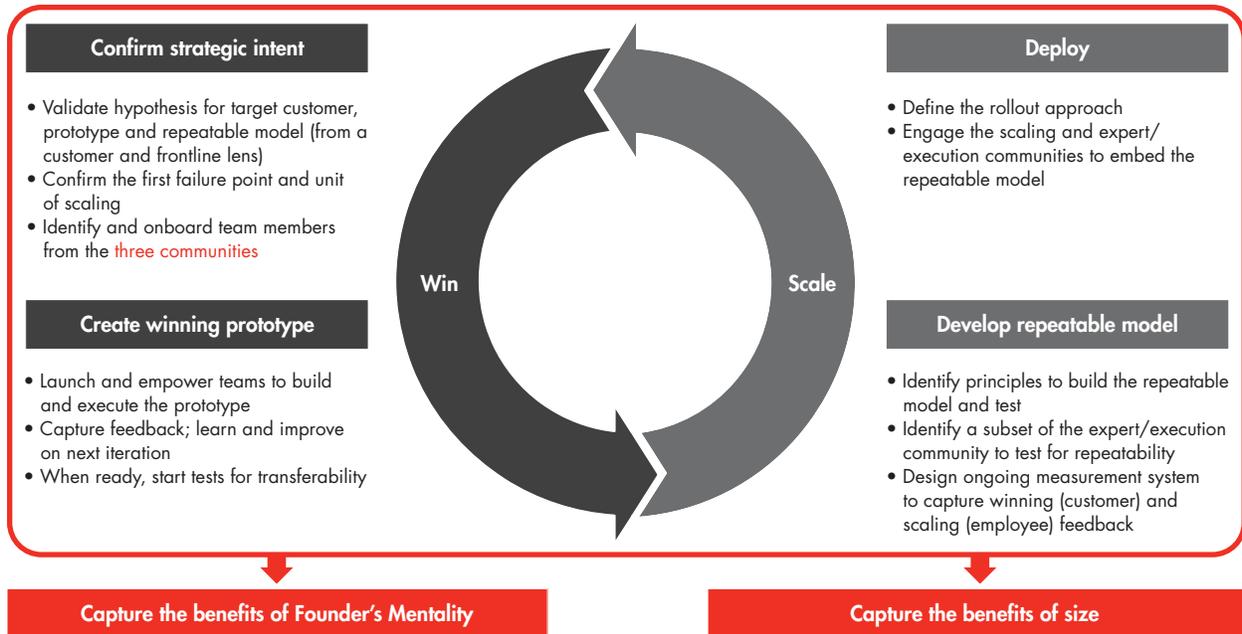
Think Agile—as in using Agile development methodologies to guide micro-battle activity. The emphasis is on winning (solve the specific by ruthlessly focusing on fast failure) *and* on scaling (ensure that your solutions can be spread across the company). By definition, there's a tension between winning (make it smaller) and scaling (make it bigger). The skill to manage this tension is a critical capability of a scale insurgent. There are four steps to getting there (*see Figure 4*).

Step 1: Confirm strategic intent. This includes validating the first failure point and desired repeatable model for the micro-battle. Let's start with first failure point. Think back to our first example. The critical first step was sharpening the ambition from “win in China” to “beat every other import brand with Fred's Grog in the on-trade channel.” The goal is to confirm the essential thing that will determine the success of the strategy, and figure out how to market test that thing in four-week cycles, using fast failure to hone a prototype.

Strategically, it takes a lot of wisdom to move from big strategic objectives to first failure points (which can then be prototyped). And you'll discover that some of your leaders lack that wisdom, which might explain the tremendous yield loss when moving from strategic intent to results. But you'll also discover new leaders emerging who can do this brilliantly. Operationally, you'll need to break a lot of eggs. Your teams and third-party partners aren't geared up for four-week cycles of anything.

In addition to confirming the first failure point, you must also validate the hypothesis of the repeatable model you're trying to create. Think back to our example again: Are you trying to find new ways of winning with all brands in China, or are you trying to create a way to win with your premium brand across multiple geographies? This discussion about what you test

Figure 4: The Micro-battles System builds the Win-Scale capabilities of a scale insurgent



Source: Bain & Company

and what your repeatable model should be will be an iterative process. With each new market test, you'll improve the prototype and gain greater clarity on the repeatable model.

Step 2: Create winning prototype. We expect micro-battle teams to create a winning prototype for the specific situation (winning in bars in China). We want the team to work fast and introduce a new concept to the customer on a three- or four-week cycle. This will stretch not only your team, but also the partners you use. Initiatives such as the trade promotion programs in the Fred's Grog example typically take months to design and execute, so this step demands that you shake up your ways of working. You need to accept fast failure by focusing on prototypes that you can test quickly with customers, learn from, adapt and then retest. You'll fail a lot anyway, but most of your failure happens toward the end of big initiatives because your teams put off the hard stuff. Our goal is to accelerate learning and innovation while also reducing the cost of each failure. You'll need to have tough discussions with your partners to ensure they can work in new ways as well.

Step 3: Develop repeatable model. This third step is completely in conflict with the second step, and that's a great thing. In Step 2, the team leaders help the team "make the problem smaller." Yes, we could do 100 things with each prototype, but what are the one or two things we need to do in this cycle, to test and learn? The goal is speed. Speed demands we focus and simplify. But Step 3 is all about making sure the prototype is scalable. This means we've tested the prototype for transferability (it works in more than one situation—across channels, customers, and so on) and we've tested the prototype for repeatability. "Normal" teams at "normal" staffing levels in a "normal" day can achieve the same results.

This step separates micro-battles from pilots done badly. We know the drill. You pilot something with your best resources, endless senior management attention and support, and lots of time. Lo and behold, it works. Then you try to roll out the pilot across the enterprise and it fails. Why? Because you declared victory before you tested the pilot for transferability and repeatability at normal resource levels.

Introducing the Bain Micro-battles SystemSM

The tension between Steps 2 and 3 is purposeful and defines the behavior of scale insurgents. You want your leaders to struggle with getting the next prototype out the door while thinking about how that prototype can be “industrialized across the enterprise” (that’s one CEO’s description of this tension). In Step 2, we make things simpler to test. In Step 3, we make things more complicated to ensure we have a scalable solution. Step 2 is about winning. Step 3 is about beginning the journey toward scaling.

To help alleviate this tension, populate teams with folks who will be involved in the next phase of the rollout from the beginning, not at the end, of the test phase. Here’s an example: You want what works in China to work in Nigeria and India. In the typical incumbent company, if you figure out a winning formula for China and then pass it along to your Nigerian and Indian teams, they often reject it immediately. They complain that the channel structures, competitive sets and team capabilities are completely different. The model is unusable. You then spend a huge amount of time fighting about this, and questions of “corporate citizenship” emerge—the center accuses the local teams of not being good citizens, of not getting with the program, of not accepting things that haven’t been invented by them. Huge political angst. With micro-battles, you bring someone from Nigeria and India in early to co-create the prototype. They have to win in China first, but they also have to challenge the team on how to make the model work elsewhere. In that process, the team may very well conclude that the winning Chinese prototype will work in India, but not Nigeria. That is data. It might lead to another micro-battle for Nigeria and countries with similar market characteristics.

Step 4: Deploy. Finally, the team must deploy the repeatable model across the organization. This demands that they map out the behavioral change required to embed the repeatable model. In our Fred’s Grog example, the team might very likely learn that the global Fred’s Grog brand team needs to move from headquarters into the field if the model is going to click. It might recommend that global brand owners need to work with key account managers for bars on an ongoing

basis to be able to adapt promotions quickly. And the company’s marketing agency partners might not be up to the task of fast prototyping, which means the team needs new partners. The team might also need new capabilities to create prototypes—especially for labels and bottle sizes. The idea is to work through all the potential obstacles for scaling the repeatable model.

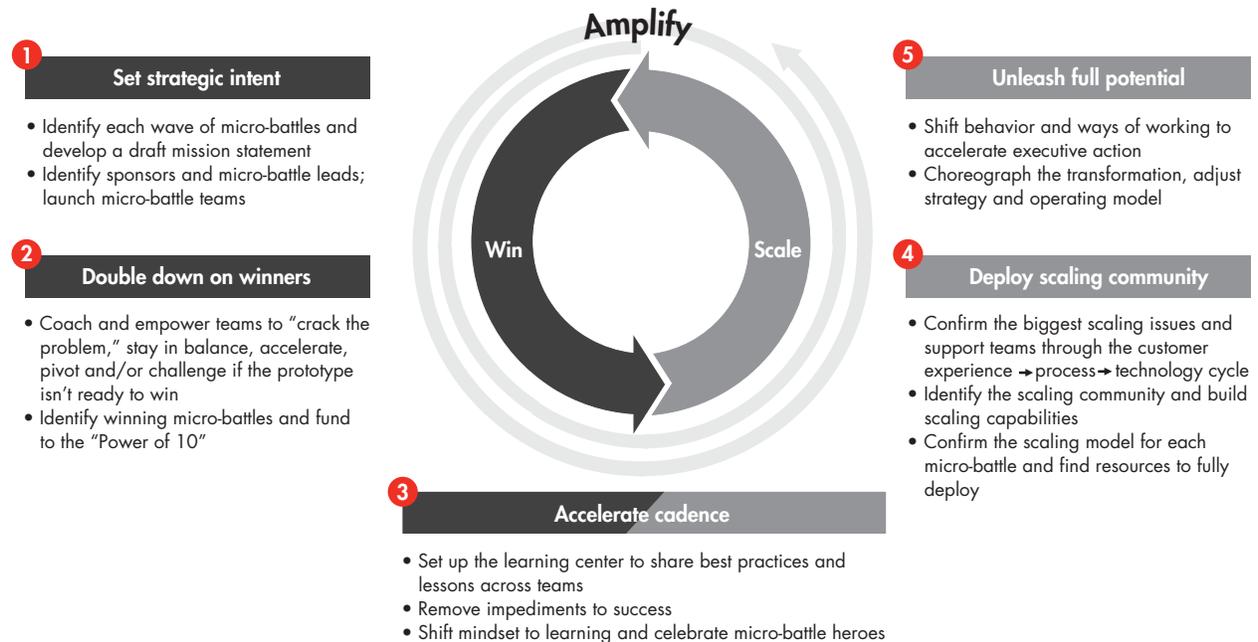
The Leadership (Amplify) team

Up to this point, we’ve talked about the key steps the micro-battle team must follow. Now we’ll turn to the senior leadership team. It’s their job is to amplify the results of the micro-battle teams by supporting individual micro-battles *and* managing the portfolio. In fact, the Leadership team has five specific roles as it helps micro-battle teams (*see Figure 5*). These are:

Step 1: Set strategic intent. The Leadership team must translate the firm’s strategy into waves of micro-battles and form the right teams to lead these battles. To be clear, not all strategic initiatives lend themselves to micro-battles. Those that are “vertical” by nature (in other words, they translate strategy into a frontline routine that helps customers) and could benefit from innovative, market-tested solutions make good battles. Separately, we’ll talk about how to choose your first wave of micro-battles and scale up the portfolio.

Step 2: Double down on winners. Micro-battle teams are fully empowered to run their own battles. But in their first year, we recommend that the senior team review progress roughly every three to four weeks. There are three critical reasons for this review. The first is to support micro-battle teams when they encounter problems. These teams are moving fast. They’ll need the rest of the organization to keep pace. The senior leaders will help make this happen. The second is to accelerate the results of winning teams. We refer to this as the “Power of 10.” Once you have a repeatable model that’s getting results, the Leadership team needs to ask “What if we gave them 10 times the resources? How much more could they achieve?” The third reason for review meetings is more subtle—the interactions of the senior team with micro-battle teams will lead to

Figure 5: The Leadership team amplifies the results of Win-Scale



Source: Bain & Company

behavioral change. And let’s be clear, the behaviors that need to change are those of the Leadership team. Remember, we started this discussion with the idea that micro-battles are about rediscovering the art of getting things done fast. This art is typically lost by the senior team first. We’re asking the micro-battle teams to help your team change its behaviors. It’s a big ask of these teams, who would happily soldier on without you. But we need them to help you.

Step 3: Accelerate cadence. We refer to the meeting room where the senior leaders meet with micro-battle teams as the “learning center.” We want the Leadership team to learn from each micro-battle and pursue pattern recognition. As you address bottlenecks, what common strategic issues are your teams facing? What about organizational issues? Are you missing key capabilities? Are you learning about common problems of scaling? Are you doing enough to recognize the new heroes emerging from micro-battles? Are there issues with your culture or ways of working that you should

address? With these questions, you’ll identify the broader actions that you can take to help micro-battle teams accelerate their impact. You’re trying to increase the metabolic rate of your company. Or, in other words, your cadence.

Step 4: Deploy scaling community. While Step 3 identifies different actions you can take to amplify the impact of micro-battles, Step 4 focuses on one specific action that must be taken. From Day 1, the Leadership team needs to focus on the task of building the scaling community and effectively deploying it across micro-battles (see the sidebar “The role of the three communities”). From Day 1, the scaling community needs to work on fixing key business processes and finding technology solutions for each micro-battle. There’s a methodology to help with this. We call it the “three levels” of micro-battles. In almost every micro-battle, level one is the “customer experience”—ultimately, your repeatable model will change some aspect of your customer experience. Once you understand what that

The role of the three communities

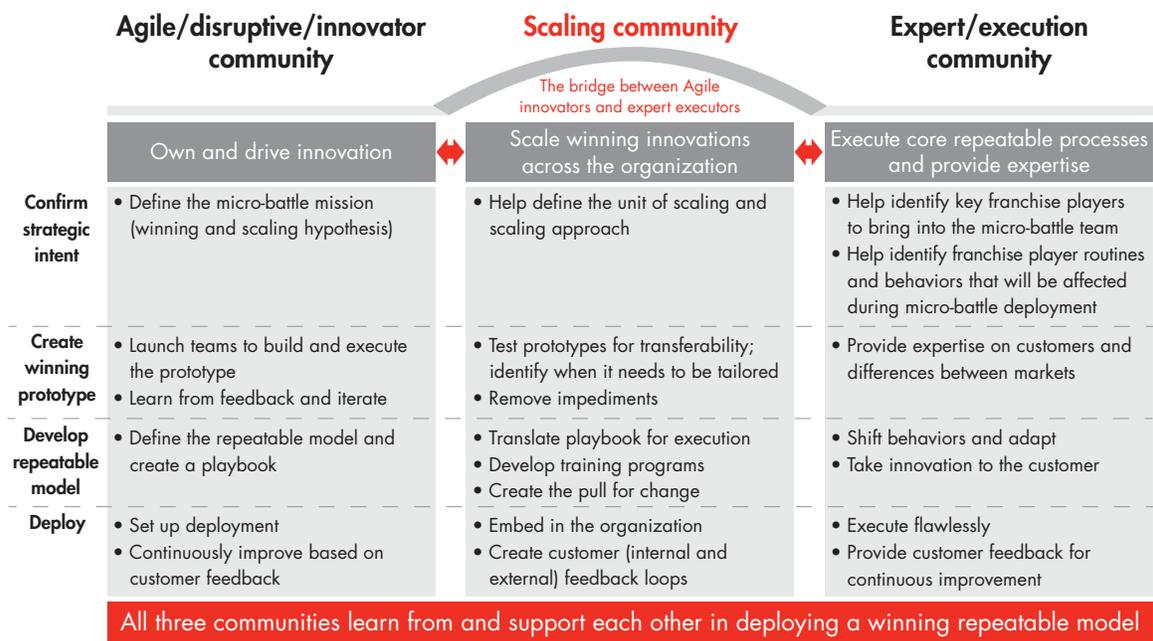
Micro-battle teams must be masters of winning and scaling. They must be able to adopt fully Agile ways of working to pursue fast prototyping. They must also worry about how to scale those innovations across the enterprise and develop a repeatable model. They must be masters of disruption. They must be masters of scalable execution.

It's almost impossible to imagine any one leader with all those skills. It's difficult to imagine a team of people with all those skills. This explains why, in our view, so few Agile initiatives successfully scale. It's really hard to translate disruptive ideas into initiatives that can be industrialized across the enterprise at normal resource levels.

As we've worked with scores of business leaders on this topic, we've concluded that successful scaling of innovation demands that we identify and nurture three separate communities (*see figure*). These are:

1. **The Agile/disruptive/innovator community.** These are the innovators, who disrupt products, services, business processes and sometimes, the business model itself. They must learn Agile ways of working and develop the skills to prototype quickly, testing and learning as they go. Scalars may create 40% to 50% of the firm's value going forward. They are critical; it's no wonder everyone talks about bringing Agile into their companies.

Figure: Three communities are required to deploy a winning repeatable model



Source: Bain & Company

2. **The expert/execution community.** These are the doers. They're the ones that deliver to our customers, make our factories run, and get our products from the factory to the warehouse to our distribution partners. In a company with strong Founder's Mentality, they're the heroes, because the leaders value great execution above all else. They make up roughly 85% of the activity of the firm. They rely on playbooks. They have fixed routines and common behaviors. Consider this: When you board a plane, you don't want to hear the pilot say, "Welcome to this Agile flight. We'll be testing new ways of landing today and learning quickly from our mistakes." No, you want the pilot to say, "Welcome to our execution team. We have a set of checklists and guidelines based on the entire history of aviation and its lessons. We won't deviate from these well-established ideas, because we want to keep you safe."
3. **The scaling community.** We call this the "missing community." It's the critical bridge between innovative prototypes and industrialized solutions that can be incorporated into the playbooks, routines and behaviors of the execution community. It's the bridge between winning and scaling. And yet, no one is talking about this community. No one's building it, nurturing it or asking key members to help with Agile innovation. And yet it plays a critical role in micro-battles.

The job of the micro-battles team is to mobilize these three communities during the four key steps of winning and scaling. The leaders of micro-battle teams must reach out to members of each community to get help in prototyping, developing Repeatable Models[®] and deploying new solutions across the enterprise. But, these communities have to exist! It's up to the Leadership team to bring the members together and nurture these communities.

will be, you move to level two. To improve the customer experience in Area Y, what are the core business processes that you must change before you can scale the innovation? Please note that this isn't a wholesale change of business processes. This is a very focused exercise to identify a small set of changes required to enable a better customer experience in Area Y. Now you move to level three. Having identified the business process changes, the team asks, "What technology changes can we make to improve these business processes to create a better customer experience in Area Y?" Again, this isn't a technology initiative per se, but rather a focused intervention. You'll work out how technology will accelerate the benefits you're seeking. In building a scaling community and helping it become great at working with the micro-battle teams on the three levels, you're rediscovering the art of getting stuff done fast.

Step 5: Unleash full potential. The Leadership team needs to regularly revisit the company's strategy and ask questions like, "What are we learning about these micro-battles that will help us achieve our full potential as a company?" "In thinking through the choreography of transformation, do we have the right blend of vertical and horizontal initiatives?" "Do we need to do more with our senior team to change behaviors?" "Do we need a broader intervention on culture or ways of working?" We interchangeably call our leaders the Amplify team, because at every step, you're asking the team to consider how to get even more out of the micro-battles results. In this last step, you're simply asking, "What else do we need to do to drive to full potential across the enterprise?"

There's one final thing to note. In all five of these steps, the Leadership team has another role: to be the

Introducing the Bain Micro-battles SystemSM

Figure 6: The micro-battles organizing framework

Stages	Create the ambition to become a scale insurgent	Launch Win-Scale	Amplify Results	Embed the Bain Micro-battles System SM
Foundational elements	Introducing the Bain Micro-battles System	The Win-Scale Model: Winning by Failing	The Amplify Team: Key Skills	Broadening the Micro-battles Portfolio
	The Win-Scale Model: Leading at the Micro-battle Level	The Win-Scale Model: Scaling a Repeatable Model	Micro-battles and the Learning Center	Managing the Micro-battles Portfolio
	The Amplify Model: Behavior Change at the Top	The Art of Choosing Micro-battles	Scaling as a Capability: 10 Lessons from the Masters	The Embedding Challenge
	Point of Arrival: Six Design Principles of the Scale Insurgent	Micro-battle Missions and Why They Matter	How to Identify Great Scalers	Transformation Through Technology
	Making the Case for Change	Micro-battles and Finding the First Failure Point	The Best Practices of Great Scalers	Micro-battles and Building New Businesses
Training	The Micro-battles Learning (Training) Agenda			
Interventions	Interventions: The 10 Most Common			
Communications	Communicating the Micro-battles Journey: Six Lessons from the Masters			

Source: Bain & Company

role model for the behaviors of a scale insurgent. The micro-battle teams will be judging your team on its interactions with you. They want to know, “Are we meeting with a group of executives that’s helping us amplify our results, or is the team impeding us?” There are many antonyms to the word amplify, and it’s worth reviewing them. They include: decrease, weaken, curtail, diminish, halt, lessen, lower, narrow, reduce, shrink and stop. Your Amplify team must understand that if it isn’t helping the micro-battle teams amplify their results, it’s most likely doing the opposite. When this happens, your best people will tell the world that their initiative has been weakened or diminished, reduced or stopped. Role modeling is critical for every member of your Amplify team. If they can’t role model the behaviors of a scale insurgent, they shouldn’t be on your Amplify team.

Walk before you run

That’s the heart of the Micro-battles System. There is, in fact, much more to it. We’ve identified a list of the

core activities that typify how scale insurgents put the system in motion, and we’ll discuss each one in these blogs (*see Figure 6*).

But the good news is that you can walk before you run. Commit to launch three micro-battles now. That’s it. Agree to carve out three hours of a monthly executive meeting to review the cycle results of those three battles. Mobilize your micro-battle teams to learn Win-Scale. Mobilize your senior leaders to act as the Amplify team. Learn through four cycles and then launch three more micro-battles, followed by four more weeks. Then six more battles. Then 12 more. Quickly, you’re more than a year into learning. You’re finding that your micro-battle reviews take all day. You’re focusing less on functional reporting and more on marketplace battles. You’re spending less time as an executive team talking to each other and more time listening to the voices of your customers and franchise players. You’re backing winning Repeatable Models and succeeding in the marketplace. You’re focused on deep behavioral change. You’re on the journey to becoming a scale insurgent. 



The Win-Scale Model: Leading
at the Micro-battle Level

To achieve full potential, teams have to become masters at the Win-Scale cycle—continuous monthlong efforts devoted to ensuring the product is both viable and scalable.

Meet Freddie (not his real name, but his tale is based on a true story). The leaders of his company, Property-Casualty Inc., read our book *The Founder's Mentality*, and wanted to transform their company from a struggling incumbent into a scale insurgent. They latched onto the idea of micro-battles and loved the notion of putting their top 20 leaders in charge of these focused initiatives. One of them was Freddie, a 28-year-old star they picked to lead a micro-battle focused on creating a new direct-to-consumer insurance product.

We will cover Freddie's story from two angles: Here we will focus on how Freddie ran his own team and the leadership challenges he faced; in a separate blog post, we'll look at Property-Casualty's senior management team and the challenges they faced while reviewing progress on Freddie's micro-battle. As we will see, both levels of leadership are critical for getting the most out of micro-battles, and both rely on learning and applying new behaviors.

Property-Casualty's senior leadership committee empowered Freddie to form his own team (most of whom were in their mid-40s) and to co-create a micro-battle mission with them. Their objective was to develop a new direct-to-consumer homeowner's policy that could transform the company's broker-centric model and shake up the industry.

Knowing that such a product would require input from divisions across the company, Freddie assembled a strong cross-functional team that included sales folks and staff folks from customer insights, legal and tech. He also brought in a national product manager for one of the traditional insurance lines. This wasn't an obvious fit given that the older product was sold through brokers, not direct-to-consumer, but the product manager could act as a bridge to the old organization and had deep knowledge of the competitive landscape, including the products offered by pure online players.

The need for balance

Freddie told his people that this would be an Agile development effort, meaning the team would work in quick four-week cycles to take a "minimum viable

product" and develop it into something more fully featured by testing it, learning from it and adapting it. To achieve full potential, the team would have to become masters at what we call the Win-Scale cycle—continuous monthlong efforts devoted to ensuring the product is both viable and scalable. This requires three critical balancing acts.

- **Winning vs. scaling:** During each cycle, we want Freddie's team to simultaneously focus on winning *and* scaling. Winning in this context is the skill of taking a strategic initiative and translating it into a prototype that the team can test successfully with customers. Scaling is about ensuring that this prototype can be applied across the organization, that it is transferable and repeatable. Scaling also involves identifying the critical behaviors that will help accelerate adoption of the repeatable model across the organization.

These are two very different skill sets and ways of thinking. The first act of micro-battle leadership is to bring the team into balance across both problems. Sometimes, the team will be outstanding at innovative prototypes but will be spending too little time on making sure their solutions can scale. Other times, the team will be obsessed with behavioral change and lose sight of the need to get the next prototype to market. The four-week cycles provide a rolling opportunity to restore the balance.

- **Creativity vs. analysis:** We also want the team to balance creativity or intuition with objective analysis of results, particularly when working on prototypes. Team members need to be creative in designing the right prototype and applying Agile principles of test and learn to define the next "rev." But they also need to embrace analytics to understand consumer feedback in a disciplined way. How did the prototype score vs. alternative products relative to what determines the choices of target customers? Is the target segment large and profitable enough to give us confidence we are onto something material here? As we get further along in prototyping, do the economics of this proposition actually stack up?

The Win-Scale Model: Leading at the Micro-battle Level

- **“Act like a founder” vs. “think like a scale insurgent”:** The third balancing act is a bit tricky to explain. On one hand, we want the team to act like a mini-insurgent, a group of founders running their micro-battle like it is the only thing that matters. Their customers are the only customers that matter. Their competitors are the only ones to vanquish. We want them to “go for it” as if they were fully liberated from the mother ship (their company). But we also demand that they help change the direction of the mother ship by helping transform it into a scale insurgent.

This means that every four weeks, we need these mini-founders to step away from their little company and think through three different issues: What do they need from the mother ship to advance their cause? What observations/lessons can they bring to the mother ship to help other micro-battle teams succeed? And do they have any recommendations for the mother ship about what it could do differently in other areas that would make everyone more competitive? The degree to which this creates real tension for Freddie and his team becomes abundantly clear in our related blog post on the Amplify model.

The broad leadership objective of the Win-Scale model is to run the micro-battle like the company you want to become—namely, a scale insurgent. We want you to make problems smaller to the point that you can prototype *and* think of scaling. We want you to be creative and intuitive while also pursuing the necessary analytics to prove this idea is material. We want you to create a mini-founding experience *and* make sure your team thinks about the broader organizational implications of a winning prototype.

Freddie’s first cycle

In that context, let’s review Freddie’s first cycle. After analyzing the market for direct-to-consumer insurance products it became clear to the team that their top priority had to be scaling back the reams of paperwork

that accompany most of Property-Casualty Inc.’s policies. Direct-to-consumer products are not only served up digitally but they are also streamlined. Since some of the documentation is important operationally, scaling a simpler prototype will raise issues. But Freddie’s team is already thinking about that. Here’s the discussion at the first Friday review:

Freddie: *Guys, it’s been a great first week. We know the prototype—we have to start by getting our terms and conditions docs down to half a page from 23 pages. That’s what the competition is doing, and that’s what we need to do.*

Joe, national product manager for a key auto insurance product: *Let’s mock this up by next Tuesday and run it by our salesforce as proxy customers to see if it’ll fly. We should also run some customer focus groups and ask sales to participate so they can see customer reaction for themselves. We’ve got two issues here, Freddie. I know my guys—their biggest stated problem will be about the fact that the terms and conditions sheets are complex for a reason and that we might create problems for the company down the road if we don’t get this right. But, we’re going to face a second issue. If we’re successful here, we’re potentially putting the salespeople out of a job. I’ve handled this one, I think, because I know we’re hiring like crazy in other product areas, and I’ve got commitments from the top that these folks will be transferred over to new product areas if they get disintermediated here.*

Freddie: *That’s great, Joe. So let’s keep focused on their concerns about the terms and conditions. I know Melanie is thinking about how we can create a repeatable model to simplify terms and conditions across the company.*

Melanie, deputy legal counsel, who has been asked by the chief legal officer to represent him on the team: *Thanks, Freddie. Joe, let me take this one on—it is a big issue down the road, and we’ll need answers. But there’s no reason we can’t go forward with focus groups to gauge reactions to a shorter T&C.*

The Win-Scale Model: Leading at the Micro-battle Level

Joe: I'll provide air cover to the sales guys so they know we plan to address this. As you know, they get penalized very heavily if they don't lay out all the terms and conditions. There might be a big blowback if customers think we miscommunicated this at the time of claim. Not an issue now, but it will be soon.

Freddie's got a good team here, and so far, it's in balance. Team members are focused on that cycle's prototype—a shorter terms and conditions sheet. But they are also developing hypotheses on the repeatable model—rolling out simpler terms and conditions across all products as a first step toward moving them online. They are also considering the behavioral change that will have to happen—really understanding how to mitigate the financial, reputational and customer risks of making the terms and conditions too simple. Everybody was taking ownership to resolve the broader issues while also making sure that the focus group initiative could go ahead, which keeps the micro-battle moving forward.

Breaking old habits

Another important member of Freddie's team is Jackie, the *Win-Scale master*. She is accountable for the Win-Scale cycle's process, not its content. She evaluates how the team performs in its new Agile environment and how it can improve by adjusting its behaviors and ways of working. Here was her report after interviewing everyone on the team:

- The team members are excited about their direction and feel they have a good handle on the first cycle. On the positive, they love the cross-functional teaming, the daily report outs, the fast adaptation and constant focus on the customer. They also feel we're raising the right tough issues without getting bogged down. They look forward to the review with the exec team, where Freddie will ask to accelerate a series of salesforce focus groups in LA.
- On the negative side, they are concerned that their own bosses aren't fully on board. They are spending a lot of time explaining up the line what they

are doing and feel like they have to justify their existence on the teams. One quote: "My boss asked me to do this and said it was critical to the company on its journey to recover its Founder's Mentality®. That was two weeks ago. Now he's asking me when I'm coming back from the 'boondoggle.' I'm worried he thinks this was my idea and somehow I'm doing this for me, not the firm." We've heard a lot of this.

None of this is surprising. People involved in micro-battles love to work on an Agile, fast-moving team and quickly master many aspects of the Win-Scale cycle. But despite management's best intentions, old behaviors inevitably crop up around control and reporting relationships. And while Freddie's team is in balance for now, staying there will remain a constant challenge. We see three common issues that can hold these teams back.

- While they tend to balance win and scale well, micro-battle teams have more trouble balancing creativity and core analytics. Fast prototyping and customer review are often seen as superficial, quantitative work. But we're not talking about one 30-minute focus group and "job done." Micro-battles only create material results for their companies if the teams sweat the core analytics around customer segmentation, preference drivers, segment sizing and basic economics around pricing/costing. Micro-battle doesn't mean micro-facts.
- Teams do a better job defining the repeatable model than identifying the behavioral changes needed to scale that model across the company. They aim too low on the degree of behavioral change required and are shy about being straight with their bosses about it. They worry this will sound like complaining and that they will be accused of inventing excuses to cover up poor results.
- Most importantly, even the best-run teams face the kind of hierarchy and control issues our Win-Scale master identified. Teams are very often dealing with the executive committee that allowed the company to become a struggling bureaucracy in

The Win-Scale Model: Leading at the Micro-battle Level

the first place. These executives exhibit all the bad behaviors of a team that has lost the Founder's Mentality, precisely when they need to be role modeling a new way of working. This is what happens in the second half of Freddie's tale, which we will tell in the next (spoiler alert!) sad blog post.

You might ask, "If the executive team is going to screw this up, then why make poor Freddie report in so often? Shouldn't we be protecting him from his bosses? Let's let him run his team as a mini-founder and inspire more to be like him. Let's change the company one Freddie at a time!"

The Win-Scale model is, in fact, designed to spawn more micro-battle leaders. Among those on Freddie's team is Sinead, a claims specialist who has joined the micro-battle in a "pull forward" role. She is there to prepare for her own assignment as the leader of an upcoming micro-battle aimed at improving the claim-handling process. Freddie is her mentor (in a "push forward" role) and is responsible for coaching her as she learns how to work in an Agile way, how to collaborate effectively within the micro-battle, and how to

choose a team with the right mission-critical skills, roles and personalities.

But as much as we want to empower micro-battle leaders such as Freddie and Sinead to act like founders, free of corporate and organizational baggage, we also need them to connect with the company's top leadership on a regular basis. We need to send poor Freddie to his bosses because we need *him* to help change their behaviors. We need *them* to connect more directly with the stars of the business and to *understand* what is really going on closer to the customer. We need to coach the executive committee to gradually change their behaviors and act like scale insurgents.

In this way, Freddie's role in forcing a faster transformation is pivotal. We don't have the time to change the company one Freddie at a time. The new insurgents among our competitors are lapping at our heels. They are also recruiting our Freddies faster than we can give them mini-founding experiences. We need a massive intervention, which requires us to master the Win-Scale model *and* the Amplify model. We need poor Freddie to have a very bad meeting with his bosses. 



The Amplify Model: Behavior
Change at the Top

Leaders of companies who want to rediscover their Founder's *Mentality* must recognize that the journey starts with them and their behaviors.

The Amplify Model: Behavior Change at the Top

Let's return to our friend Freddie (not his real name, but his tale is based on a true story). The leaders of his company, Property Casualty Inc., read our book *The Founder's Mentality* and wanted to transform the company from a struggling incumbent into a scale insurgent. They latched onto the idea of micro-battles and loved the notion of putting their top 20 leaders in charge of these focused initiatives.

One of them was Freddie, a 28-year-old star whom they promoted into the lead role of a micro-battle focused on creating a new direct-to-consumer insurance product. If successful, it could transform the company's broker-centric model and shake up the industry. Freddie was empowered to form his own team (most of them in their mid-40s) and co-create a micro-battle mission with them. The senior executive committee (Exco) asked to meet with him after each four-week Win-Scale cycle to discuss ways to accelerate or pivot the effort and how to remove obstacles. Freddie was fired up.

Four weeks passed, and Freddie's team was ready for its first hour-long discussion with the Exco. Here's what Freddie's hour was like:

Freddie: *We've gotten tremendous customer feedback on the prototype of the new online homeowner's policy we launched and now want to move it from a paper prototype to software. We're bringing Bob on board to support development and will be testing with a group of customers in LA. The only thing I need from you guys at this point is some help with our LA sales team. They're overwhelmed by a request from IT to participate in a round of internal research on our new back-end system. We'd like to get them freed up so they can help us shape the product and be part of our LA focus groups. It's going to be important to keep them in the loop and let them see customer feedback directly.*

Jack, Exco member, head of customer insight: *Nice work, Freddie, but we've just launched our corporate Focus Group initiative firmwide and really don't want to be doing any other customer research this year. So talk to my guys and see if they can fit in the LA trials next year.*

Mary, Exco member, head of IT: *Good job, Freddie, but I really want our sales guys to test out the new IT system. These sessions are important for the IT rollout, and we're not going to move our schedule.*

Alice, chief executive: *Look, Freddie, there are a lot of interdependencies here. In fact, I'm a bit worried about any direct-to-consumer insurance offer. We'll just cannibalize our brokers, and that will create huge problems for us down the road.*

Kevin, Exco member, HR: *And anyway, Freddie, to really get this product to work, we're going to have to sort out bigger issues with our corporate operating model, and that'll take months. Not sure our folks are up for another big re-org.*

Freddie had a miserable hour. His leaders launched a new micro-battle, ostensibly to rediscover the Founder's Mentality®, but made no effort to change their old behaviors. Freddie walked out of the room as a detractor and later, over drinks with his team, he confided: "Yeah, same old dusty wine, new Founder's Mentality label."

It's about behavior change

This is our nightmare. Leaders of companies who want to rediscover their Founder's Mentality must recognize that the journey starts with them and their behaviors. This was supposed to be Freddie's chance to accelerate to the micro-battle's next phase with his team and leadership's chance to learn how to let that happen. Instead, you see the worst bureaucratic tendencies emerge:

- Jack and Mary often say they want to get refocused on the front line and move faster, but apparently not at the expense of their functional excellence programs in the customer insight and IT departments. They'd rather slow down Freddie and keep sales folks working on their internally focused initiatives.
- Kevin doesn't want to help Freddie solve a specific, mission-critical issue, but instead raises a broader ideological concern about the need for a new corporate model.

The Amplify Model: Behavior Change at the Top

- And just when the meeting needs a CEO's true leadership and role modeling, Alice jumps in questioning why Freddie is working on a direct-to-consumer product at all, somehow forgetting that four weeks earlier, she had personally asked Freddie to champion this initiative.

This is why, when we introduced the Bain Micro-battles System, we said that the Win-Scale team *and* the Leadership (Amplify) team are key to this system. Win-Scale focuses on how a dedicated team should manage an individual micro-battle, and the Amplify team focuses on how top leadership should run a portfolio of battles. The Amplify team will work only if we create behavior change among executive team members. This demands four things:

1. Effective leadership would start with listening to Freddie and paying attention to the most recent customer feedback. In the example above, note how no one asked Freddie a single question.
2. The executive team would specifically address and support Freddie's request—not questioning it, but making it happen. They'd send a powerful signal that they're willing to "break glass" organizationally by shifting real resources from business-as-usual activity to double down on the micro-battle. Note that not a single executive helped Freddie shift the priorities of the sales team. Instead, they clutched their resources even tighter. IT refused the request outright, and no one jumped in to ask why, after all, the company was taking salespeople away from customers to focus on IT's issues.
3. Leadership would learn from Freddie's work and help address the broader issues. This meeting presented the opportunity to raise a fundamental question about the company's brokers: how will they compete against a wave of digitally enabled direct-to-consumer products. This is a big issue, and the company will have to deal with it separately. But in the meantime, the executive team

should let Freddie get on with his test-and-learn process. No such discussions occurred.

4. Finally, leadership would step back, look at the discomfort this micro-battle was exposing and use this information to adjust the company's full-potential agenda. You would have hoped that someone would suggest that shutting down an IT initiative that tied up the salesforce was a *good* thing. You'd also hope someone would call out the head of customer insight for wanting to stop Freddie from talking to customers.

Getting leaders focused on these four issues involves a lot of coaching and focus on behavioral change. Why? Because leaders bring a lot of baggage to the table. They've been in an organization that rewards and develops an incumbent or bureaucratic mindset, so it's not surprising they would have to shed some comfortable old habits on the company's journey toward scale insurgency.

All of this corporate drama, in fact, begs the question of why Freddie should march up to the boardroom every four weeks to undergo such pain and frustration. If the objective is to operate in a more agile way, why slow things down with another Exco meeting? There is, indeed, a clear contradiction in this. If you succeed in choosing the right leaders for each micro-battle, you'll have a group of hard-charging insurgents who want to get on with their jobs changing the status quo. Making them discuss their actions in front of their bosses every four weeks seems at odds with the desire to empower the front line and accelerate change.

Yet these sessions are vital for two reasons. First, micro-battles are designed to force transformational change up and down the company, especially in the executive suite. Second, executives have to learn from each other about speed and flexibility and think beyond their individual silos. In other words, the Exco needs these micro-battle meetings to reconnect with their own Founder's Mentality. But old habits keep getting in the way.

Letting go of the baggage

Leadership behaviors are a direct result of the leader's current mindset and the routines he or she has developed over the years. This is a big topic, but to understand what we're talking about, let's ask a few questions about the mindset of these leaders:

- Is the CEO in this case conscious that this review with Freddie is a “moment of truth”—a leadership moment demanding role modeling? Or is she unaware, not recognizing the necessity to lead? My guess is the CEO was rushing from meeting to meeting, exhausted. She forgot that this meeting wasn't just about Freddie's product initiative, but the company's journey to scale insurgency. She rightly pointed out the cannibalization issue, but wasn't thinking about the need for new behaviors and the spirit of test-and-learn. She failed to recognize that her backtracking completely undermined Freddie's initiative.
- Are these leaders defaulting to control mode because they don't trust Freddie? My guess is the head of consumer insight doesn't trust Freddie to run a good feedback session with customers and so controls him by shunting him off to the queue for focus groups—*next year!* The whole point of a micro-battle is empowerment, so this lack of trust has deflated Freddie's team completely.
- Are the leaders projecting a lack confidence in their own judgment onto Freddie? My guess is the CEO and head of HR aren't sure strategically how to address the broker question or how the company should organize to run this new product. So rather than let Freddie sort these issues out over time and then learn from his experience—the very objective of the micro-battle—they have undercut him.

That's a lot to bring to the table, but hardly surprising. These leaders are also creatures of routine and great at what they do. They've mastered their specific organizational roles and have been rewarded for pursuing their

specific functional objectives. Like leaders at any organization, they must deal with three big conflicts.

- **Scale vs. intimacy.** The head of consumer insight is trying to create common approaches to the company's focus groups to bring scale benefits. Freddie is trying to bring intimacy benefits—right now—to LA consumers. This feels really uncomfortable to a guy focused on scaling routines, so the head of insight lashes out.
- **Routine vs. disruption.** The head of IT has a big program requiring big disciplines. This micro-battle guy's creative idea for prototyping in LA is getting in the way of testing her new system on the salesforce. So she slaps Freddie down.
- **Short term vs. long term.** Freddie is in the moment, relishing his progress and moving quickly to the next four-week cycle. The head of HR is thinking through a multiyear organizational program. Freddie isn't fitting that time frame. Slap.

Poor Freddie. Without deep focus on behavioral change at the leadership level, the best micro-battle teams run into the bad-behavior buzz saw. Treated like this by his bosses, it's easy for Freddie to tumble into a negative spiral and start to exhibit what we call a “wait-and-see” mindset. Those with a “wait-and-see” mindset tend to remain positive, but are only along for the ride, having lost the initiative to lead change. Even worse, Freddie might begin to feel helpless and develop a fear of change. Leaders who fear change typically avoid taking risks or exploring new initiatives at all, and express their dissatisfaction without offering solutions. Micro-battles suffer from either sort of behavior and depend instead on the proactive, entrepreneurial energy of the micro-battle leader. It's critical that senior leaders both encourage and role model the behavior of a founder.

That's why you need to train your team on what it means to be part of the Amplify team. So how do you create a positive review cycle? How do you engage leaders to act like founders?

The Amplify Model: Behavior Change at the Top

First, you need to apply adult learning principles. Adults learn best when the learning is:

- **Connected to something they care about deeply.** An easy way to make them care is to run a Founder's Mentality diagnostic, which places your firm on the competitive map and identifies the forces working against you. Given the tremendous cost to employee confidence, we don't know any executives who aspire to work in a struggling bureaucracy, and the team can usually align pretty quickly around the need for real behavioral change. But as Freddie's example shows, leaders must regularly recommit to the need for behavioral change. It's easy to drift back into the old negative routines.
- **Structured to be iterative over time.** What we talk about here is a "field and forum approach"—a cycle of action and reflection where learning builds upon itself. Learn, apply and test, adapt; learn, apply and test, adapt—this in an iterative learning cycle. Through several interventions (forums), you create awareness and build skills. Then, trainees can field test what they've learned and get feedback in a real business environment. One common way we do this is to coach micro-battle sponsors on the executive committee in one-on-one sessions after they've participated in micro-battle reviews. If the execs in the Freddie example had received regular feedback after their previous micro-battle reviews, they would have been much more aware of the need to "lead in the moment." Instead of thinking and working in an "X posture" (the answer is in me, I need to stay in control), we encourage and coach leaders to take a "Y posture": How can I help Freddie to achieve his results? How can I remove barriers? How can I stay in learning mode?
- **Learned from role models.** What's critical here is that top leadership needs to role model the right behaviors. Otherwise the rest of the organization will be extremely unlikely to change. The executive team must learn to reinforce and celebrate the

right role modeling in the areas where it counts: the micro-battles. And this starts with the CEO, who in our case study was a horrible role model for her team.

Second, you need to create the right environment around Freddie and his colleagues, so they get excited about the change rather than discouraged. We argue that the executive committee needs to work with the top 40 "franchise players" in the company, co-create the path to becoming a scale insurgent, and then give that team the responsibility to lead the first 20 micro-battles ("A" leaders on "A" priorities). You create a team of founders. You can then work with this team to design an integrated skills- and capabilities-building program (both technical skills, such as sales or operations, as well as leadership skills) throughout the "leadership spine" in your organization.

Finally, you can do some simple things to shake up the review meetings to keep top management from slipping into old behaviors.

- **Trim the number of leaders who attend.** Not everyone needs to be there, and changing the usual dynamic helps promote new thinking.
- **Hold a stand-up meeting, ideally in a separate war room.** This, too, signals that a Win-Scale meeting is about moving quickly and solving problems, not sitting around debating ideology.
- **Focus on what the micro-battle team wants to talk about.** These meetings shouldn't be comprehensive "progress reports" where the Exco sits in judgment. The objective needs to be removing organizational obstacles, having executives in a "growth" mindset rather than a "protective" mindset, and allocating the resources needed to overwhelm problems. Working through specific issues and making quick decisions are the behaviors micro-battles are meant to encourage at all levels of the company.

A better outcome

Let's now assume the Exco had committed to launching micro-battles and going through deep behavioral change. Freddie's hour would have looked very different:

Freddie: *We've gotten tremendous customer feedback on the prototype of the new online homeowner's policy we launched and now want to move it from a paper prototype to software. We're bringing Bob on board to support development and will be testing with a group of customers in LA. The only thing I need from you guys at this point is some help with our LA sales team. They're overwhelmed by a request from IT to participate in a round of internal research on our new back-end system. We'd like to get them freed up so they can be part of our focus groups and hear customer feedback directly. It's important to keep them in the loop.*

Jack, Exco member, head of customer insight: *Nice work, Freddie. You know we've launched our Focus Group initiative—let me call our guys now to redirect resources to support you in LA. Let's not force you to reinvent the wheel; we've done thousands of focus groups, and your team should get that expertise*

ASAP. I've just emailed our team to call you right after this meeting.

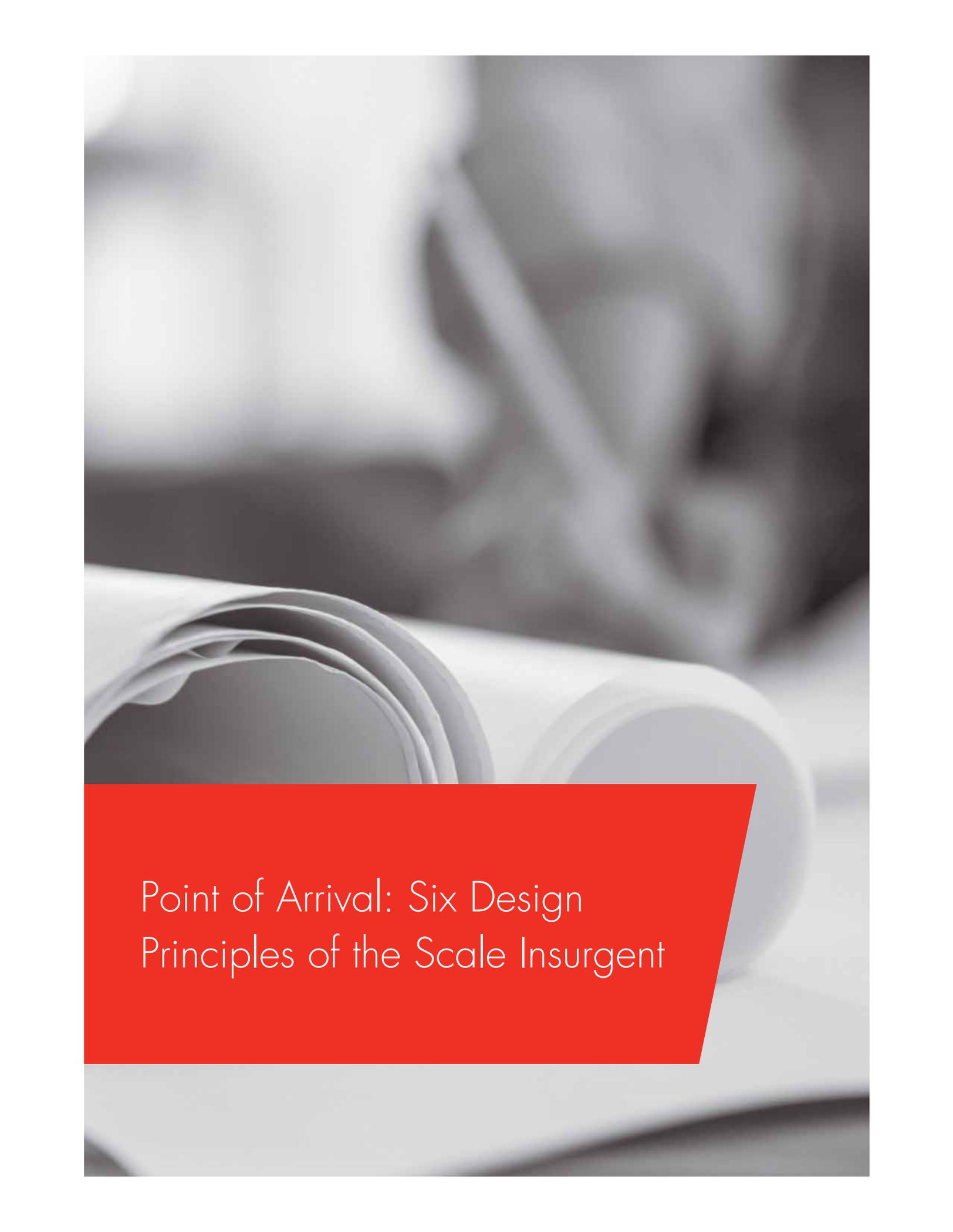
Mary, Exco member, head of IT: *Good job, Freddie. I'll stop the salesforce interviews in LA to free up those guys to support you. I just emailed the team, and you'll get confirmation by 4:00 today. Call me if this doesn't happen.*

Alice, chief executive: *Look, Freddie, there are a lot of interdependencies here. I'm concerned about cannibalization of our brokers, but let's cross that bridge once we understand what consumers need. Full speed ahead.*

Kevin, Exco member, HR: *In addition to Alice's concerns, I'm a bit concerned that our operating model isn't really fit for purpose to run an online business. But that's my problem. You create a great new business, and I'll commit to figure out how the organization can adjust to support you. That's on me, not you. You just focus on creating the next great growth platform for our company.*

Freddie would have had a good day. 

The Amplify Model: Behavior Change at the Top



Point of Arrival: Six Design
Principles of the Scale Insurgent

Scale insurgents start with the customer. Every organizational change they consider must make it easier to deliver to their best customers the benefits of intimacy *and* the benefits of scale. Why? Your customers win when you deliver intimacy, or the “benefits of difference,” because they value things that meet their individual needs. But they also win when you deliver scale, or the “benefits of sameness,” because they reap huge quality improvements and cost savings that come from you doing things 1,000 times in the same way.

This blog asks and tries to answer one question: “What are the organizational design principles that define a scale insurgent?” First, let’s remind ourselves why this question is so important.

- **Your ambition is to become the scale insurgent in your industry.** You want to capture the benefits of size as you grow (scale/scope advantages, learning, market power and influence) while also retaining a strong sense of the Founder’s Mentality® (insurgency, frontline obsession, owner mindset). We call companies that do this scale insurgents.
- **You’re going to pursue this ambition by launching micro-battles.** While there are multiple building blocks that comprise *what* you do to become a scale insurgent, micro-battles represent the *how*. Through micro-battles you rediscover the art of getting things done fast and the science of learning. We talk about this as a “system.”
- **Over time, the lessons from these micro-battles will help you redesign your company.** As you learn by running micro-battles, you’ll see patterns emerge. These patterns will inform and inspire larger initiatives to change the operating model, to act with more agility, to simplify noncore processes, to free up resources for growth. We don’t advocate *starting* with these changes because you’ll learn what you really need to do over time while running micro-battles.
- **Defining the design principles of a scale insurgent will set the right target.** The heart of any micro-battle system is the learning center. This is where all the micro-battle teams meet with senior leadership and where all lessons are shared (see The Micro-battles Learning (Training) Agenda). The first of this room’s four walls is meant to showcase your shared ambition. A critical element of that ambition is to align around the key design principles of the scale insurgent you want to become. This will remind your teams to recall their common ambition at every meeting. It will prompt

them to ask, “Does this decision move us closer to our ambition to be a scale insurgent, or does it move us further away?”

The purpose of this blog post is to encourage that kind of alignment. We want to spur a discussion about what it really means to be a scale insurgent. Ultimately, your ambition is *your* ambition, and we know each leadership team will have a different list of design principles based on its own context and experience. But we’ve been in enough learning centers over the past three years to see patterns. And from these patterns we’ve developed a list of six design principles that are common to roughly 80% of companies. They’re listed below, and we’ll use most of this blog to explain each (see *Figure 1*).

Principle 1: Connect the benefits of scale and intimacy as closely to the customer as possible, and encourage continuous cross-functional learning.

Scale insurgents start with the customer. Every organizational change they consider must make it easier to deliver to their best customers the benefits of intimacy *and* the benefits of scale. Why? Your customers win when you deliver intimacy, or the “benefits of difference,” because they value things that meet their individual needs. But they also win when you deliver scale, or the “benefits of sameness,” because they reap huge quality improvements and cost savings that come from you doing things 1,000 times in the same way. The challenge is that these two benefits can be in direct conflict with each other, and what your customers don’t benefit from is an inability to resolve the conflict rapidly on their behalf. Scale insurgents excel at negotiating the conflicts that arise between intimacy and scale, and they do so as closely to the customer as possible.

Several key points:

- **This demands teams.** Too often the sides of the organization representing intimacy and scale get locked into silos that don’t talk to each other. Scale

Figure 1: Six design principles of a scale insurgent

1	Connect the benefits of scale and intimacy as closely to the customer as possible, and encourage continuous cross-functional learning
2	Create communities to deliver to customers the benefits of relentless adaptation and maniacal adherence to key Repeatable Models
3	Ensure that Agile methods dominate ways of working, with Agile values permeating every function and senior executives collaborating as an Agile strategy team
4	Embrace dynamic approaches to strategy, resource allocation and performance management to focus on the most important priorities
5	Ensure that Agile teams and traditional functional hierarchies coexist and work well together
6	Deliver a new deal for talent

Source: Bain & Company

insurgents break down these barriers by teaming together in all things and resolving the day-to-day conflicts within the team framework. We refer to the leaders of the teams that deliver intimacy and scale as the “franchise players,” and you want to ensure that they are fully empowered to do what it takes to embrace and resolve conflict quickly on behalf of customers.

- **These teams must adopt Agile principles and benefit from strong learning systems.** Agile makes your teams more comfortable with fast adaptation and responding to market feedback. The right learning systems get customer feedback to your teams immediately and make sure they are supported and coached to respond effectively.
- **Everyone else in the organization must support these teams.** Those who aren’t on the teams understand first and foremost that their job is to help the teams do whatever it takes to improve customer solutions and remove obstacles that are getting

in the way of delivering those solutions. There’s no confusion about who’s got the ball. The franchise players and their teams are on the soccer field scoring goals and defending. Then there are the rest of us in support roles aimed at helping them win.

Principle 2: Create communities to deliver to customers the benefits of relentless adaptation and maniacal adherence to key Repeatable Models.

A scale insurgent focuses a lot of energy on nurturing three core communities within the organization. These aren’t new organizational entities with hierarchies and reporting functions. They are communities of individuals who get together sometimes but who also may belong organizationally to other teams. These communities represent the broad sets of skills the company needs to thrive in today’s fast-changing markets. Consequently, you have to start paying close attention to their health. As a community, are they world class? Can

they develop expertise in their community and learn from others? Do the more experienced folks in that community feel a sense of responsibility to develop and coach folks who are more junior?

The three core communities are:

- **The Agile/disruptive/innovator community.** These people promote innovation through Agile ways of working. Some Agile teams come together for specific projects and then disband. Some are “persistent” teams, meaning they stay focused on a single product or service for multiple years, bringing disruptive innovation to their own solutions. Agile teams can also focus on core business processes or the business model, innovating to disrupt your internal ways of working or strategy.
- **The expert/execution community.** These are the people who execute core repeatable business processes day in and day out. They focus on continuous improvement of existing playbooks and, as experts, share what they’ve learned across the organization. They’re also asked at times to support Agile and scaling teams.
- **The scaling community.** These people take winning innovations and scale them across the organization, testing for transferability and repeatability. They help define the next generation of execution playbooks. They also help mobilize resources, internally and externally, including ecosystem partners.

We think one of the biggest challenges for the scale insurgent is to develop the skills of the scaling community. These are the folks who bridge the key scaling sequence that runs from Agile experimentation to repeatability to perfect execution of known routines.

Principle 3: Ensure that Agile methods dominate ways of working, with Agile values permeating every function and senior executives collaborating as an Agile strategy team.

Scale insurgents recognize that formal Agile teaming isn’t appropriate for all parts of a mature organization. But they also ensure that Agile *thinking* permeates everything they do.

This demands:

- **Micro-battles.** Scale insurgents run their top strategic initiatives as micro-battles, with senior executives playing key roles on the Leadership team. Micro-battle teams bring together the best of the innovator, expert and scaling communities as they win and scale.
- **Agile teams.** The innovator community runs Agile teams, and as we said, many run whole product and service areas as persistent teams that work together for years. This ensures that teams are constantly looking at changes in the marketplace to make sure you aren’t displaced by the new insurgents in the industry.
- **Agile mindset.** But let’s be clear, the expert and scaling communities also share an Agile mindset and use it to continuously improve the playbooks used to execute Repeatable Models and to help scale major initiatives across the enterprise.

Principle 4: Embrace dynamic approaches to strategy, resource allocation and performance management to focus on the most important priorities.

Scale insurgents have liberated themselves from the sun—or more precisely, the Earth’s movement around the sun. It is amazing to think about how many core processes, starting with strategy planning and budgeting, are still tied to the yearly calendar at most companies. Thank goodness we’re not on Saturn or we’d be budgeting in 30-year cycles. When it comes to strategy and resource allocation, scale insurgents rely on processes that are much more dynamic and responsive.

Most notably:

- **Strategy moves from a calendar-based planning process to an issues-based continuous process.** That allows market and competitive realities to drive the cadence of decision making, which means reactions don't have to wait until the next planning cycle. Strategy is also much more ecosystem focused. While a core outcome of strategy is to dominate your industry's profit pool, this will depend less on the assets your firm owns and more on your firm's ability to partner with others in the ecosystem to gain marketing power and influence. (See "The Firm of the Future" in the Appendix.)
- **Just as planning has to be more dynamic, resource allocation also has to be more fluid.** Based on changing circumstances, your teams are continuously being redeployed to work on the most important priorities. Costs are always zero-based to free up resources to fund growth.
- **And performance management is simplified.** Because scale insurgents empower their teams more, they clearly define what they mean by "freedom within a framework." This sets the guardrails and lets teams know which decisions they own. Most companies base performance management on a lack of trust, requiring lots of meetings to check on progress and vet decisions. Scale insurgents manage performance more by exception. This means fewer meetings, but Lord help the teams that hit the exception button—that invites a lifetime of "senior management review."

Principle 5: Ensure that Agile teams and traditional functional hierarchies coexist and work well together.

OK. Now the rubber hits the road. Up to this point, the principles we've laid out have been aspirational but clearly achievable. This next one is the most aspirational of all. Getting the three communities to work together in harmony is one of the major challenges on

the journey to scale insurgency. Many folks, in fact, believe it's impossible—that large companies can never rediscover Agile ways of working at scale or recapture their Founder's Mentality. We disagree. And we wrote a book about it. But the doubters do have a point—many scale insurgents or Agile enterprises were born Agile (usually recently), and they grew quickly. It's a lot harder for an existing incumbent or struggling bureaucracy to transform itself into a scale insurgent because micro-battle teams and Agile teams eventually run into the older, more traditional parts of the organization. These rely on more hierarchical decision making and ways of working that grew out of established routines and behaviors.

How you get Agile teams and traditional functional hierarchies to thrive together is a sprawling subject, which we'll tackle in another blog post. Here we're concerned with the "point of arrival," focusing on the finished product.

This is what it looks like at a scale insurgent:

- **All leaders share the ambition to capture the benefits of size while retaining the Founder's Mentality.** That means they all recognize that scale insurgents rely on both Agile teams and traditional hierarchies. The leaders of scale insurgents don't argue this point. They are committed to it.
- **Leaders are clear on which initiatives should be supported by Agile teams and which by traditional functional hierarchies.** This becomes a natural part of resource allocation. The leaders of the scale insurgents are thoughtful and deliberate in how they deploy resources among the three communities, matching the right initiative to the right approach.
- **They also develop the skills to ensure that functional hierarchies can support micro-battles and Agile teams,** even though these teams have much faster cycle times. Agile teams have a specific cadence that is often directly at odds with the traditional hierarchies locking in Repeatable Models

More Resources

AGILE

- “Agile Innovation” (Bain Brief)
- “How to Make Agile Work for the C-Suite” (*Harvard Business Review*)
- “Embracing Agile” (*HBR*)
- An Executive’s Guide to Agile Innovation (Bain infographic)
- Darrell Rigby: Agile Innovation (Bain video)

OPERATING MODEL

- “Winning Operating Models That Convert Strategy to Results” (Bain Brief)

- The CEO Agenda: Operating Model (Bain video)
- Eric Garton: Winning Operating Models That Convert Strategy to Results (Bain video)
- “Design Principles for a Robust Operating Model” (Bain Brief)

FIRM OF THE FUTURE

- “The Firm of the Future” (Bain Brief)
- The Firm of the Future (Bain interactive)
- Andrew Schwedel: Firm of the Future (Bain video)

for core processes. Yet, specific disciplines—IT, for example—must work at both speeds. Agile teams that have competitors breathing down their necks need IT to engage on multiple rapid rounds of prototypes. But the IT hierarchy is also responsible for making sure the technology operations running in the background are flawless and don’t disrupt innovation. (Please read *The Phoenix Project* to see this dilemma in action.) Rather than hide from this trade-off or deny it, the scale insurgent has the critical skills and discipline to develop integrated roadmaps for deploying teams that can operate across all time frames. Many of these skills are nurtured within the scaling community.

- **Senior leadership sets meetings to a cadence that ensures they can quickly resolve any bottlenecks between the two groups that impede progress.** Because scale insurgents aren’t bound by the Earth’s rotation around the sun, they aren’t locking in processes that are reviewed quarterly or annually. The leader’s job is to constantly manage

trade-offs across the three communities. And the company builds in the systems to resolve these trade-offs every hour, not on the equinox.

- **Therefore, the scale insurgent invests massively in itself,** recognizing that common training and coaching across all communities and teams are necessary to create a common language and Agile mindset. The scale insurgent is trying to get the best out of Agile teams and the best out of traditional hierarchies to gain the benefits of size while retaining the Founder’s Mentality.

Principle 6: Deliver a new deal for talent.

Every firm has thinkers and doers, but the doers are the heroes at a scale insurgent. These companies recognize and reward execution in new ways. As we’ve seen, they still have (and value) traditional hierarchies in some areas of the business. But they have moved away from an exclusive reliance on the old path to success—climbing the ladder, increasing your span,

Point of Arrival: Six Design Principles of the Scale Insurgent

becoming primarily a thinker who has moved further and further from customers and execution roles. Scale insurgents offer a new deal for talent. They reward people for measuring their careers by the great teams they joined and led, and taking satisfaction in the impact those teams had on customers and society.

We offer these principles not as hard and fast rules but as input for your company's journey. They've emerged from the patterns we've observed at the scale insurgents we've worked with, and they are, in many ways, an aspiration. 



Making the Case for Change:
The Role of the Founder's
Mentality Survey

The best Leadership teams use the survey as a starting point for introspection, and for engaging the organization in a richer, deeper dialogue. This very discussion is an opportunity to begin reclaiming the *Founder's Mentality*.

Making the Case for Change: The Role of the Founder's Mentality Survey

As a Leadership team reflecting on the company's insurgency and growth priorities, you might be experiencing some dissonance. There's an innate sense that your Founder's Mentality® is still relevant, yet not as strong as it was before. There's a lack of clarity on how big an issue this really is, and if others feel the same way.

The Founder's Mentality survey is a starting point for understanding the extent and urgency of the change needed. The survey asks all individuals within a company five key questions.

1. **Is your company retaining its Founder's Mentality as it scales?** Is the sense of insurgency still alive at all levels of your organization? And can your company's strategy translate this insurgency into front-line action?
2. **Is your company really gaining the benefits of size as it grows?** Does your company's strategy lead to sustainable differentiation, leadership economics and market influence? Are you actively capturing the benefits of learning?
3. **What are the key internal barriers that hold back growth?** Does your company's organization and performance culture enable scaling with speed?
4. **What are the biggest external threats that your company needs to address?** Which external threats are you facing today? Which will you face in the future?
5. **What is your company's ability to address these risks?** Based on the survey scores and feedback from the front line, can you act decisively to change your course?

The bar of scale insurgency is a high one, and the benefits speak for themselves. Our research and survey of 300 large companies last year showed that there are measurable differences between scale insurgents and struggling bureaucracies:

- **Better returns.** Scale insurgents are, on average, 3.5 times more likely than bureaucracies to be more profitable than their competitors.

- **Greater adaptability and resilience to change.** Leaders in scale insurgents are seven times more confident that they can handle industry change, and six times more committed to the company's insurgent mission.
- **A stronger culture of meritocracy, and the ability to attract and retain top talent.** Leaders in scale insurgents are much more confident about their ability to get the best people in critical roles. Furthermore, 97% of the employees in scale insurgents said they would recommend their company to a friend. Employees in struggling bureaucracies were net *detractors* of their company.

Over the past four years, we've run this survey at 800 companies, covering 10,000 respondents across regions and industries. As we looked at the insights that emerged from these discussions, we believe there are six patterns that point to an urgent need for change in most companies.

- **The Leadership team is not aligned on the insurgency** (i.e., the customer-oriented insurgent mission and spiky capabilities). In the organizations we surveyed, only 15% of Leadership team members in a given company agreed on the top three sources of competitive advantage. This is often the first barrier to focusing and energizing the rest of the organization.
- **The Leadership team is too far removed from the front line.** In our surveys, almost three-fourths of the Leadership team disagreed with the rest of the organization on the top internal barriers and the main sources of competitive advantage. This highlights the need to bring customer insight and front-line voices front-and-center in the boardroom.
- **Most Leadership teams are caught up in daily battles.** They are preoccupied with the short term and overemphasize today's business model over tomorrow's sources of differentiation. This blurs the focus on building new capabilities. Over 70% respondents surveyed felt that in order to succeed in the future, they clearly needed to fundamentally

Making the Case for Change: The Role of the Founder's Mentality Survey

rethink and upgrade their current capabilities. The survey acts as a forcing function to step back and reevaluate priorities.

- **Companies have lost speed as a source of competitive advantage and the ability to solve basic customer issues.** These are the most glaring symptoms of an organization that has lost its Founder's Mentality. Over 60% of survey respondents in companies with low scores felt their company was unable to make and act upon key decisions faster than their competitors. In addition, over 40% respondents in these companies believed that front-line employees were no longer empowered to do "whatever it takes" to support their most important customers.
- **Employees are net detractors.** They would not recommend their company to friends or colleagues as a place to work. The survey feedback helps Leadership teams get to the root causes of employee dissatisfaction, which leads to unique insights about the company and its ways of working.
- **The company is underinvesting in learning systems** that can turn scale into a source of competitive advantage. One of the biggest strengths for a large company should be its ability to learn from experience, improve and outperform less-experienced insurgents. However, most large incumbents neglect this area—and we found that this was a key difference between our best and worst performers. Scale insurgents had significantly higher scores in learning.

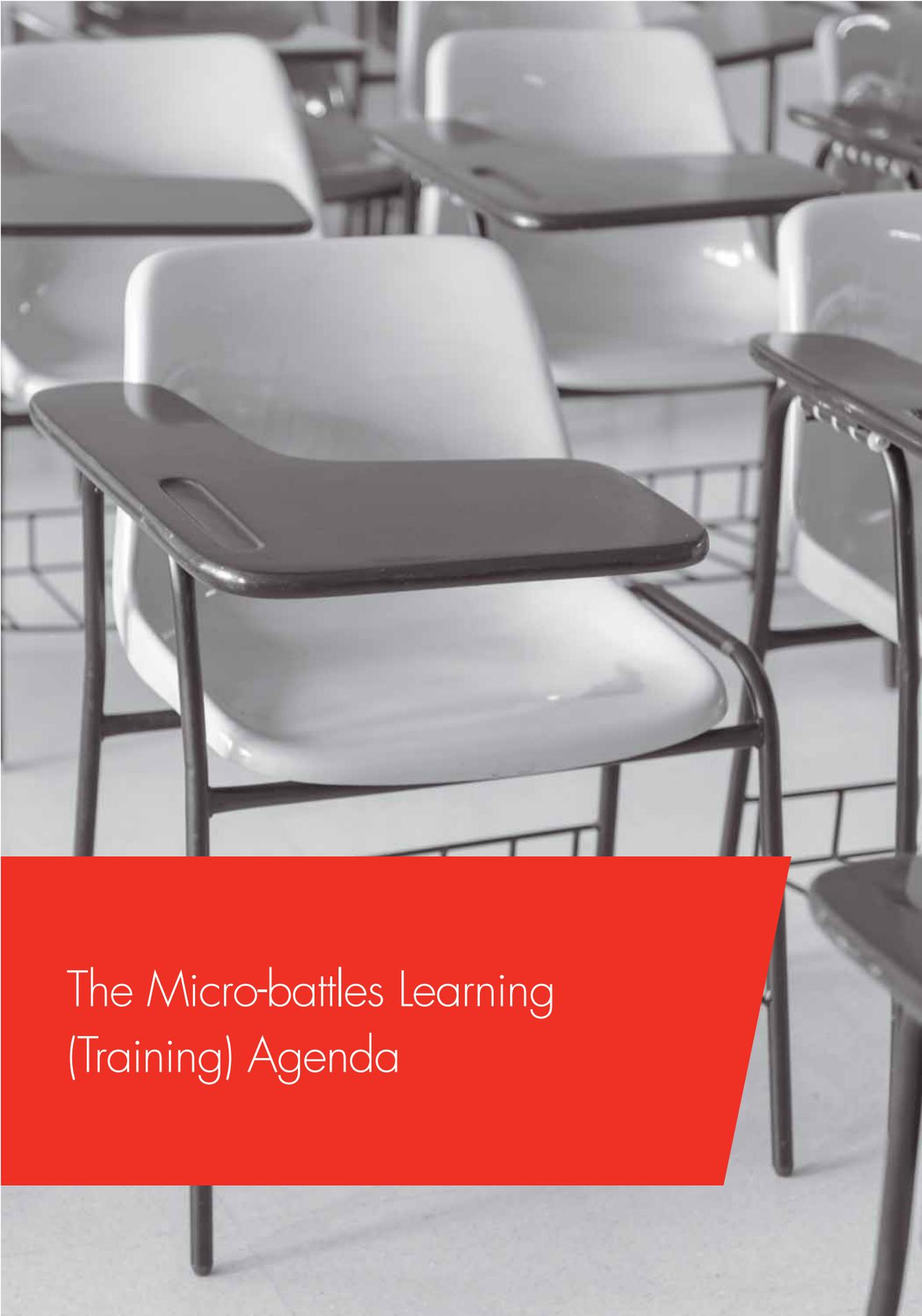
While the survey is a powerful tool, it demands the careful and balanced interpretation of different perspectives. For example, what the front line often sees as a threat to innovation and agility is sometimes simply an attempt by the Leadership team to consolidate and realize the benefits of scale. Similarly, what the Leadership team often sees as a desire to perpetuate

geographic or business unit "fiefdoms" is often a call from the front line for more empowerment and support on things that matter to them. Bringing the two sides together and uniting them around the common language of insurgency and "what matters for the customer" is critical to embarking on the journey toward scale insurgency.

The best Leadership teams use the survey as a starting point for introspection, and for engaging the organization in a richer, deeper dialogue. This very discussion is an opportunity to begin reclaiming the Founder's Mentality, so invest your time. Here are some best practices and tips that might be useful.

- **Raise the ambition.** You can have both the benefits of Founder's Mentality and the benefits of size. There's always room to improve.
- **Go deep and understand the real feedback** that only those closest to customers can provide. This will uncover some unvarnished truths, but recognize that some conflict is good for the organization, since it highlights the right trade-offs.
- **Celebrate the pockets of insurgency in your organization.** Identify best practices and insights from these pockets of insurgency. Roll them out where applicable across the company.
- **Identify the no-regret moves that you can launch quickly,** using the survey as a guide.
- **Bring the Founder's Mentality front-and-center on your executive agenda.** Use the ambition of scale insurgency as a rallying cry for the organization.

You've now set the right foundation for the next stage—and you're ready to move from the diagnostic to solutions, building on the excitement and energy that you've unleashed in this first step. We wish you an exciting journey ahead! 



The Micro-battles Learning
(Training) Agenda

Top executives need to be role models for new behaviors, listen closely to the micro-battle teams and give energy to those teams by removing obstacles in their way. The goal is to make problems smaller, not bigger, so the micro-battle teams are in the best position to execute quickly and effectively.

Micro-battles are microcosms of the company you want to become and are designed to promote transformational change from the inside out. Consequently, you need to build in training and coaching for everybody from the executive committee (Exco) to the members of the micro-battle teams.

By design, micro-battle training is an ongoing journey. It is an iterative process that combines both hands-on fieldwork and a set of workshop-style forums. In the field, teams “learn by doing”—solving real problems, facing real moments of truth and trying on new behaviors in the real world. As such, field training provides the most powerful and lasting learning experience, especially as Leadership and Win-Scale teams forge a new style of working together. But forum-based learning is also critical to ensure the effort stays on track. This involves facilitated workshops where people come together to reflect on lessons learned, trade observations, address obstacles and initiate action. Forums also help prevent backsliding into old habits as leaders and micro-battle teams adjust to new behaviors.

Ground zero for this forum-based training is the learning center—a room devoted to collecting and codifying what the organization is shooting for and what it is learning from its micro-battle portfolio. One wall of the room lays out the aspiration (what your company would look like as a scale insurgent). The others track your progress toward that aspiration. Every month, the micro-battle teams meet here with senior leadership for review sessions to analyze results, raise concerns, keep track of resources and celebrate victories. It is also a dedicated space for teaching both senior executives and micro-battle teams how to engage in this new and dynamic management system.

There are two fundamental aspects of the micro-battles training agenda:

Foundational elements. These are core modules that are required to get the basics right and set up and run the Bain Micro-battles System.

Micro-battle and Leadership team trainings. These are key sessions to help the micro-battle teams and the Exco build the skills and behaviors needed to run micro-battles successfully.

Let’s take a closer look at the content for both of these aspects (*see Figure 1*).

Foundational elements

The micro-battles journey is structured around four stages, each of which requires some grounding for the teams—this is what the foundational elements set out to do.

When the organization is embarking on the journey, there is often an innate sense that the Founder’s Mentality® is still relevant, yet not as strong as it was before. There is a lack of clarity on how big an issue this really is, and whether others feel the same way. The critical goal of the foundational elements is to unite the Leadership team on the point of departure and the point of arrival, then uncover some of the big steps to get there.

We recommend two foundational modules, or working sessions, at this stage.

Founder’s Mentality overview and survey

Objective: Introducing the Founder’s Mentality journey, establishing the point of departure, and aligning the Leadership team on the extent and urgency of the change needed.

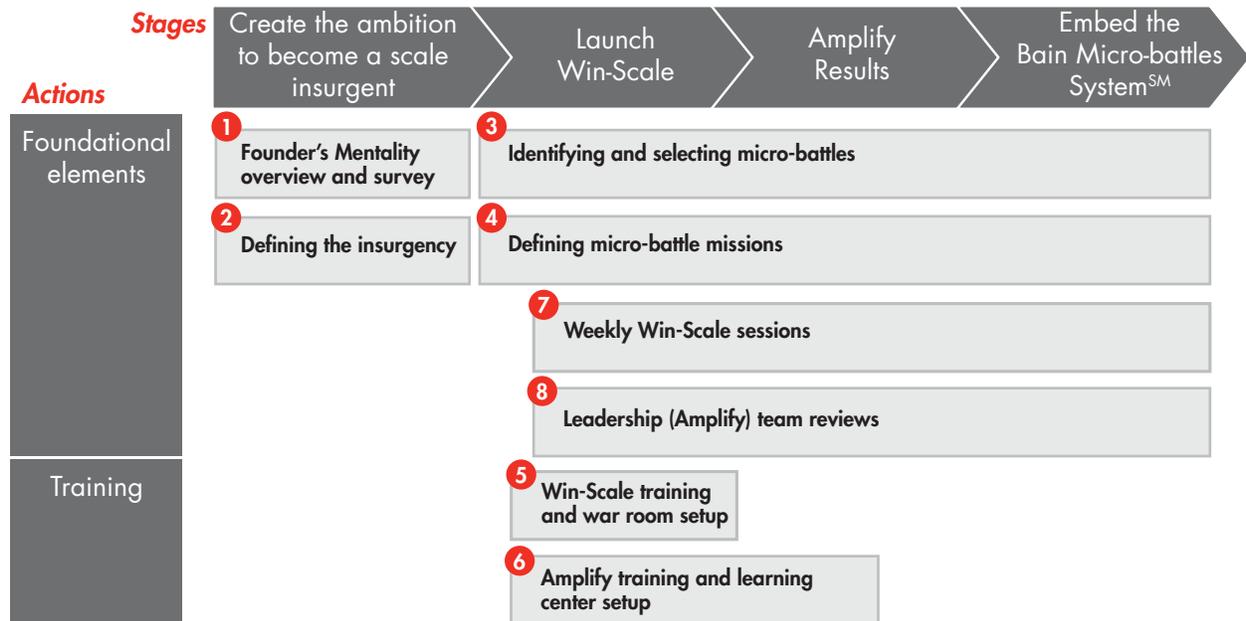
Participants: Leadership team.

Key topics:

- Is our company retaining its Founder’s Mentality as it scales? Is the sense of insurgency still alive at all levels in the organization? And can the company’s strategy translate this insurgency into front-line action?

The Micro-battles Learning (Training) Agenda

Figure 1: The micro-battles journey and the training agenda



Note: Bain Micro-battles SystemSM is a service mark of Bain & Company, Inc.
Source: Bain & Company

- Is our company really gaining the benefits of size as it grows? Does the company's strategy lead to sustainable differentiation, leadership economics and market influence? Are we actively capturing the benefits of learning?
- What are the key internal barriers that hold back growth? Does our company's organization and performance culture enable scaling with speed?
- What are the biggest external threats that our company needs to address? Which external threats do we face today? Which will we face in the future?
- What is our company's ability to address these risks?

Defining the insurgency

Objective: Uniting leadership around a common point of arrival by defining what the company will look like as a scale insurgent and what it will act like as it re-gains its sense of mission and Founder's Mentality.

Participants: Leadership team, potentially with a subset of the franchise players.

Key topics:

- As a company, what is our insurgent mission? Who are our target customers, and how are we waging a war to serve their needs?
- How do we deliver this insurgent mission in the market? What capabilities do we rely on today? What should they look like in the future?
- For each of these capabilities, are we truly differentiated vs. our competitors? What are our strengths and weaknesses?
- What should we do strategically to address those weaknesses and get us closer to fulfilling our mission?

- How do our leaders stack up in terms of the behaviors needed to win? Which behaviors do we need to adopt, and which do we need to let go?

Having established the overall ambition and point of departure, the next step is to identify the most important micro-battles that you want to pursue and scope them out. The next two modules help the Leadership team build out the micro-battles roadmap (which will get refreshed over subsequent cycles), and set out the initial hypothesis on deliverables for the working teams.

Micro-battles identification and selection

Objective: Learning how to define and choose micro-battles while creating the conditions for them to succeed.

Participants: Leadership team, potentially with a subset of the franchise players.

Key topics:

- Based on the key strategic themes identified in the insurgency workshop, how can we develop more precise goals? What are our specific priorities for product innovation, biggest competitive threats and opportunities to address organizational dysfunction?
- What is the first failure point for each priority, and how can we define a micro-battle to address it?
- The launch of these battles should be phased in according to two criteria: value at stake (How much value can each battle generate by addressing a crucial strategic or organizational issue?) and ability to win (Is the scope manageable? Do we have the resources to succeed? Is the potential solution scalable?).
- Based on these priorities, what are the three or four essential behaviors that leadership should change to set these battles up for success?

Defining micro-battle missions

Objective: Defining the initial micro-battle mission, creating the micro-battle team and articulating a repeatable model for scaling. The goal is to give the new micro-battle team a point of departure, including a clear sense of what the first few Agile sprints will look like.

Participants: Leadership team, potentially with the micro-battle leads, if already identified.

Key topics:

- Confirm strategic intent. What is the precise strategic intent of this micro-battle, what is the first failure point and who is the customer? Who should lead this battle, and which functions/roles should be represented on the team?
- Define the winning prototype. What is our hypothesis for the most effective first prototype, and what are the criteria for testing it so the team can begin learning?
- Develop the repeatable model. Who can help the team translate the prototype into a repeatable model, and what is the right scaling model to ensure a smooth rollout to other markets or functions?
- Outline the deployment plan. What behavior changes throughout the company will be required as we build the prototype and roll it out to the rest of the company? How can we start managing for that change?

Once the micro-battles are underway, the next two modules aim to help the working teams and the Leadership team gather at a couple of forums to solve specific issues and reflect on what they learned from each sprint.

Weekly Win-Scale sessions

Objective: These are less formal, hands-on sessions devoted to ensuring that micro-battle teams turn learn-

The Micro-battles Learning (Training) Agenda

ing into a habit. They focus more on the quality of the discussion and insights, and less on PowerPoint slides and status updates. Team members practice giving and receiving feedback. They share their work, collect feedback from the prototype and co-create the plan for the next sprint. They learn how to discuss their results objectively and openly, rather than protecting themselves or defending their point of view. They also receive training in how to challenge the Leadership team and ask for what they need to make the micro-battle a success.

Participants: Micro-battle teams, with the option of having the Leadership team sponsor join one to two of these sessions.

Key topics:

- Briefly recap progress on the micro-battle objectives and discuss what needs to change.
- Share what the team has learned from the prototype and customer feedback.
- Identify roadblocks that need to be addressed early. Sort out which can be handled by the team or the team's sponsor on the executive committee, and which ones need intervention from the CEO or executive team.
- Outline the scaling plan and potential actions needed to change behaviors to make the rollout effective.
- Agree on a plan for the next sprint.

Leadership (Amplify) team reviews

These are crucial sessions in a micro-battle process. They bring the micro-battle and Leadership teams together and create a forum where everyone has to role model the desired behaviors of a scale insurgent, while evaluating the prototype and learning from each sprint.

Objective: Co-creating solutions to accelerate micro-battle results, while drawing out the broader implications of this learning for the rest of the company.

Participants: Leadership (Amplify) team and micro-battle leads.

Key topics:

- Co-create and recap the desired behaviors to role model.
- Share what the micro-battles team has learned from the prototype and customer feedback, giving the Leadership team the opportunity to ask questions and provide guidance on the scaling plan and the objectives of subsequent sprints.
- Solve the roadblocks that need intervention from the CEO or executive team.
- Celebrate successes and recognize team heroes.

For one large telco, the first Leadership team review was an eye-opener—even for a company deeply committed to the Founder's Mentality and the journey toward scale insurgency. The CEO and executive committee were clearly aligned on the company's insurgent mission: *Redefining data connectivity through pervasive, high-quality network access and services*. Yet putting micro-battle training into action raised a number of important lessons. Here are a few:

- This company discovered early that changing existing ways of working is *the* toughest act of leadership. It requires deep commitment from everyone involved, but the change has to start with the CEO. The telco's top leader was committed to role modeling new behaviors in every interaction and had called upon the rest of this executive team to do the same. But when you're under pressure and fighting daily competitive battles, this requires a focused, *conscious* effort, and the team found it easy to slip back into a command-and-control mindset. To reinforce the need to think instead like a coach, the CEO made the pivotal decision to personally mentor the franchise players who were leading each micro-battle. This meant making time for monthly coaching sessions with them, keeping the CEO focused on the new micro-battle agenda and the key behaviors that would support its success.

- The company also learned early that these joint sessions have to focus on real results, not PowerPoint activity updates. This meant pivoting from the usual internal discussion about how difficult things were this week, to an external analysis of what customers want and how the company can delight them. It also helped leadership maintain a surgical focus on what really matters: how to help vital micro-battles show results in the market.
- For everybody involved, it's easy to concentrate on what it takes to win with the new prototype. But each session is also about learning and scaling the micro-battle outcomes. That's why conducting them in the learning center environment is so important. The learning center is designed to codify and promote the broader goals of the Micro-battles System. Each meeting builds on the earlier ones, and the learning center's four walls provide space to make results, decisions and commitments clearly visible to everyone. At the end of each meeting, people should leave the room with:
 - Commitments from individual executive committee members on which impediments they will remove in the days ahead.
 - Actions for the micro-battle teams to consider for updating their next sprint and accelerating results.
 - A list of patterns across the micro-battles that require urgent leadership attention.
 - A roster of heroes who made things happen and a plan to recognize their stories more broadly.
- This leadership team also learned that personal ownership is essential—and that starts with making problems smaller, not bigger. In the first Leadership review, the team discovered that a lot of the challenges raised by the micro-battle leads could have been solved by their executive committee sponsors earlier through cross-functional discussions. It didn't have to happen in the review. As a

result, the sponsors and the micro-battle leads pledged to initiate cross-functional discussions to solve these relatively easy issues before subsequent sessions. That way, they could devote precious Leadership session time to the truly difficult, unsolved issues.

Training

For both leadership and the micro-battle team, the micro-battles approach comes to life in two training sessions. These sessions are geared to equip the teams to actively lead micro-battles, manage the portfolio and learn new ways of working.

Win-Scale training for the micro-battle teams

As we have seen, one of the Leadership team's early objectives is to find the first failure point for each micro-battle and then propose a micro-battle mission to address it. But this is really just a well-informed hypothesis; it is up to the micro-battle team to gather the hard evidence. The team's first objective, in fact, is to confirm whether or not members agree with the proposed prototype and repeatable model. The team must then test these hypotheticals in front of customers using Agile principles and ways of working.

This means the initial training for micro-battle teams focuses on how to crack tough problems quickly, using rapid test-and-learn cycles. But the training must also focus on how to scale solutions and new behaviors to the broader organization. This is the essence of the Win-Scale model—it often requires difficult shifts in how the teams interact with leadership.

Objective: Learning to solve problems using an Agile approach, which requires a very different mindset. Teams need to embrace repeated cycles of trying, failing and learning, while collaborating to build on each other's strengths. This training uses a series of interactive exercises to introduce the basics of working in Agile, while coaching the team on such topics as how to make problems smaller and how to solve the specific first, before debating the ideological.

The Micro-battles Learning (Training) Agenda

Participants: Micro-battle teams, with the option for the Leadership team sponsor to attend.

Key topics:

- Create and manage the product backlog. This helps define and deliver the micro-battle objective, which the micro-battle leadership owns.
- Create and manage the sprint backlog. Once the team defines the product backlog, it pulls those items into the first set of sprints to deliver a minimum viable product that customers can react to.
- Run Win-Scale or sprint reviews. Using role-playing, the team learns how to capture results from the prototype and measure feedback. Part of the goal is to understand the templates needed for reporting across micro-battles.
- Define how team members will interact. Teams need to learn how to draw upon common resources, celebrate learning and hold both themselves and leaders accountable for new behaviors.
- Identify individual postures, recognize moments of truth and commit to act like founders guided by an insurgent mission.

As the teams are trained, trainers should point out a few important principles and things to watch for:

- Be prepared to push boundaries. Often the habitual fear of failure results in teams either abandoning an idea too early or not being bold enough to really push the envelope with the first few sprints. Embrace failure as a stepping-stone to success.
- Beware of the “pilot success story.” Celebrate incremental success with the prototype, but declare victory only after the repeatable model is successful. The ultimate goal is bigger than a one-off, local solution.
- Focus and time are critical. Teams need to ask for adequate time and the right support from central resources to make the micro-battle a success.

Amplify training for Leadership teams

One specific goal of running a micro-battle portfolio is to change fundamentally the behaviors of the company’s most senior leaders. At its most basic, this means replacing the traditional command-and-control approach with one based on empowerment and trust. Much of this involves learning how to get out of the way—how to facilitate rather than dictate. Top executives need to be role models for new behaviors, listen closely to the micro-battle teams and give energy to those teams by removing obstacles in their way. The goal is to make problems smaller, not bigger, so the micro-battle teams are in the best position to execute quickly and effectively.

Needless to say, this is a major adjustment for many leadership teams. The Amplify training helps leaders explore topics in two main categories: “hardware,” or the nuts and bolts of setting up a micro-battle portfolio, and “software,” topics focused on the changes to mindset and behaviors that leaders must undergo to make the Micro-battles System work. They are intended to occur after the Leadership team has done the core strategy work that lays the foundation for the company’s journey to full potential.

Objective: Using exercises and role-playing to help the Leadership team become better at managing the portfolio of micro-battles and governing them. This is where the Leadership team will likely have to stretch the most in adopting new behaviors, because it involves both new leadership skills and new learning skills.

Participants: Leadership team (or a subset of it).

Key topics:

- What is our starting point? Where are we today as a company on both hardware and software issues?
- Do we have individual leaders who can inspire and guide the micro-battle teams through trust and empowerment, not command and control?

- Where do we want to end up? What kind of performance, behaviors and mindset do we expect from ourselves and from our micro-battle teams?
- What commitments are we willing to make to get there?
- How will we demonstrate this commitment in each interaction with the organization? This typically involves role-playing that helps leaders recognize the moments of truth in their interactions and coaches them on how to change their responses when necessary.
- How are the micro-battle teams adopting new ways of working? What is our role in helping the teams, and in scaling the prototypes and the ways of working? What should we expect in the first Leadership review?

Every company's experience is, of course, different, and Leadership teams need to structure the training agenda to reflect their company's unique circumstances. It should be tailored according to the company's position on its journey to scale insurgency and the context it faces financially, organizationally, culturally and in terms of leadership readiness.

Think back to our previous telecom example. What rings true is that the effectiveness of micro-battle training results from a rich combination of hands-on field experience and a set of open, facilitated forum discussions in the learning center. Learning about new behaviors is one thing; living them is another. But as the telco discovered, embracing change can improve business rapidly and transform a company's ways of working. Micro-battles unlock an enormous amount of energy and enthusiasm, and that is the best measure of success. 

The Micro-battles Learning (Training) Agenda

Launch Win-Scale

The Bain Micro-battles SystemSM

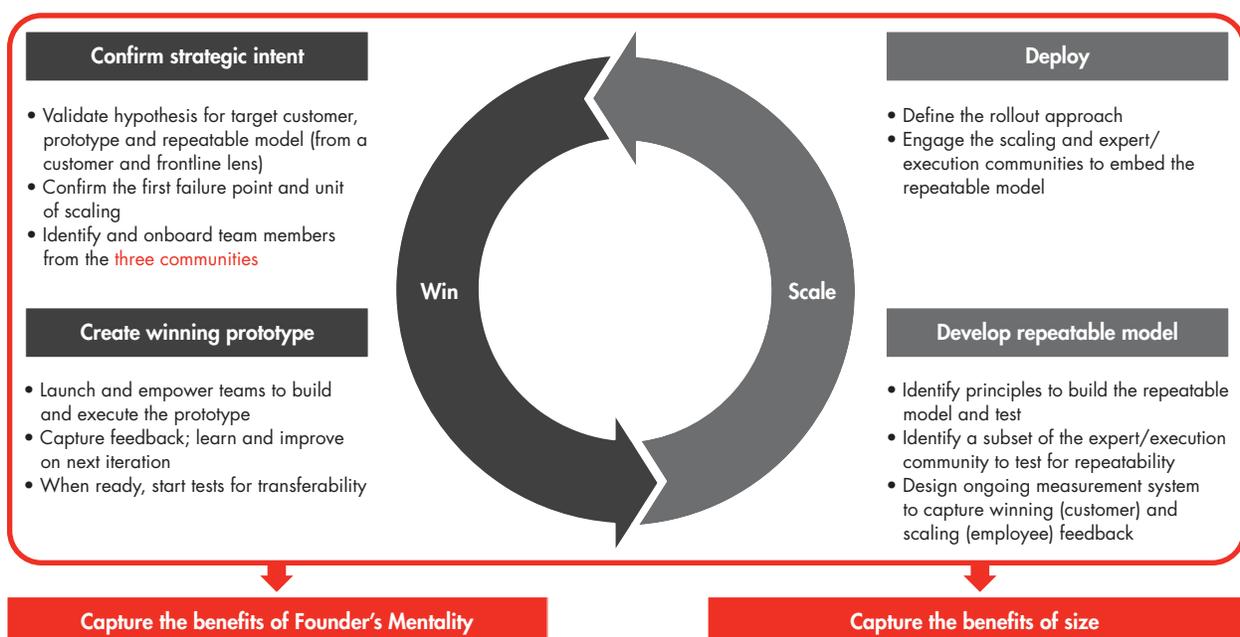
Preface: Stage 2

Welcome to Stage 2. Your goal now is to get started. You're fired up and ready to go, so we'll focus first on how to mobilize your micro-battle teams. These are the teams that will become masters of winning and scaling (see Figure 1).

There's a lot for you to do, so our goals in this section are:

1. **To introduce you to the skills your micro-battle teams will need.** Your micro-battle teams will need to be masters at creating successful prototypes *and* figuring out how to deploy them across the organization. Prototyping is about winning—learning to translate a strategic initiative into something that can be tested. The team will learn insurgent skills—moving fast, making problems smaller, adapting, learning and retesting. But winning isn't enough for the scale insurgent. The team needs to scale its solutions. This demands that the members learn how to turn the prototype into a repeatable model. They need to learn about scaling models and decide which to use. These are the skills of the scale insurgent, and learning starts the day you launch your first micro-battle.
2. **To help you choose and launch your first wave of micro-battles.** We'll describe in detail how to pick the first three micro-battles. We'll urge you to move fast and get started. We'll urge you to pick winnable battles first, to build momentum for the idea of micro-battles. We'll urge you to pick your stars to run the first battles and use their testimony to create excitement around what you're doing. But we'll also urge you to slow down. We'll encourage you to consider if your micro-battles are set up to succeed, using a launch checklist.

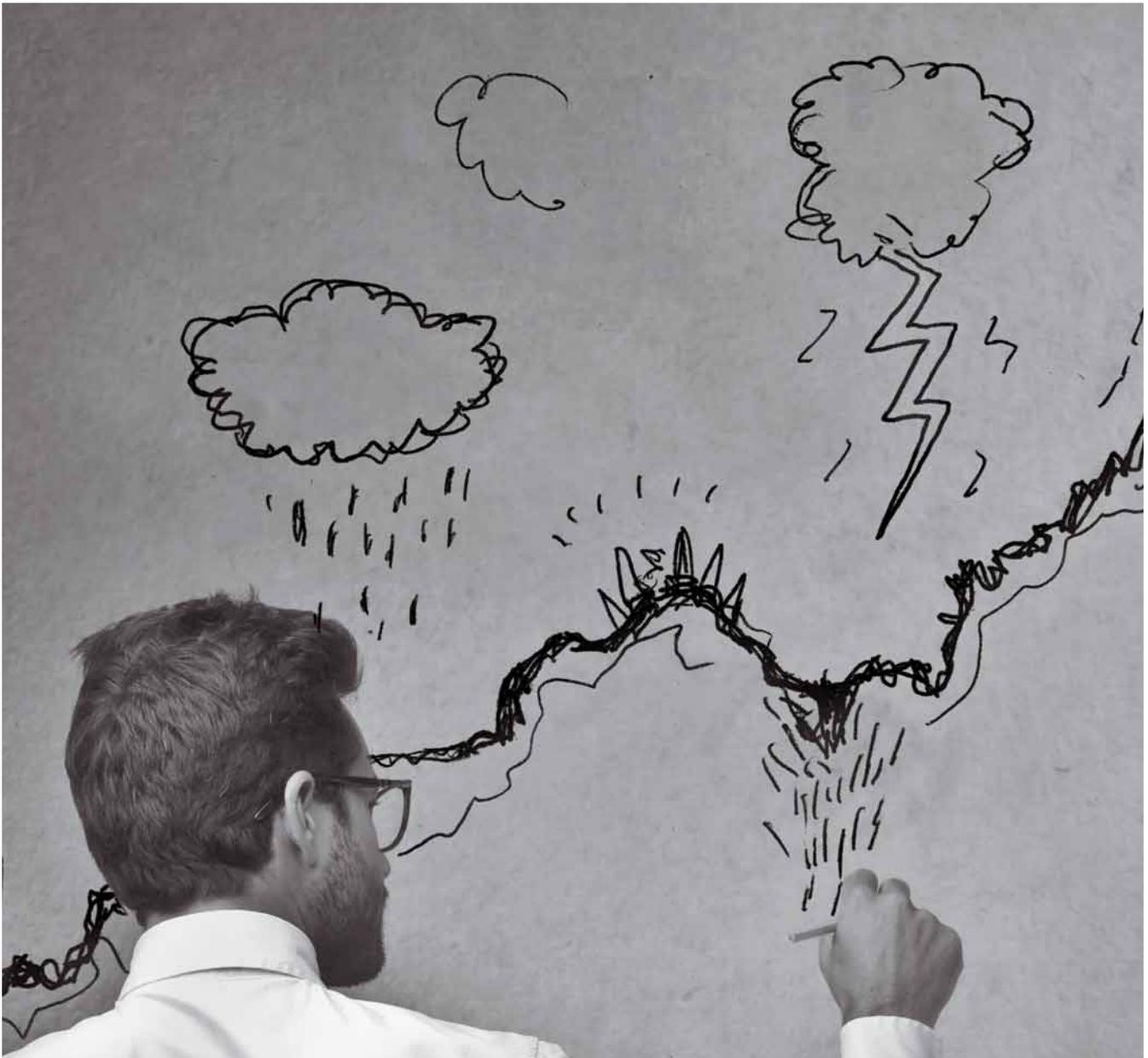
Figure 1: The Micro-battles System builds the Win-Scale capabilities of a scale insurgent



Source: Bain & Company

The Bain Micro-battles SystemSM

3. **To help you draft the micro-battles mission, identify the first failure point and plan the journey from prototyping to deployment.** Once you've picked your battles, you'll need to write a micro-battle mission. This demands you develop a hypothesis on how to translate your strategy into something the team can prototype. This demands you also develop a hypothesis on the repeatable model and how you'll deploy it across the company. Of course, the micro-battle team will refine the mission, but you'll need to do some work here too. Because the concept of the first failure point is new, we'll spend a bit more time on it.
4. **To think about the role of technology from Day 1.** Finally, we introduce the notion of the "three levels" of micro-battles. The whole idea is to make sure your teams are thinking through technology issues from Day 1. The three levels are customer experience, business processes and technology. The goal is to teach team members to think through each level as they design the micro-battle and to discuss technology from the moment they start.



The Win-Scale Model: Winning by Failing

The design of a prototype is critical. You want to fail fast and adapt quickly, but doing so meaningfully demands clarity around which customers really matter and rigor around what type of feedback you gather.

We introduced in a separate blog post the Micro-battles System, which involves the Win-Scale model (how you run a micro-battle) and the Amplify model (how you run a portfolio of micro-battles). We then introduced the story of Freddie, to emphasize how important behavioral change is to running individual battles and a portfolio of battles. Now, we turn to the key skills you'll build as you work on winning, scaling and amplifying. This blog post covers the skills involved in winning.

Five quick contextual points:

- Micro-battles are the “how” of becoming a scale insurgent. You run each micro-battle like a micro-cosm of the company you want to become.
 - Each micro-battle team is trying to do two things simultaneously: a) take a targeted strategic initiative and translate it into a prototype that can be tested in the market; and b) take the winning prototype, turn it into a repeatable model and roll it out across the organization. The first part is about winning and involves rediscovering your Founder's Mentality®. The second part is about scaling, which allows you to take advantage of your size.
 - The key to leading a micro-battle is making sure the team balances these two objectives, because they often conflict. Winning is about making the problem small enough that you can test the next prototype. Scaling is about making the solution big enough that it has a material impact on your company's bottom line. You need both.
 - There is a big behavioral component to getting this balance right, and the Leadership team must constantly focus on the behavioral change required and bring in the right training. We referred to this as “field and forum” training. Some of the training is simply the coaching that occurs day-to-day as you fight the micro-battles (field), and some of the training is a set of formal interventions (or forums) to keep teams on track.
- But there is also a big skills-development component to this. Running a micro-battle is hard. It will test existing capabilities and require adding new muscles.
- The winning skills are those of a company with a strong Founder's Mentality. The exam question is, “How do we identify the critical first failure points in our strategic initiatives so that we can start working on the hardest things first—those that will require many market tests and adaptations?” This requires two sets of skills:
- moving from strategy to testing prototypes with the right customer; and
 - pivoting quickly based on market feedback (and the right help from the Leadership team).
- ### **Moving from strategy to testing prototypes with the right customers**
- All good strategies ultimately align the organization around a few critical elements: a clear ambition (the insurgent mission and a set of full potential targets); a common view of “where to play” (we'll focus on these specific, properly defined markets); a common view of “how to win” (our spiky capabilities, Repeatable Models and common instincts); and a clear set of strategic imperatives, which includes very specific actions we'll take to win in the market and how we'll measure success.
- I'm sure you're nodding your head here. But most companies spend remarkably little time really focusing on those specific actions needed to win in the market. Many leaders believe they have a strategy when they conclude they must:
- win in China;
 - lead in digital;
 - be “customer first”;
 - be the best home for the talent that matters.

The Win-Scale Model: Winning by Failing

These are aspirational chapter headings, but they aren't strategy. They don't really say how you intend to pursue those aspirations or clear the biggest obstacles. This is where micro-battles come in. They develop the skills you need to move from chapter headings to the actual novel.

Translate strategic intent into a micro-battle, by defining the most important failure point and a hypothesis on how to deal with it. I was on a panel with two CEOs of leading multinationals not long ago, and we were talking about micro-battles. I raised this issue of translating strategy into micro-battles by identifying failure points, and one of the CEOs turned to the other and said, "Isn't it odd that the bigger you get as a company, the more a single rule applies: Every strategic initiative takes exactly 18 months ... to fail."

His point was that large incumbents typically lay out big strategy initiatives (chapter headings) and begin work on all the easy things first. Phase One of the strategy takes a good 12 months tackling the easy things. Then halfway through Phase Two, the executive committee turns to the hard things—and begins to fail spectacularly. The cost of failure is high because the company has spent more than a year and lots of money on easy things and is now losing confidence and ultimately eating those big sunken costs.

The CEO went on to say, "One of the most important requirements of a leader is to translate a strategic initiative into the most important failure point and to focus the organization on that big problem early. It will demand lots of testing and lots of low-cost failure from the outset."

This is a micro-battle. And with micro-battles, the very first step is to identify the most critical failure points in your strategy. This requires specific action at all levels.

- **The Leadership team:** The executive committee is accountable for strategy and is therefore accountable for deciding which strategic initiative the micro-battle team should pursue. This takes the form of a micro-battle mission, which clarifies the strategic intent and the "unit of experience" the

micro-battle will attack—that is, the specific metric requiring immediate improvement that will be the ongoing focus for experimentation and learning. The mission statement then suggests a hypothesis about what the potential failure point is and what kind of testable prototype would best address it. It then sets out how the prototype could be turned into a repeatable model and which of the company's spiky capabilities that model would address. Finally, the hypothesis should include an assessment of the likely rollout model and which behaviors will likely need to change.

- **The micro-battle team:** The first act of the micro-battle team is to rewrite the micro-battle mission and either reconfirm or adapt the hypotheses set out by the Leadership team. A key part of this is to confirm (or not) whether the team agrees with the failure point and the proposed prototype.
- **The cycle:** Then, the micro-battle team tests and reviews these hypotheses, reporting every four weeks to the executive committee (or the subgroup running the Leadership meeting).

Ensure that the failure point can be tested with the right customers using the right prototype. There's an art to this. It is not enough to say, "The failure point of this strategic initiative is X." You have to follow up with: "A solution to X can be tested with these key customers through this specific prototype until we get it right." This is iterative. There is no sense in defining a failure point unless you can see your way to testing a solution with prototypes and customers. NASA scientists didn't just say, "We know we want to go to the moon, and the biggest potential failure point is how to get three astronauts there and back alive." They went further and said, "We're going to figure this out through a series of smaller tests, proving each point to the best of our abilities. That will either build to a solution or keep the costs of failure to a minimum."

The design of the prototype is critical. You want to fail fast and adapt quickly, but doing so meaningfully demands clarity around which customers really matter and rigor around what type of feedback you gather.

In many cases, your test subjects will be traditional customers outside the company, and this can involve nuances. If you want to test a new beer promotion, for instance, you need to get it in front of beer drinkers, but you also need input from your on-trade partners (bars, restaurants). In other cases, the customer is internal—folks in the organization who will be most affected by the proposed solution. If you want to test a major cost-reduction initiative as an airline, your key “customers” might be pilots and flight crews.

Develop the right facts. Micro-battles aren’t “micro-hunches,” and you can’t rely on your gut instinct to determine whether the customer likes your latest prototype. A key skill is to sort out the set of analytics that will give you the most relevant insights into what your customer is really thinking. You also have to create alignment around the best way to collect that data via testing. You need to go deep on things like “preference drivers” and competitive benchmarking. You need to worry about the size of the target customer segment and the average lifetime value of these customers. One of the micro-battle leader’s toughest jobs is to decide which facts to collect via prototype testing to ensure the team is producing a winner.

Pivoting quickly using market feedback (and the right help from the Leadership team)

Once you’ve defined the first failure points and set up the right prototype, you’ve got to run the micro-battle through its paces. This requires mastering a number of skills.

Agile development. The Win-Scale model depends on Agile ways of working, and instead of trying to explain Agile in great detail here, I’ll refer you to the work of my Bain colleague Darrell Rigby, the head of our Innovation practice. But I will focus briefly on a few essential points that are critical to micro-battles.

- **The team is everything.** The micro-battle leader needs to be fully empowered to assemble the right team, one that straddles two of the great conflicts in large organizations: scale vs. intimacy and rou-

tine vs. disruption. That means the team needs members who can fight for creative solutions that put the needs and desires of individual customers or markets first. But it also needs those who can fight for the benefits of scale, recognizing that standardized routines and processes create efficiencies that also benefit customers.

- **No, teamwork is everything.** But a team isn’t just about assembling the right mix of skills and corporate affiliations. It will fail utterly if these folks won’t (or aren’t empowered to) work together. Micro-battles are about solving problems across functions, across siloes. Teams need to rediscover the founder’s reflexive ability to “gang tackle” the customer issue in front of them with relentless focus and experimentation. The debates should be resolved within the team, and “running to the bosses” is not allowed. Team members are there to develop the prototype, launch it, fail and adapt—not to “represent their function” on behalf of their line bosses. Everything is about what’s right for the customer, not what’s right for my role in the organization. The objective is to break those old habits while solving the company’s thorniest strategic problems.
- **There’s power in a minimum viable product.** I’ll go back to NASA. The Apollo mission didn’t start with a flight to the moon, but rather focused on incremental missions, each testing the next most important thing. In the same spirit, the micro-battle leader has to resist the incumbent impulse to wait until a product or solution is fully featured before it’s put in front of customers. Agile development relies on creating a minimum viable product (MVP) and improving it incrementally based on a regular cycle of test and learn. Dozens of people will have ideas of things to add, and the leader would be foolish to ignore them. But job No. 1 is to stay focused on the next thing to test the next time. She should maintain a clear backlog of all the things that might go in the final product, but she can’t do it all, all at once. Trying to will only slow things down.

The Win-Scale Model: Winning by Failing

- **Keep all other noise to a minimum.** Running the Win part of the Win-Scale model is deep work, which author Cal Newport defines as the ability to focus without distraction on a cognitively demanding task. The deep work of a micro-battle is developing the next prototype, collecting the right feedback and figuring out how to adjust. As Newport points out in his book, social norms, new technologies, human behaviors and incumbent ways of working all conspire to distract you and tempt you with shallow work. The leader's job is to deflect the shallow work so her team can focus on what matters.

Active listening (or rooting out failure in the blah, blah, blah of customer feedback). It is easy to get *good* customer feedback. Ask the right questions in the right way, and nice people will be nice. It is a lot harder to get *great* customer feedback—namely, the thoughtful feedback of thoughtful customers pointing out how many ways you failed with the latest prototype. The work of the micro-battle team is to find the failure points, not collect cheers. The team's job is to learn as much as it can from each cycle, so the next product will be better. That's why it's so important to define the hard metrics that measure success, then hold the prototype to these exacting standards. The leader's motto should be, "We've built in the time to fail, so let's fail spectacularly."

Mastering the pivot. Every failure offers the chance to learn and adjust. So the leader must develop the skills to pivot effectively, based on great customer feedback. Every pivot is a sign the team is learning and moving forward, something the leader needs to champion. The worst kind of incumbent behaviors are about "fighting your corner" and making sure your idea "prevails." Micro-battle teams need to develop the opposite skills—celebrating together the abandonment of a feature that didn't test well, cheering the idea that has morphed over time into something that is now working.

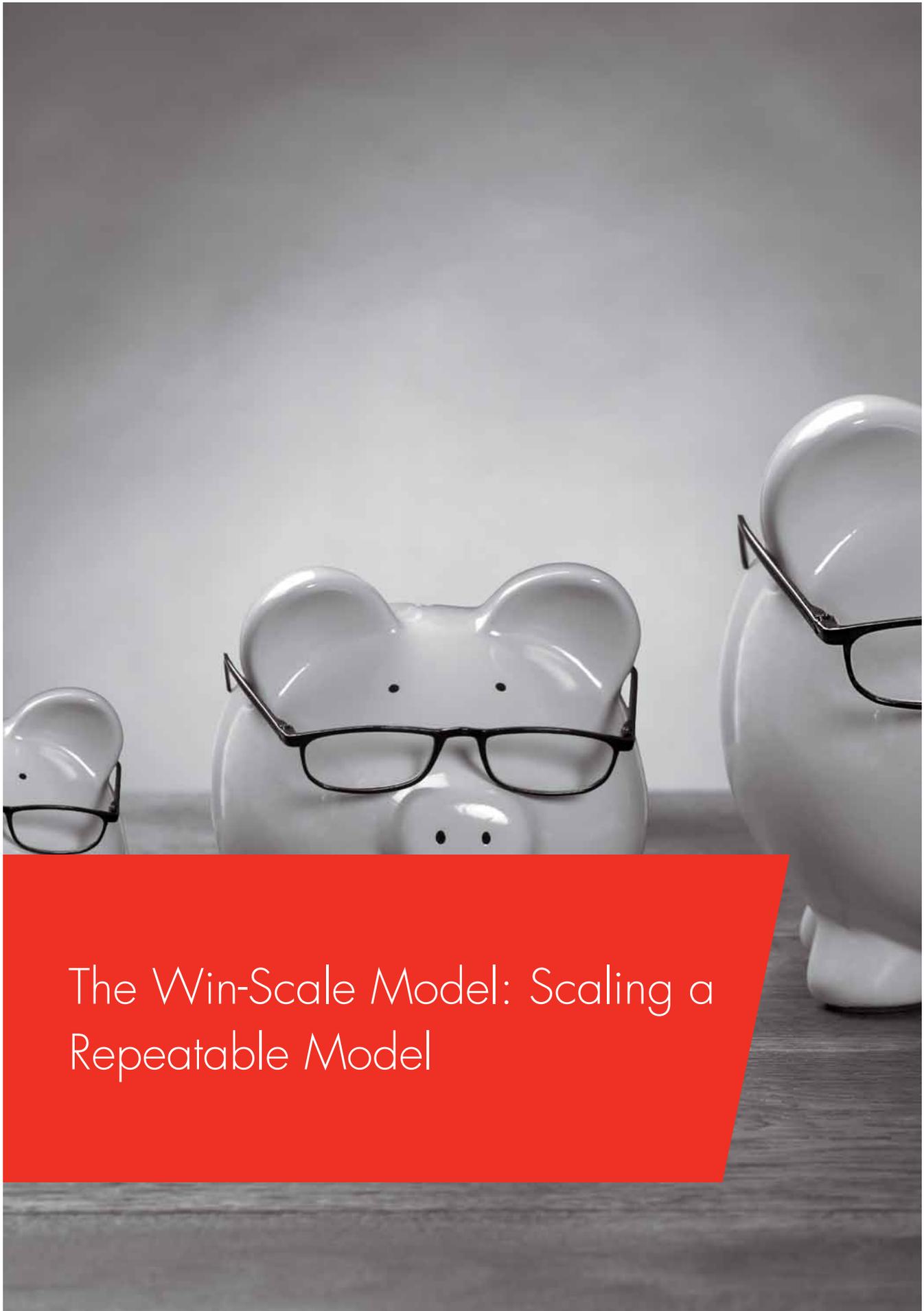
Making the Leadership team work for the Win-Scale team. Elsewhere in these blog posts, we've been clear

that we're placing a big burden on the micro-battle teams—that is, they are accountable for running their micro-battles like the microcosm of the company you want to become. A big part of that is helping change the leadership behaviors of the company's most senior executives. In that sense, the monthly Leadership meetings could be seen as a burden. But that's the wrong way to look at it. The micro-battle leader must make these sessions work for her team. She must develop the skills that will let her make the most of these sessions with top executives to:

- get advice on the next pivot, based on market feedback;
- adjust team resources;
- identify other micro-battle teams with similar issues/insights; and
- remove obstacles that are preventing her team from operating at full potential.

This isn't easy. It might conflict with the demands of the Leadership team. Top executives might be stuck in incumbent behaviors that are hurting—not helping—her team. But she should call out these issues and ask for help. The whole point of micro-battles is to solve problems by challenging the old ways of doing things.

This is how a micro-battle comes to resemble the scale insurgent your company wants to be. The battle leader is, quite intentionally, a maverick. Make problems smaller and act. Stay externally focused, and get the right facts and feedback you need to fail and pivot effectively. Don't let the team get distracted by all the shallow work of the organization. Keep focused on the deep work only you can do. Celebrate the great failures and the wonderful successes. Tell it like it is to your bosses, and get the help you need to move your team forward so the company can win in the marketplace. 



The Win-Scale Model: Scaling a Repeatable Model

Too many companies treat every initiative as a one-off, never taking the time to define the potential repeatable model that can be scaled across the company. If you can become great at turning strategic initiatives into prototypes and prototypes into Repeatable Models, you will learn faster than your competition.

As we've said elsewhere in these blog posts, each micro-battle team faces a dual challenge: winning and scaling. We define winning in this context as taking a targeted strategic initiative and translating it into a prototype that can be tested successfully in the marketplace. Scaling involves turning that winning prototype into a repeatable model and rolling it out across the organization. Winning is about rediscovering your Founder's Mentality®; scaling is about taking advantage of your size.

The scaling skills are simple to define and hard to deploy. The exam question is, "What is the right repeatable model, and what is the best way to roll it out so it will be adopted by the front line?" This demands three sets of skills:

- developing the right repeatable model;
- choosing the right rollout strategy; and
- deciding where this repeatable model should live in the organization.

Developing the right repeatable model

I don't mean to sound trite, but we wrote the book on this. In *Repeatability*, we discuss in detail how companies use Repeatable Models to reduce complexity as they grow. In the context of micro-battles, four skills are critical.

Determining the "unit of experience" you're trying to roll out so that you can build the right team. A unit of experience is a specific skill or process developed by your organization as a result of its growing experience in the market. The micro-battle team is geared to develop a specific unit of experience and must ask from the beginning, "What are we trying to roll out to the rest of the organization?" If our micro-battle is about creating a winning brand proposition for a shampoo in India, are we trying to roll out a new way of developing shampoo brand propositions globally? Or are we trying to create a new way to win in India that we'll roll out to all our Indian brands?

Both are perfectly plausible Repeatable Models. Typically, the decision is based on a clear hypothesis derived from previous strategy debates on business definition and growth priorities. The key scaling skill is the ability to transition from a prototype discussion to a debate on the right repeatable model. There's a lot to say on Repeatable Models, but let's review a few key points.

- **Repeatable Models are the single best way to fight the growth paradox (growth creates complexity, and complexity kills growth).** Your goal in designing a repeatable model is to build directly off your company's spiky capabilities and expand them to serve as many customers as possible. In other words, you try to ground the model in the decisions you've already made about where to focus and differentiate so you can get as much revenue from the model as you can. This approach allows you to grow with minimal complexity. The alternative, of course, is to design a new model (and way of working) for each new revenue stream, which would invite more complexity, not avoid it.

In terms of the team, this forces each micro-battle leader to think about how team members will link up with the leaders of each spiky capability, who can help make sure these capabilities are alive and well in your micro-battle.

- **Scaling relies on testing for transferability early in your prototyping.** Debating whether a prototype will transfer easily to other teams also helps you decide who should be on your micro-battle team. The right team will include people who can test to see if your prototype and repeatable model will work in other parts of the company. Returning to the first option in the example above, you would want to bring in other shampoo brand managers from other markets. Under the second option, you would want to loop in brand managers from the other products you're selling in India.
- **Everyone wants to invent a repeatable model, but no one wants to adopt one.** We are not babes in the woods on this topic. We recognize that everyone

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loves the idea of *creating* Repeatable Models, not *adopting* someone else's model. In other words, we all want to have the freedom to create something that will be rolled out to others, but none of us want the rollout to happen to us. To scale a good idea, you must acknowledge the adoption challenge, which, at its root, is a behavioral issue. You're going to demand that your stars do things differently. This is why it is so important to populate micro-battle teams with the influencers and heroes who will inspire others to buy into the repeatable model. We'll talk more about that below.

Designing for transferability. In the early days of a micro-battle, team members will work furiously on prototypes in four-week cycles. They'll test each one in the market and then adjust it based on customer feedback. But in parallel, the team must also consider whether the prototype will transfer smoothly to a different test market and the next one after that. This creates a difficult, but necessary, conflict. On one hand, you're trying to create a specific and narrowly focused prototype to win in your local market tests. On the other, you need to think about how that prototype might do when tested in other markets or across multiple brands. Designing for transferability is a key skill you need to develop.

Designing for repeatability by defining "freedom within a framework." Every repeatable model has a framework outlining the winning systems and behaviors that make it effective. But the model also envisions the degree to which different parts of the organization can improvise based on local needs or conditions. The idea is to empower people to make decisions and operate freely, as long as they stay within a set of boundaries put in place to ensure that the company remains consistent or compliant. Learning to define "freedom within a framework" is the next critical skill for the micro-battle team.

Let's imagine a simple framework for our India shampoo example. Say we have chosen to develop a repeatable model that can be transferred to all shampoo brands globally. We have proven our model is transferable with successful testing in France and the US. We

now need to define that model's nonnegotiables. We decide you must *always* define the target consumer for each market and measure that consumer's key "preference drivers." You must *always* test the shampoo proposition against the top-three competitors' brands through blind testing. You must *always* use the same consumer segmentation definitions, so everyone knows what you mean when you say you're targeting segment X. We've determined all of these things are the key to the model's success. But within this framework, we also know it is crucial to offer local markets the flexibility to adjust the model contextually. *You* pick the target consumer. *You* pick the competitive brands to test against. *You* prioritize the channels and the marketing mix.

Establishing such a framework isn't without tension. You want to empower people to use their local discretion. But you also want to define specific routines so the entire organization can ride the experience curve together and take advantage of combined learning.

Creating a learning system that continually strengthens your repeatable model. The beauty of Great Repeatable Models® is that they let your organization accumulate experience, learn from it and apply it faster than the competition, which ultimately widens your advantage. But that comes with a demand that everyone adhere to specific routines, so you can all learn from doing the same thing the same way. Your people can talk to each other about what they're learning instead of spending their time parsing how they did things differently. If everyone is testing their shampoos against the competition relative to their chosen consumer's preference drivers, you can begin to discuss patterns across markets and see specifically where you're winning and losing. If you all use common consumer segmentation, discussions about customer trends are understandable, even if you're given the freedom to choose which segment to target.

When we're helping teams create the right repeatable model, we like to ask a couple of questions: "What do you want to be famous for as a result of this? What do you want the company to do 1,000 times before your competition wakes up to the fact that this new capability matters?" In our experience, too many companies

treat every initiative as a one-off, never taking the time to define the potential repeatable model that can be scaled across the company. If you can become great at turning strategic initiatives into prototypes and prototypes into Repeatable Models, you will learn faster than your competition.

Choosing the right rollout strategy

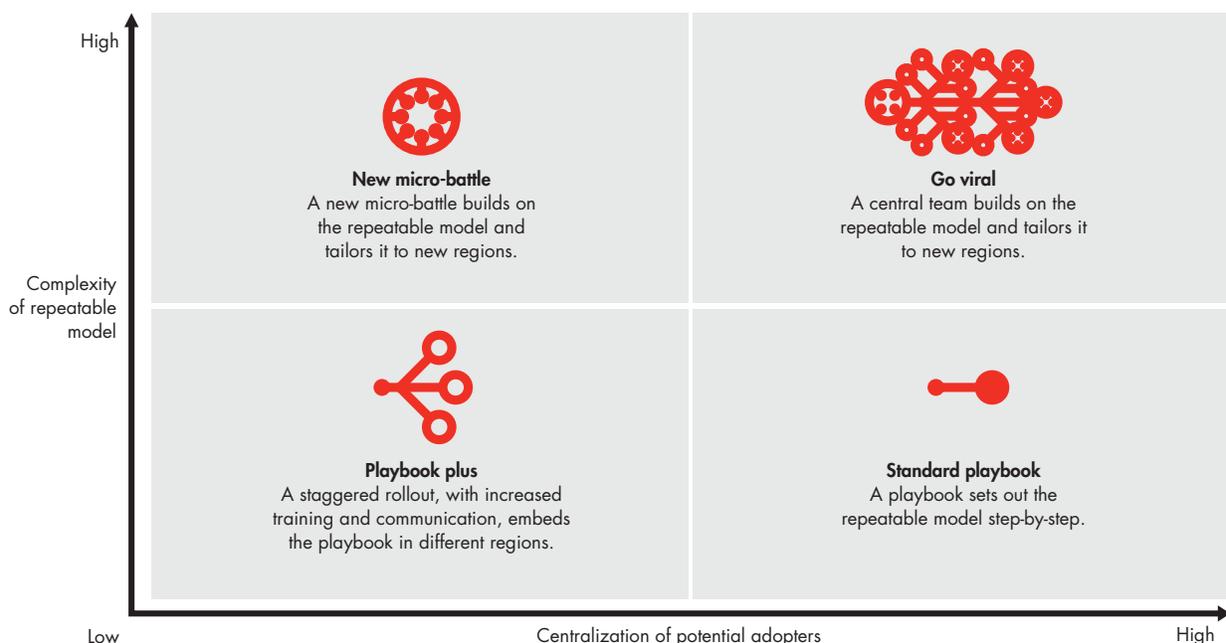
The best strategy for rolling out your repeatable model across the organization depends on the repeatable model itself. The next set of skills involves defining the scope of the model and who it will affect. These factors inform how best to structure a plan that will win buy-in for a proposition aimed at disrupting the status quo. Getting it right begins with two questions that help define the nature of the repeatable model (see Figure 1).

- **How easily can the repeatable model be standardized?** The issue here is how much behavior change would be required. Let's say, for example, you're a consumer goods company and you want to roll out

a new trade promotion program for a global hair-care brand sold through the drugstore channel. You develop a killer new model for promotions, and it works not only in the first test market, but the next three. Around the world, key account managers for the drugstore channel have heard about the program and are confident it will work in their accounts. You know there is pull, and you know that if folks just adhere to the repeatable model, they'll succeed.

This solution is ripe for standardization and will require little behavior change. In contrast, let's say you also have a micro-battle on salesforce effectiveness for the grocery channel. It worked in the initial market, but you found that in your next two markets you really needed to tailor the solution based on local issues. The salesforce capabilities in those markets were different, as was the channel structure. To roll out this initiative, you'll need to tailor it market by market, and success will require heavy behavioral change because

Figure 1: Selecting the right rollout model can create pull for the initiative



Source: Bain & Company

The Win-Scale Model: Scaling a Repeatable Model

you're demanding new ways of working for your sales managers. This solution will require a much more complex rollout.

- **How concentrated is the population of potential adopters?** The question here is, how many teams across the organization will have to embrace the repeatable model? If I roll it out to just a few teams, in other words, will I get 80% of the benefit? Or will I need to engage dozens of teams—maybe the whole company? Using the examples above, it could be that 80% of my global hair-care revenue comes from drugstores in just five countries. So not only does the initiative lend itself to a standardized playbook, but I only need five major markets to adopt the playbook to touch 80% of our revenues. In the salesforce effectiveness example, I might need to roll out my solution to more than 40 markets to hit 80% of relevant revenues in the grocery channel. This makes a complex rollout even more so.

What we're exploring with these two questions is the nature of the repeatable model and how that informs the rollout difficulty. Understanding this will help you choose among four broad rollout models.

- **Standard playbook:** This straight-ahead strategy works well when you can fully standardize your repeatable model, you know it will demand very little behavioral change and a centralized group of people need to be brought on board. You can develop a playbook that sets out your repeatable model step-by-step. Then, because the number of players is manageable, you can either get them all in a room to train them or you can go visit each team.
- **Playbook plus:** If the population of required users is large or widespread, you're going to have to be a lot more thoughtful about how you roll out the repeatable model. You might choose to roll it out in one region first to create a clear success story before introducing it to other parts of the organization. The key is to balance speed and impact. Using quick wins to generate momentum and

demonstrate success will create pull within the organization. It will also help to populate the micro-battle team with “pull forwards”—people recruited from the regions or functions targeted by the rollout who can join the team, learn how the repeatable model works and then return to their “day jobs” to encourage and seed change.

These two playbook models sound great, but here's a warning: Large companies tend to think that most of their initiatives fall into these boxes because they best represent the way they are used to doing things (i.e., here are the steps, everybody follow them). Then they are surprised when most corporate change is dead on arrival and those carefully crafted playbooks gather dust on shelves. You think a standardized approach is appropriate, and you think little behavioral change is required. But you are usually wrong. So beware of playbook models.

The exception is when the repeatable model focuses on one of the company's core spiky capabilities. In those cases, it may be critical that everybody in the company does it the same way every time. A good example is how Ikea packages all its ready-to-assemble furniture in flat boxes that are easier to warehouse and transport. This is a key part of the company's value proposition, which means it would be a mistake to make it discretionary or customizable market by market.

- **New micro-battle:** This model works in situations where the level of standardization is low, the behavioral change needed is huge and only a limited number of players need to adopt the repeatable model. If this is the case, why don't you just run the next team as a micro-battle? It takes a bit longer, but the effort starts with a well-tested hypothesis for the repeatable model, which the new team can then use to co-create its own tailored solution. Assigning leadership to a pull-forward mentored by the original micro-battle leaders helps here, too. What you might lose in speed, you make up for in a greater sense of ownership and a higher rate of adoption.

- **Go viral:** This is by far the trickiest type of rollout to implement. But guess what? It's also the most applicable to many of your most important initiatives. You need this kind of rollout when you can't easily standardize the repeatable model; it requires huge behavioral change *and* you need a large number of teams to buy in. As we've said, most companies cling to the playbook models because they're the most comfortable. But one reason there's so much yield loss when it comes to rolling out change in the modern enterprise is that most companies fail to recognize that a viral approach is usually more effective.

We love the viral model because it encourages your company to exercise the muscles of a scale insurgent. It presumes you have empowered your people to act like founders and to invent their way to the next great customer-focused solution. While your micro-battle team may think it has a better widget, it will have to convince the company's heroes one at a time. The process is a bit slower, but once these insurgents are on board, things move fast. And this model forces the company to become great at the insurgent behaviors of co-creation and frontline obsession. It encourages an owner mindset.

Making the viral model work, however, requires careful thinking about who leads your micro-battles and how to sequence them, starting with the first two waves of battles. It is critical that your company's star influencers lead these early initiatives, because they will also be key to rolling out the Repeatable Models later. Their credibility and enthusiasm will win over others, which will lend crucial energy to the rollouts. They'll provide ample evidence that the new ways of working produce results. We always say to clients that deciding who leads your early battles matters as much as what the battles are about. Given battles of equal importance, we'd always prioritize launching the ones led by your stars.

Understanding the relationship between the repeatable model you are creating and the resulting rollout is

a skill. (Remember, the key is to talk about this issue on Day 1 of the micro-battle and revisit it every four weeks.) It helps decide who you bring on your team, and it has an impact on the resources you'll require at rollout. It puts behavioral change front and center of every debate, which is the whole point of a micro-battle program.

Deciding where this repeatable model should live in the organization

A successful rollout will embed the repeatable model deeply within the organization and move the company closer to scale insurgency. But there's a second question involving rollouts—namely, “What's our endgame here? How does this repeatable model continue to live and evolve in the organization, and how do we keep from falling back on old behaviors?” There are essentially three options here.

- **The repeatable model becomes a core skill of your franchise players or their coaches and managers.** This is the most straightforward option. At the end of the day, the repeatable model becomes another arrow in the quiver of your franchise players, which they can deploy in the daily battle to serve your customers better than your competitors. Your goal, therefore, is to ensure that the model is embedded in their job description as a required skill or capability and that they are trained to become masters of this particular skill.

An example: Say you have a new repeatable model for how to run an annual account review with your key customers. This is a skill you want all of your account managers to acquire, and you'll ensure that they are trained over the coming year. When a repeatable model is targeted at the managers of franchise players, consider if that's the best place for it to reside. We generally find that, with a bit more thought, you can get the skills in the hands of the franchise players themselves and gain far more benefit.

- **The repeatable model is a core service offered by the center on an opt-out basis.** You might decide

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that this repeatable model is something you want to institute at a global level. It might be a highly specialized skill that demands you develop a few world-class experts who then work with markets. The markets have no alternative but to use this resource, unless they can make the case that it's not necessary. So there's some decision-making process through which they can try to opt out.

An example: You've developed a repeatable model for creating an e-commerce site. You want a single team at the center to be accountable for implementing the solution market by market. The team will then continue to update the site on an ongoing basis. Therefore, you focus the repeatable model's learning system on the central team, not those who are the beneficiaries of the capability.

- **The repeatable model is a core service offered by the center on an opt-in basis.** This is exactly like the option above, except the markets can opt in to the use of the repeatable model. In other words, the local entity can decide if it wants the repeatable model offered by the center. Effectively, the central resource needs to prove it's world class every day, or most of the markets will ignore it.

These are three distinct approaches, and you must be clear about which one you adopt. But they aren't

equally effective approaches. We argue that the majority of your micro-battles should be creating Repeatable Models that continually upgrade the capabilities of your core franchise players, and that your top priority is to help them serve customers. We worry a lot about Repeatable Models that create central capabilities that must be adopted by the market or product cells. Most often, those capabilities will afford greater leverage and learning if they reside closer to the customer and can be adapted for the local context.

But there are times when a central capability does make sense, and in those cases our bias is for opt-out models. If the right answer is to build a center of excellence in something, then it should be both world class and nondiscretionary. If it's important enough to build once, it should be good enough to use universally.

Just as companies drift to one-off solutions without thinking about Repeatable Models, we also see companies give far too little thought to how they'll roll out the Repeatable Models they've developed. This is about matching the nature of the repeatable model with the right rollout strategy. It's also about considering where you want the repeatable model to live once your micro-battle has run its course. Developing these skills can lead to far lower yield loss on execution than rival companies experience, making you far more competitive. 



The Art of Choosing Micro-battles

Micro-battles should advance your insurgent mission and build on your three or four spiky capabilities. They should also link directly to your full potential strategy.

We described in earlier blog posts the Bain Micro-battles System and the skills and behaviors necessary to run it. Now we're writing a series of posts on hot topics—this one on how to choose micro-battles. Here's what to consider.

Micro-battles demand a strong strategic foundation

Micro-battles aren't small things. They are your most important strategic initiatives. Strategic clarity is therefore critical when choosing them. While we believe it's important to get started fast on your first wave of micro-battles, a program based on random initiatives will most likely lose momentum and fail. Selecting a coherent, impactful set of micro-battle initiatives depends first on two things.

- Micro-battles should advance your insurgent mission and build on the three or four spiky capabilities that help you deliver that mission to your core customers. At China's Yonghui Superstores, for instance, the insurgency is all about delivering safe, fresh food at scale. So you would expect most of its micro-battles to focus on strengthening the supply chain capabilities that make such a promise possible.
- Micro-battles should also link directly to your full potential strategy and address your main sources of value. At a brick-and-mortar retailer, this would very likely mean launching a micro-battle portfolio that would position the company to take advantage of the dramatic rise in e-commerce.

The micro-battle portfolio should have broad impact

If the micro-battles are linked directly to your insurgent mission and full potential strategy, then it should follow that you'll have a big impact on your company if you win these battles. While this connection is necessary, it's not sufficient. The best micro-battle portfolios share several other characteristics.

- **They focus on initiatives that will have a big material impact on your bottom line.** Micro-battles are about repeatability, so it's critical to understand how capabilities built to win a specific micro-battle will scale across the organization for broad impact. Other questions matter as well: Can we get a big competitive win here? Can we delight our most important customers with something truly great that will get them talking in the marketplace?
- **They are winnable (especially in the early waves).** When rolling out a portfolio of micro-battles, building momentum is key, so it's essential to focus early on those you can win. Winnable doesn't mean easy; it means there's a high probability you can achieve the micro-battle mission if you apply the right focus and resources.
- **They address big sources of organizational dysfunction.** Micro-battles are not someone's day job. They're required precisely because they demand senior leaders' attention and a cross-functional approach. You need the battles because something is broken, and in choosing them, you should target the ugliest internal issues, the ones that everyone knows about and assumes management long ago gave up addressing. You want to target long-standing obstacles to great execution. If you can take these on and win, you'll demonstrate to all that you're serious about avoiding the growth paradox—namely, that growth creates complexity, and complexity kills growth.
- **You have the stars to lead them.** It really matters that you can free up the right team to lead these battles. This starts with picking the right franchise players as leaders, especially in the early waves. You then want to encourage these leaders to surround themselves with a team that can execute the micro-battle mission, one that delivers the benefits of both scale and intimacy. This includes folks who are great at designing the right prototypes based on customer insight and those who know how to test for transferability and build Repeatable

The Art of Choosing Micro-battles

Models. You will find that the same stars are in demand to support multiple battles. You'll also gain insight about the folks who never seem to be selected and who might be candidates for replacement as you shore up your talent.

Selecting micro-battles is an iterative process, connecting who and what

More than anything else, this talent question will affect your micro-battle choices. You will have a major backlog of strategically important, potentially impactful initiatives, but a limited roster of stars to deploy to lead them. In your Leadership sessions, you'll find the walls filled with lists of the stars of your business and when they can be freed up for the next micro-battle. Sometimes this will constrain your launch schedule, and the process can be frustrating. But it is the essence of executing a strategy: How do we deploy the top 100 stars of our company against our most important micro-battles?

Prioritize battles with clear hypotheses on failure point, repeatability and metrics

We've spent a lot of time in these blog posts talking about the elements of the micro-battle mission. We noted above how critical it is to link these battles to your insurgent mission and strategy. But it is also important to prioritize battles for which leadership has a strong hypothesis about the first failure point and the repeatable model you hope to develop and roll out. Clarity on these objectives will go a long way toward making sure you've identified the right problem, are testing the right prototype and are scaling the best solution in a way that will win the most buy-in and have the most impact.

As you develop your micro-battle mission around the idea of winning (focusing on the first failure point) and scaling (focusing on repeatability), it's also critical to be clear about what constitutes success. The team needs to know which metrics to use as they measure progress against winning and scaling, and they need to ensure

that these metrics are at the heart of their test-and-learn process. Micro-battle missions will vary in their precision on these issues. Choose those that are fully in focus and continue to work on clarifying the rest.

For wave I (and maybe wave II) be pragmatic—your goal is to create momentum

As you get better at micro-battles, the weighting of different criteria will change. For wave I battles, you want to build momentum and achieve clear victories, so you will assign greater weight to winnability and team leadership. You want the well-respected stars of the business to lead these campaigns and influence others to get on board with the program. In later battles, however, you can assign more importance to the size of the micro-battle and how it addresses big areas of organizational dysfunction. But be pragmatic early on. Your goal is to create momentum.

Should you cluster or distribute your early battles?

Another important consideration in forming an early portfolio of battles is how to distribute them across the organization. Should you cluster these battles in one part of the company or spread them around? The pros and cons are clear. The tighter you cluster these battles around a single division, function or market, the more synergy you'll have between the battles. The same top executives will sponsor multiple battles, and as time goes on, they'll keep getting better at it. The risk, however, is that large parts of the organization will be untouched by micro-battles.

If you distribute your battles more widely, on the other hand, more parts of the organization will experience their power. And as an executive team, you get to learn from various types of micro-battles and watch the progress of multiple teams. The downside is, you also distribute your attention widely, and there may be fewer synergies. There is no right or wrong answer here, but you'll have to make a choice and take steps to mitigate the associated risks.

Remember, micro-battles beget micro-battles

As you build out a portfolio of micro-battles, it's important to recognize that several of your wave I and II battles will give birth to new micro-battles. It all depends on the scaling model the team recommends. There will be some micro-battles, though not many, that you can scale across the organization through a playbook—that is, a clear, codified repeatable model that others can follow precisely with little need for local adaptation. Other solutions will need to be rolled out in stages—for instance, first in four markets, then eight more and so on. But sometimes, the micro-battle team will conclude that the best way to scale the micro-battle is to run a new micro-battle in another market or another channel. They haven't come up with a viable repeatable model, and they argue that scaling their micro-battle will therefore depend on starting over each time. This is common when the solutions require a very high level of customization and going to another market could have a big material impact.

It helps to have already considered this when designing the initial micro-battle. We raise the issue here

simply to make sure you don't overextend yourself by launching too many new micro-battles without realizing that you might need even more to scale the ones you've already launched.

Don't rush—you're building Repeatable Models and the capabilities to support them

Here's a final note of caution about overextending yourself: Don't declare early victories on your micro-battles. Remember, these battles are about winning initially and then scaling. The scaling takes time. It requires you to not only design the right repeatable model but also invest in building the capabilities required to support it. Keep the team on the hook to deliver these capabilities, and don't disband it until you're confident they have done so. The key difference between micro-battles and pilots or quick wins is that you're building the deep capabilities you'll need to scale and deliver a repeatable model with major impact. Don't be seduced by early wins—real results come through scaling. We refer to this as the macro-impact of micro-battles. 

The Art of Choosing Micro-battles



Micro-battle Missions and Why
They Matter

We talk about micro-battles in terms of “moving around the wheel.” The wheel has four quadrants—strategy, prototype, repeatable model and rollout—each of which is equally important.

We described in earlier blog posts the Bain Micro-battles System and the skills and behaviors needed to run the system. Now we'll look at the micro-battle mission. Here's what to consider.

The micro-battle mission is a one-pager that lives throughout the micro-battle

Micro-battles are designed to avoid excessive reporting (or second-guessing), so there's not a lot of paper. An exception is a single sheet called the micro-battle mission, which lays out in very short order what each micro-battle is intended to accomplish (see Figure 1).

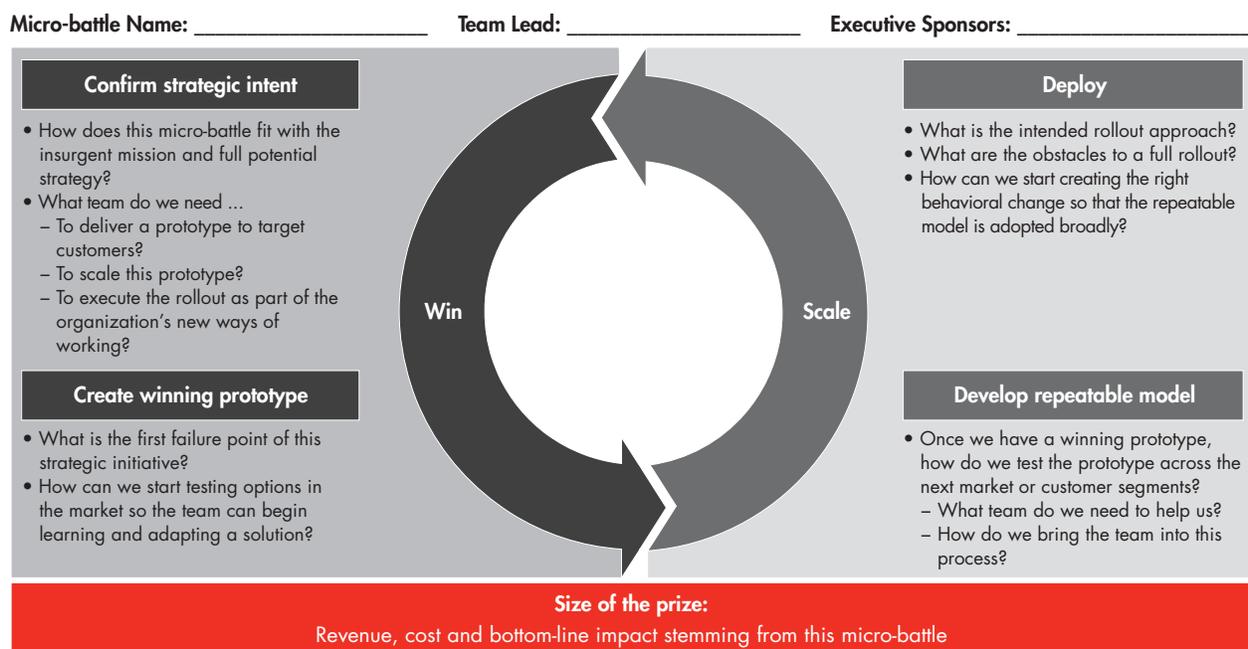
The Leadership team gets its hands dirty first. Team members write the first draft of a mission for each micro-battle in the portfolio. This requires presenting hypotheses for each of the four key phases of the micro-battle life cycle.

- **Confirm strategic intent:** What are you trying to do strategically here? How does this initiative link to your insurgent mission and your full-potential

strategy? From the outset, this ties micro-battles to the revolution you are pursuing in your industry and your quest to maximize the company's long-term value.

- **Create winning prototype:** What's the first failure point of this strategic initiative and how can you launch a prototype to begin failing fast, adapting and learning your way to a solution? Getting this right requires tapping the accumulated expertise of your leaders by asking, "Folks, you've been in the business a long time—give some guidance here. What's the most important thing that can go wrong and how should we address it?"
- **Develop repeatable model:** How should you turn the successful prototype into a repeatable model? A micro-battle is not a quick, one-off victory. You're trying to win locally, so you can scale that victory globally. The Leadership team must provide a hypothesis on how the initiative might scale across the organization.

Figure 1: The micro-battle mission captures all of the critical elements for success



Source: Bain & Company

Micro-battle Missions and Why They Matter

- **Deploy:** What is the most effective way to roll out the solution to the broader organization? What obstacles might lie in the way? What are the behaviors and habits that might hamper adoption and how can you mitigate them? Senior leaders aren't babes in the woods. They've seen too many global initiatives fail in the rollout phase. Feeble initiatives were often at fault, but many times, a good initiative failed when leaders underestimated how much behavioral change would be required of the organization. So leaders need to think about this upfront.

The Leadership team then hands off the mission statement to the leaders of the micro-battle team, whose job is to test these hypotheses in the market and adjust as necessary. The micro-battle team uses the first four-week cycle to assemble a team that can deliver on the mission. Micro-battle leaders must consider:

- Who can deliver a prototype that both addresses specific customer needs and can be developed into a repeatable model that can be scaled? This requires skills of intimacy that can deliver the benefits of difference and skills of scale that can deliver the benefits of sameness.
- How do we test the prototype for transferability across the next market or customer segment? How do we recruit early input from the leaders of these transfer markets?
- Who is best able to help us translate the prototype into a repeatable model that others can adopt? How do we create peer-to-peer learning across the teams?
- Who can help us create the right scaling model and think through the behavioral changes required?

The first time the micro-battle team meets with the Leadership team, it presents a revised version of the mission and their recommended team. Every four weeks thereafter, the team presents its hypothesis on

the mission. The template doesn't change, but the hypotheses get revised as team members test, fail and adjust their way to success.

Every quadrant matters as you move around the wheel

We talk about micro-battles in terms of “moving around the wheel.” The wheel has four quadrants—strategy, prototype, repeatable model and rollout—each of which is equally important.

Micro-battles differ from pilots, quick wins or Agile development projects. A micro-battle isn't a pilot, as most people define pilots, because the whole goal is to translate the early prototype into a repeatable model. It's not a quick win, because winning involves long-term behavior change. Micro-battles adopt the principles of Agile, but they recognize that it's not enough to just translate the strategy into the minimal viable product and test it; you must also consider from the outset how you'll scale the solution across the organization.

The best leaders keep their teams in balance, and the evolving micro-battle mission should reflect progress in all four quadrants as the team works around the wheel. Team members will begin prototyping and do multiple tests until they fail their way to a solution. Next, they'll test for transferability and repeatability by working out the routines and determining what behaviors must change. Then they will determine the rollout model and resources required. Finally, they work to remove obstacles to rollout, which creates pull for the initiative. The process is highly iterative, and your teams will constantly be updating their missions. But team activities are a steady march around the wheel, and progress on this march is what guides the leadership discussion.

Insights occur when rounding corners

The fascinating thing about the micro-battle mission is that true strategic insight most often emerges when rounding the corners—that is, moving from an answer

in one quadrant of the wheel and suddenly realizing that the next quadrant challenges that answer to its core. We tend to see three main pivot points.

- **Prototype to repeatable model:** The first round of prototypes are narrowly defined because you're addressing a specific customer. You're making the problem as small as possible and solving it in a differentiated way. But insights emerge as you begin to ask, "What's repeatable here? What's transferable to other customers or markets?" This raises questions about all the routines and behaviors that determine how you work with customers to deliver the solution on an ongoing basis. There is an element of dumbing down at this stage, or designing for delivery. You're trying to reduce the complexity of the offer so it can be delivered perfectly every time. Pilots often fail because they involve complex, bespoke solutions that work only because everyone is focused on success. Repeatability demands a sustained rollout to a large organization with many competing priorities, and micro-battles need to address this challenge up-front. The team doesn't have a solution unless it passes the twin tests of transferability and repeatability.
- **Repeatable model to rollout model and behavior change:** Even if you have a strong repeatable model, your initiative can still fail if behaviors elsewhere in the organization cripple the rollout. The best leaders ask their teams to think of these obstacles while they're designing the repeatable model. In some cases, the team will ask the Leadership team to eliminate obstacles. At other times, the behavioral change is too big, too intertwined with positive aspects of the firm's culture. Then the question becomes: "What changes can we make to the repeatable model to make it go with the grain of the organization as we roll it out?"
- **Behavioral change to strategic intent:** The issue of behavioral change is so important that it sometimes forces the team to revisit the strategic intent and start over. It might be that organizational habits will simply prevent the team from getting

to an answer that meets customer needs and can scale wide enough to have a real material impact. The problem may be that you've framed the strategic question in the wrong way, leading to the wrong solution. But it may also be that the organization is "genetically incapable" of rolling out the right solution for its customers. These are tough issues to address, but your goal here is to think about them before a bad solution settles and while you still have time to pivot to a better answer (or question). The key is to raise these issues early so you can adapt toward an integrated solution.

The micro-battle mission is a surprisingly effective tool for diagnosing yield loss

Now for something completely different: Once you understand the idea of marching around the wheel, you can begin to think about the micro-battle mission as a tool to diagnose yield loss from previous strategic initiatives. We know that leaders are frustrated. They roll out initiative after initiative, and very few hit their targets. Most start with great fanfare, achieve some early traction, but then gradually lose momentum and die. Well, no, they don't die exactly, because corporations never like to kill off anything. Instead, moribund initiatives hover around the edges like some mutant zombie army. The micro-battle mission is a great lens for diagnosing how lively, energy-giving initiatives transformed into ugly, flesh-eating abominations. You may discover that failure happened:

- **Between strategy and prototype.** Did you focus on the really hard things that needed to be tested and adapted before the initiative was rolled out?
- **Between prototype and repeatable model.** Did you have initial success with the prototype, but fail to test for transferability? Did you invest the time and energy in defining a strong repeatable model?
- **Between repeatable model and rollout.** Did you develop a strong repeatable model only to watch it fail because you chose a mismatched rollout strategy? Maybe you relied on playbooks, for in-

Micro-battle Missions and Why They Matter

stance, instead of engaging the stars in your business to champion a more viral rollout.

- **As a result of old behaviors.** Did you develop a strong prototype and roll out the right repeatable model only to watch the organization attack it with so many cultural antibodies that it never had a chance of wide adoption?

Your best leaders will become very good at understanding these root causes of failure and avoiding them by balancing winning with scaling in future micro-battles.

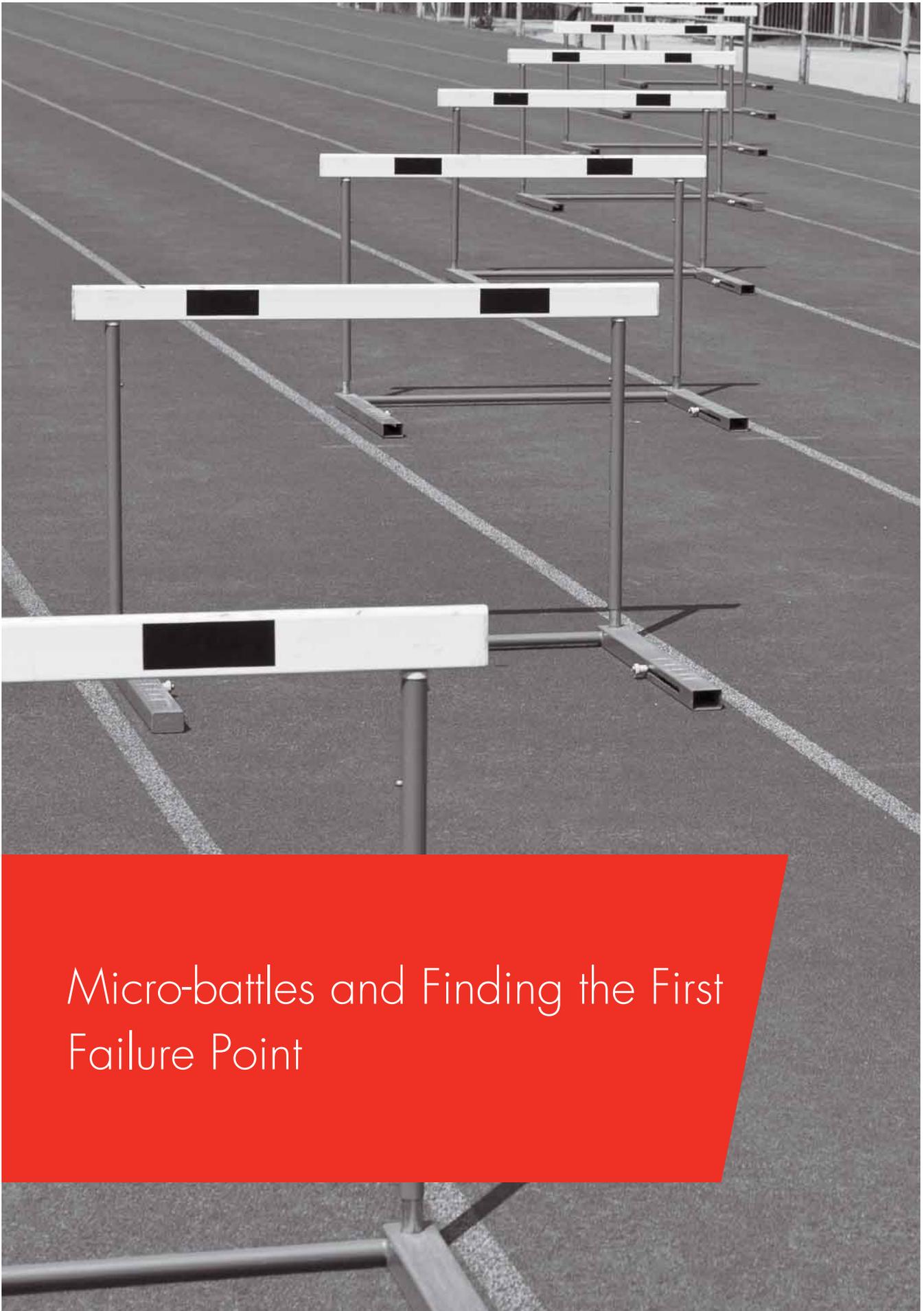
Your micro-battle masters will become your leaders of the future: Use the mission to develop them

There are three critical skill sets your team will develop over time as they pursue micro-battles:

- The skills to break a strategic initiative into winnable subcomponents and then scale a solution across the company.

- The skills to diagnose how and where an initiative failed—whether it was in the prototype phase, because the solution wasn't repeatable, because the team chose the wrong scaling model or because it failed to address behavioral change.
- The skills to help others turn strategy into results by keeping their teams in balance between winning and scaling.

These are the skills of the scale insurgent and, in our view, they are the skills that will determine tomorrow's leaders. The micro-battle mission should keep both your micro-battle teams and your company dialed in on assessing and developing talent against these skills. Most large organizations suffer heavy yield loss because they aren't focused on finding leaders who know how to develop and scale strategic initiatives. Becoming skilled at defining the right micro-battle missions and using them to transform your company's behaviors will ultimately ensure your company avoids the same fate. 



Micro-battles and Finding the First Failure Point

There is nothing easy about identifying the first failure point. An accurate assessment of what could go wrong demands huge amounts of industry experience, street smarts, practical thinking and intuition.

As we noted in our blog post on winning skills (see “The Win-Scale Model: Winning by Failing”), successful micro-battles depend on the ability to translate a company’s most important strategic initiatives into what we call “first failure points.” By that we mean you need to identify the biggest potential problem or hurdle that could derail the initiative and deal with that first by making it the focus of the micro-battle. Readers have been pretty clear in their feedback: This feels like a big idea, but I want to know more. So here is a detailed look at how scale insurgents master the critical skill of identifying first failure points so they can use micro-battles to solve them.

We are all lazy strategists

We said it in the winning skills blog post, but it bears repeating: Most senior leaders sign off on a strategy of “chapter headings” and force their people to write the actual chapters with very little guidance. Many companies seem content to call generalizations like “Win in China” or “Recommit to Customer Excellence in Our Core Markets” statements of strategy. But those are really just chapter headings that say nothing about *how* you will win in China or *how* you will recommit to customers. Unsurprisingly, such vague attempts at spelling out the mission lead to vague execution and anemic results.

Robust strategic thinking translates strategy into micro-battle missions

Scale insurgents use micro-battles to turn chapter headings into effective strategy by reducing a vague top-level idea into a specific, executable mission. The act of crafting a micro-battle mission forces senior leaders to create a hypothesis for each initiative that incorporates the following:

- How do I translate the strategic initiative into something I can prototype with real customers?
- How do I take lessons from a winning prototype and create a transferable and, ultimately, a repeatable model that can be scaled across the organization?

- What is the right rollout model, and what behavioral change will we need to put in place to achieve full potential?

The mission starts with identifying first failure points

The reason we focus on first failure points is that we’re trying to reverse the usual order of strategic execution. Teams in charge of carrying out an initiative typically create very long lists of things that need to get done. Then they start with the easy stuff. This leads to heavy yield loss when they ultimately get to the hard stuff, and the initiative stalls. We try to get teams to start with the first failure point—or the hardest problem they will likely encounter—so they can get moving fast on prototyping a solution and discover early whether the initiative is, in fact, viable as envisioned. The best reality check is to put something in front of customers right away so you can fail, adapt, retest, fail, adapt, retest and so on until you finally achieve success. Another way to say this is that you need to focus first on the thing that is most likely to make you fail and adapt your way from failure to success.

Identifying the first failure point is one of the hardest acts of leadership

Let’s be clear—there’s nothing easy about identifying the first failure point. An accurate assessment of what could go wrong demands huge amounts of industry experience, street smarts, practical thinking and intuition. But think about it this way: Most companies allow strategic execution to go on for years before anyone focuses on these critical points of failure. No wonder there’s so much yield loss. No wonder most strategic initiatives take 18 months to fail. We spend all our time on the easy stuff, while the failure point remains untested and waits unseen like a land mine. By the time we finally address it, the company is 18 months in and very often loses the will to persevere. So let’s step up on this, folks. If we want to call ourselves leaders, we have to take on the burden of helping our teams identify the first failure point at the beginning of a strategic implementation, not at the end.

You'll get better at it over time

The good news is that finding and confronting failure is a skill. If you become better than your competition at starting all strategies with rapid prototyping of solutions that address the first failure point, you will win. Here are two approaches that work:

- **Start with the ideal customer and his or her “preference drivers.”** Most failure points fall into two categories: We're not as good as we think we are with our most important customers and/or we don't actually have the capabilities to do this new thing we want to do. In terms of customers, you want to start by defining your “design target,” or the ideal customer for this thing you are developing. Yes, you'll eventually want to expand to multiple customer segments. But right now, you need to focus on just one—the *perfect* design target for this new proposition. Then ask yourself, how does this person make decisions around this proposition and how do we stack up against the competition in delivering on these preference drivers? Very often, the first failure point is that this initiative isn't going anywhere unless you can outperform the competition in these areas. So you'd better start prototyping some new propositions that can outperform.
- **Then question your own relative capabilities.** Designing a solution that appeals to customers is one thing. But delivering it on a sustained basis is another. We tend to love ourselves and massively exaggerate our capabilities compared with our competitors. But a closer look often reveals that your ability to deliver a sustained solution may be severely constrained without substantially upgrading the capabilities that are critical to this new strategic mission. How are you going to boost those skills cost-efficiently? Can you retrain rapidly? Should you bring in new partners? Can you buy or rent these capabilities? You are going to need to start prototyping some homegrown and/or externally sourced solutions to upgrade these critical capabilities pretty early in your strategy.

There's always a customer and always a prototype

You're probably ahead of me here and thinking, “Yeah, this all works for customer-oriented initiatives, but what about all the other initiatives we have, starting with cost control?” Well, in our experience, there's always a customer and it's always valuable to test a prototype. Consider a couple of examples:

- In one client workshop recently, we discussed a micro-battle to radically simplify corporate reporting. One of the market managers expressed the problem this way: “I am evaluated on 64 KPIs, and yet use only one of these to manage my sales business. I collect information on the rest for my review, but they have nothing to do with increasing sales. I have four other KPIs that I *do* use to manage sales, and yet corporate asks for none of these. So we were debating how best to launch a micro-battle to simplify reporting. The first failure point is how do we simplify reporting without falling short of the minimum reporting requirements our CFO needs to fulfill his fiduciary responsibility to shareholders?” The first prototype became “we need to create a new report for our GMs that radically reduces KPIs, but still ensures the CFO has what he needs.” So in early prototyping, the CFO will be the customer.
- In another meeting, I was with a consumer goods company that wanted to launch a micro-battle involving one of its most important retail partners. The company's product team was proposing a very aggressive new category strategy, but the account team that managed that partner was initially opposed. So the product managers defined the customer as this key account team and focused the prototype on addressing their preference drivers.

The first failure point leads to the second failure point

Once you've created a successful prototype to solve the first failure point, a well-designed micro-battle will

then move to the second failure point. Generally, this means you move from customer to capability or from capability to customer. Two examples:

- In working with a transport company, we ran a micro-battle on eliminating costs, and we defined the customer as the truck driver. We couldn't move forward on the cost-reduction initiative unless the drivers were fully on board. The solution involved creating software that drivers were expected to execute on a tablet. We developed a solution that the drivers loved, eliminating the first failure point. This immediately triggered the second failure point: Were we capable of training drivers—especially the part-time, third-party drivers, who had different incentive structures than the company's full-time drivers?
- At a medical device company, we worked on a micro-battle involving a move from product sales to the sale of “solutions.” So the first failure point was all about the salesforce and its capabilities. Could the existing salesforce adopt a “solution development process” that would help individual salespeople identify potential customer needs? Once we created a successful prototype targeting sales capabilities, we moved to the second failure point: Will customers buy into our solution prototypes?

The best micro-battle leaders fail a lot, but keep the cost of failure low

This is really an Agile point, but a point worth making. The best micro-battle leaders are very good at coming up with clear, contained failure points that allow the team to develop targeted prototypes through quick rounds of failure and adaptation. This is a real art. It's very easy to overinvest in the prototype by creating a lot of functionality or complexity that really has nothing to do with the failure point. This creates costs and slows down prototype testing. It also creates a lot of noise in interpreting customer feedback. Are custom-

ers reacting positively or negatively because the prototype addresses the failure point, or are they merely reacting to all the bells and whistles you've added?

The hurdle of transferability is high and leads to more failure

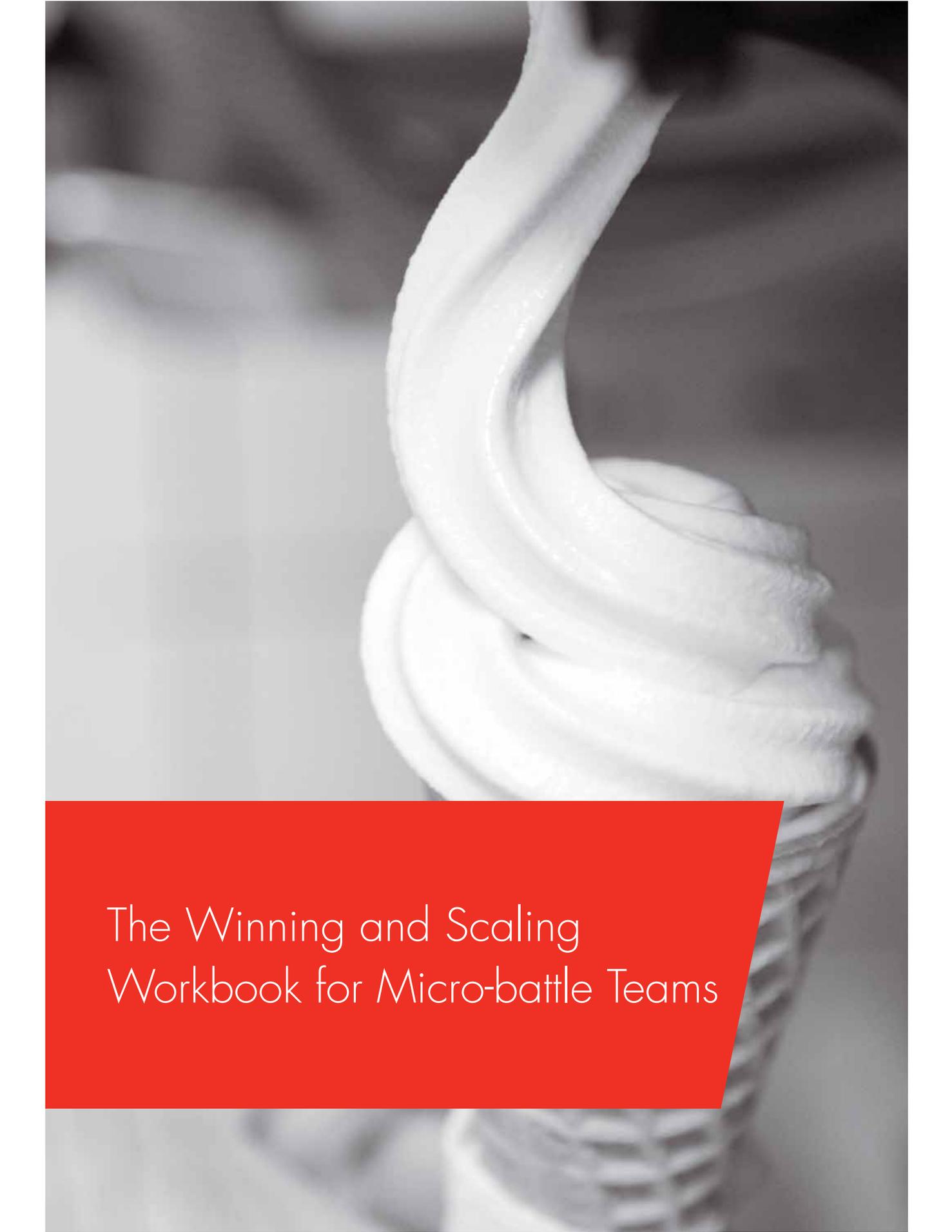
Remember, a key definition of a successful prototype is that it's transferable to other markets (or next customers, or channels or employees). So not only will you probably fail in testing with the initial design target before you find success, but you'll likely have to fail again in the next cycle, as you adapt the prototype to the next market. The more narrowly and precisely you define the design target in the first instance, the more you will fail in testing for transferability. That's just part of the process.

Facts matter, and so do focus group insights

Every micro-battle mission should define the metric used to measure both the success of the initial prototype and the subsequent repeatable model. It's also important that the micro-battle team understands how to gather data to demonstrate it has hit the metric. Equally critical, however, is that the team learns from each prototype test, which involves rigorous use of both qualitative and quantitative customer feedback. In this context, focus groups matter a lot, and the best micro-battle leaders create the right conversation with customers to get real insight into what's going on. Customer dialogue matters as much as a quantitative survey.

The customer feedback *we're* getting on failure points is that this is really helping clients focus their strategic initiatives. The need to identify the right first failure point is leading to very different conversations at their companies. These conversations are improving the quality of the strategic discussion, moving it from an easy, but meaningless, conversation about chapter headings to a very hard, but far more productive, debate about first failure points. 

Micro-battles and Finding the First Failure Point



The Winning and Scaling
Workbook for Micro-battle Teams

Micro-battle leaders are mobilizers, committed to systematically testing implementation and scaling issues as they go. When they declare victory, the micro-battle is already on the road to full-scale deployment.

As we've worked with individual micro-battle teams on their prototyping, a key question has emerged: "What is the best way to plan each round of prototypes to help us move closer to a scalable, repeatable model that can be deployed across the organization?"

It's the micro-battle leaders' job to focus on creating a repeatable model to scale a new innovative idea. A scalable, repeatable model demands that these leaders aggressively test a new failure point at each cycle. In other words, they aren't creators, confirming an idea is a good one and handing it off to another team to scale. They are mobilizers, committed to systematically testing implementation and scaling issues as they go. When they declare victory, the micro-battle is already on the road to full-scale deployment. We've found that the best micro-battle leaders take several actions, with the help of a few proprietary tools, to do this.

Let's illustrate the journey from prototype to deployment with a case study that combines some of our recent experiences. We'll call our fictitious company "South American Burgers." It's one of the leading fast food chains in South America, with businesses in Argentina, Brazil and Chile. About half of its stores are owned by the corporate parent and half are franchises. The company was originally founder-led, but now it's run by a set of professional managers. Senior leaders realized they've lost their Founder's Mentality®, and they've launched a set of micro-battles to address this. One micro-battle involves introducing self-serve soft ice cream stations in their restaurants. Senior leadership has selected a micro-battle team to lead the initiative and asked them to test the consumer proposition and demand. The team must also determine how to roll out the self-serve machines across stores.

To move toward a repeatable model, the team at South American Burgers should take five actions, guided by a few supplementary tools.

1. Maintain a sense of bold ambition. If you think big, success with the micro-battle will fundamentally transform your leadership economics and competitive position with specific customers. The best micro-battle

leaders always focus on strategic intent, making sure the ambition of the micro-battle is big and bold enough to be worth it. The early stages of micro-battles pressure teams to move from a large ambition and start prototyping a smaller idea. That transition is important, but not if it results in a smaller ambition for the micro-battle. The micro-battle mission helps micro-battle leaders think boldly as they make progress (*see Figure 1*). They are asked to confirm the ambition for the micro-battle and the repeatable model, and address the major deployment issues that could impede the rollout. The team updates the mission as they reach discoveries and failures in each cycle.

Six tests can help teams determine if the micro-battle ambition is big enough:

- **Do you have a winnable and credible initiative?** Given that you're working on winning and scaling, you have to believe you can win! You also need to ask, "Is this micro-battle even credible?" For the ice cream micro-battle team, the first question in the first meeting should be, "Could we ever 'win' in ice cream in our stores?" Team members should debate the answer. In this case, the company leads in burgers and already has a winning milkshake offer—in fact, it's famous for its shakes. Research confirms that the restaurant's consumers want a greater variety of desserts and rank the brand highly in frozen treats due to their shakes. The team had a good experience rolling out milkshake machines to all restaurants seven years ago. A number of machine vendors in South America would like to partner with the company. Taking these factors into consideration, the team concludes this is a potentially winnable, credible initiative.
- **Will the micro-battle materially impact your top- and bottom-line growth?** This is fundamental. At full potential, will this micro-battle help you grow faster? Will it make you more valuable? If so, it's worth your efforts. If not, why bother? At South American Burgers, the team has the numbers—if the company sells one soft-serve ice cream with every five combo meals, it will double its growth

The Winning and Scaling Workbook for Micro-battle Teams

Figure 1: The micro-battle mission evolves over cycles

Cycle	Strategic ambition	Prototype of next failure point	Repeatable model	Deployment
1	Success in this micro-battle will create a sustainable improvement in our leadership economics with our most important customers.	We can develop a robust customer proposition, with the right gross margins.	The proposition can transfer to other customers, channels and/or geographic markets.	The full deployment of the repeatable model makes the tasks of our execution community easier or more profitable. We can involve our stars to tell their stories.
2				
3		The proposition can be delivered at scale, with the right operating margins.	We can deliver a repeatable model that fits into the playbooks of our execution community.	We can confirm the rollout model and the internal and external partners needed to scale.
4				
5		We can involve the necessary external and internal partners. We can confirm that the economics are still attractive at workable scale.	We can create advocates among partners who will help us scale at each level.	We understand the cost to build new capabilities and know they'll pay off. We can engage the teams to build new capabilities and advocate the initiative.
6				
7	Success in this micro-battle may deliver 10 to 100 times the impact on our business if we can transfer our new capabilities to other areas of the business.	We have identified the scaling community and we have the economics to build our scaling capability.	We can roll out our solution across the enterprise and turn our stars into sustained advocates.	Early wins and customer testimonies will build momentum for adoption of the model.
8				

Source: Bain & Company

projections. In fact, it will actually increase profits, because soft-serve ice cream has better-than-average gross margins.

- **Will the capabilities you build to deploy the new repeatable model give you sustainable competitive advantage?** We use two tools to help teams find the answer. The first is the capability matrix, which forces teams to think through 15 capabilities and determine which ones they need for the repeatable model. The second is the Elements of Value® pyramid, which explores the deeper aspirations behind purchasing decisions (see “The Elements of Value” on Bain.com). The Elements of Value push teams to think strategically about how winning specific micro-battles could change customer perceptions of the company over time. In our ice cream case, the team concludes that adding ice cream will help the company sell a wider variety of desserts and move into other self-serve ideas, which would reduce labor costs. Moreover, it adds a “fun/entertainment” element to the restaurants, which they currently lack. Getting self-serve ice cream right could fundamentally change the brand proposition for families, by turning the restaurants into an emotional destination.
- **How can you transfer the lessons of the winning model in one customer segment to other customer segments or channels?** The more specifically you design the model for one customer segment, the more likely you are to deliver something truly differentiated for that customer. The more you design for multiple segments, the more transferable you can make the model. There’s a trade-off. For the burger business, the micro-battle team determines that the ice cream initiative could extend to all urban restaurants immediately. Team members also conclude that they’ll need to test cost-effective servicing for machines in rural areas. But, more importantly, they decide that if they get ice cream right, they can extend to frozen yogurt immediately. In addition, some franchise owners are eager to test how the self-serve concept could apply to salads. There’s room to transfer the lessons to multiple food categories.

- **Will the micro-battle help you gain leadership economics?** Teams should map out detailed market-share ambitions for the micro-battle. They should show how they'll use their growing relative scale in a specific customer segment, channel segment or market segment to outinvest the competition and create more barriers. For the ice cream example, the team concluded that if it can redefine consumer expectations of a burger destination (to include a robust dessert offer), the company will uniquely benefit from these changes economically. The company has the highest number of outlets and can get the best deal with ice cream machine vendors, which will create further barriers to entry or expansion for competitors. The economics of the business will improve.
 - **How can you think 100 times bigger and bolder than your current ambition?** To get your team thinking like founders, ask, "If this were my company and my money, what other things would I do to make this idea 100 times bigger than anyone is considering?" The South American Burgers team had fun with this one. Team members felt that mobile prepurchasing through the company app could highly benefit their ice cream initiative, by allowing customers to quickly serve themselves and depart. They ran a series of workshops on how they could use the consumer data captured and how mobile orders could transform the category in South America. They imagined an online "burger club" that would parlay ice cream offers into recruitment and retention of members. This might fundamentally reshape their relationship with consumers and transform the company from a traditional brick-and-mortar food supplier into an omnichannel leader. What's the point of all this? The micro-battle is worth pursuing, and the team is excited to win and scale.
2. **Develop a prototype schedule that sets out a sequence of failure points.** A prototype schedule is very important, as it helps the team address a fundamental trade-off in micro-battles. On one hand, you want to test and learn solutions through multiple cycles of prototyping. The more you test and retest a single prototype, the more likely it will successfully address specific customer requirements. On the other hand, you're trying to deliver a complex repeatable model. The first goal demands you focus on a similar prototype through multiple iterations. The second goal demands you constantly stretch the prototype to move closer to a repeatable model. We've worked with teams to develop two tools that address this trade-off: the failure-points grid and the prototype schedule. Both tools help you evolve the prototype over time, while testing all the important elements of successful Repeatable Models.®
- **The failure-points grid:** From the outset, this tool helps micro-battle team leaders identify the most critical potential failure points, by forcing them to think on two dimensions. They need to consider each possible failure point as they move from the proposition, to market strategy, to partner selection, to internal deployment. They also need to think about how these issues might change as they test the model for different volumes—what works well at 20 units might not work well at 50,000 units. For our ice cream example, the micro-battle leader maps out a sequence of failure points she needs to test (*see Figure 2*). First, she needs to find out if consumers will buy soft-serve ice cream at the local equivalent of \$2. For the first micro-battle cycle (three to four weeks), the leader determines it would be best to test the proposition in 10 stores in São Paulo. This is enough to get a good sense of consumer views. She also needs to work out the full economic costs of running self-serve machines in a typical store. In particular, she has concerns about customer queueing: how will it impede store traffic? As with the first cycle, she believes the next cycle should focus on 10 stores. Once she proves the service will work for the restaurants, she needs to get the cost right for the machines. For that, she needs to think about a radically different scale. She decides to find vendors for the first 7,000 machines. The micro-battle leader also wants to schedule a cycle to figure out if the delivery team in Brazil could stock and service these machines as part of the normal work-

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Figure 2: Micro-battle leaders should identify the most critical failure points and volumes for testing the prototype

Objective	The eight potential failure points (FP)	Volume (units)				
		5-10	50-100	5,000-10,000	50,000	500,000
Customer proposition and route to market	Confirmation of customer interest in core proposition <i>Offer self-serve ice cream in 10 stores in São Paulo at \$2 for a small cone.</i>	FP 1				
	Refined proposition that can scale across customer segments <i>Verify that the offering can scale to other customer segments (e.g., ice cream floats in certain regions).</i>	FP 6				
	A route to market with full system economics that can create both customer pull and channel pull <i>Understand the operating costs and implications for customer queueing in 10 stores.</i>	FP 2				
Ability to scale (partners and economics)	Ability to deliver the proposition through the right partners <i>Find the right vendor for the first 7,000 machines.</i>	FP 3				
	Ability to deliver the proposition at the right economics <i>Determine if vendors can supply at the right cost at rising volumes. Evaluate a mix of vendors.</i>	FP 5				
Ability to move from innovation to routines	Ability to deliver a repeatable model that fits into the playbooks of the execution community, to address training and behavior change, and to create pull or adjust rewards as needed <i>Confirm the team's ability to stock and service machines in 60 stores. Define the training plan.</i>	FP 4				
	Acknowledgment of operating model changes required to roll out and a realistic plan to build the new capabilities <i>Understand any operating model changes required to roll out (e.g., automated IT software).</i>	FP 7				
	Assessment of the level of support required from other functions/regions and enlistment of these resources <i>Confirm the right resources are available to deploy the repeatable model in Argentina.</i>	FP 8				

Source: Bain & Company

week, and how to train the team to do so. Given that there are 60 restaurants in the region, the right unit of scaling, or number of restaurants to test, is 50 to 100. Once all the failure points are laid out, the team leader can design the cycles to test each aspect for the repeatable model.

- **The prototype schedule:** Teams can lay out their approach to failure points and adjust as they go with prototype scheduling (see Figure 3). Each column represents one cycle of micro-battles, or a two- to four-week sprint to test the next prototype. To move from simple prototype to repeatable model, the team needs to test a different failure point with each cycle. The red cells represent the primary focus of each cycle, or the main failure point that you're testing in the market. The gray cells represent the failure points that you'll continue to refine during that cycle, but aren't the main focus. With a schedule like this, the leader of a well-designed micro-battle is always trying to

move aggressively to the next failure point while still allowing the team to refine the solution to the previous failure point. In our ice cream micro-battle, the team has used the failure-point grid to roughly identify each cycle. Now the team needs to map out how it will test these failure points. Team members agree that the first failure point is consumer willingness to pay around \$2 for a small cone. This price would be required to deliver the ice cream at the same margin for beverages. They prototype the offer in their first cycle, and it's a huge success. They're confident that the basic proposition works. However, they still want to refine the core idea, as demand varies across stores and they need to understand why. So the micro-battle leader makes a decision. The team will continue to test and refine the proposition across two more cycles, but the focus will be directed on the next failure point. In the next cycle, the team refines the proposition, but also tests customer queueing. This idea of primary and secondary focus cascades

Figure 3: The prototype schedule maps the testing of failure points

The eight potential failure points	Cycle							
	1	2	3	4	5	6	7	8
Offer self-serve ice cream in 10 stores in São Paulo at \$2 for a small cone.	FP 1							
Understand the operating costs and implications for customer queueing in 10 stores.		FP 2						
Find the right vendor for the first 7,000 machines.			FP 3					
Confirm the team’s ability to stock and service machines in 60 stores. Define the training plan.				FP 4				
Determine if vendors can supply at the right cost at rising volumes. Evaluate a mix of vendors.					FP 5			
Verify that the offering can scale to other customer segments (e.g., ice cream floats in certain regions).						FP 6		
Understand any operating model changes required to roll out (e.g., automated IT software).							FP 7	
Confirm the right resources are available to deploy the repeatable model in Argentina.								FP 8

Source: Bain & Company

through every cycle. By the time the ice cream team leader has tested the first four failure points, she has a winning prototype. This will have happened within three to four months.

3. Focus on Agile ways of working while testing failure points. There’s a danger that failure points, grids and schedules will all sound very static and bureaucratic. It’s imperative that micro-battle leaders employ these tools in an Agile way. The tools help define the next sprint and the backlog. But they don’t lock the team into a set 16-week schedule. Market tests are never black and white. It’s rare that a team completes a cycle and states, “We’ve been completely successful and can move to the next failure point.” It’s much more likely that the team will report, “The market feedback is good enough—we know with further refinement we’ll get this right,” or even, “We have *not* succeeded and need another cycle to improve our prototype and get success.” The schedule must be fluid and subject to change with each sprint. It needs to leave room for failure as well

as discovery. It must also allow for the teams to move forward to the next unknown, while simultaneously refining previously tested solutions. The micro-battle leader at South American Burgers is exemplary—she knew her team was confident in the initial price tested, but also that questions of variable consumer demand would be left unanswered if they stopped there. So she encouraged her team to keep pushing for improvement, while continuing to change queuing patterns in stores and find vendors to roll out the machines at scale.

4. Complement the core team with key players from all three communities. A micro-battle is a rigorous journey that relies on skilled members of the three communities from the initial prototype to deployment. While the best micro-battle leaders reject the idea of handing off innovations for someone else to scale, it’s no wonder that we need teams to change slightly over time. As teams move down the list of failure points, strong leaders bring in the right people to address implementation issues during the right cycle. It’s

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critical that these new participants are involved in developing solutions, rather than judging solutions and acting as impediments. To determine which experts to bring in for each micro-battle cycle, our ice cream team used a simplified version of our tool (see Figure 4). Early in the third cycle, the team began testing vendors of the machines. It quickly discovered that determining the responsibility and terms for purchasing the machines was a very big deal. The vendor market was fragmented, and no vendors were willing to sell the machines on credit. In addition, many of the restaurants in Brazil were franchises that couldn't afford to purchase the machines up front. Ultimately, there was only one scalable solution—the corporate parent needed to buy the machines and lease them to the franchises. The terms were attractive to all parties, but the working capital implications were significant. The micro-battle team would need the CFO's approval. Rather than postpone discussion of this issue until the team had refined the prototype, the micro-battle team leader realized the discussion was actually the third failure point: if the team couldn't finance the machines at

scale, it didn't have a scalable growth idea. In the third cycle, the team leader brought in two senior finance people to draft a financial term sheet that would work for the vendors, franchises and CFO. The team got it right initially, but refined it over two more cycles with a larger set of finance people, including partners from vendors, franchises and banks. By the sixth cycle, the financial package was a key part of the proposition and fully supported by the CFO. A great micro-battle leader brings in the right people to get to a "yes," rather than keep them off the team waiting to say "no."

5. Consider rollout models to create pull for the initiative. Leaders often fail to think through different rollout models, and as a result, believe that deploying a playbook is the best model. But most Repeatable Models are complex. They demand a higher degree of local tailoring than a playbook allows. Moreover, the people who have to implement the repeatable model need the opportunity to understand the idea and buy into it. It's naïve to think that you can roll out a complex idea with a new playbook and demand that every-

Figure 4: Micro-battles mobilize different players from the three communities in each cycle

Cycle	Failure point	Execution community			Innovation community	Scaling community	
		Scale	Intimacy	Routines	Disruption	Playbook creation	Behavior change
1	Customer proposition		John		Mary		
2	In-store queues		John	Bobby	Mary	Fred	
3	Vendors to support 7,000 units	Jack				Michael (CFO) and two finance people	
4	Support/stocking with teams across 60 stores	Doris		Frank		Alice	Joan

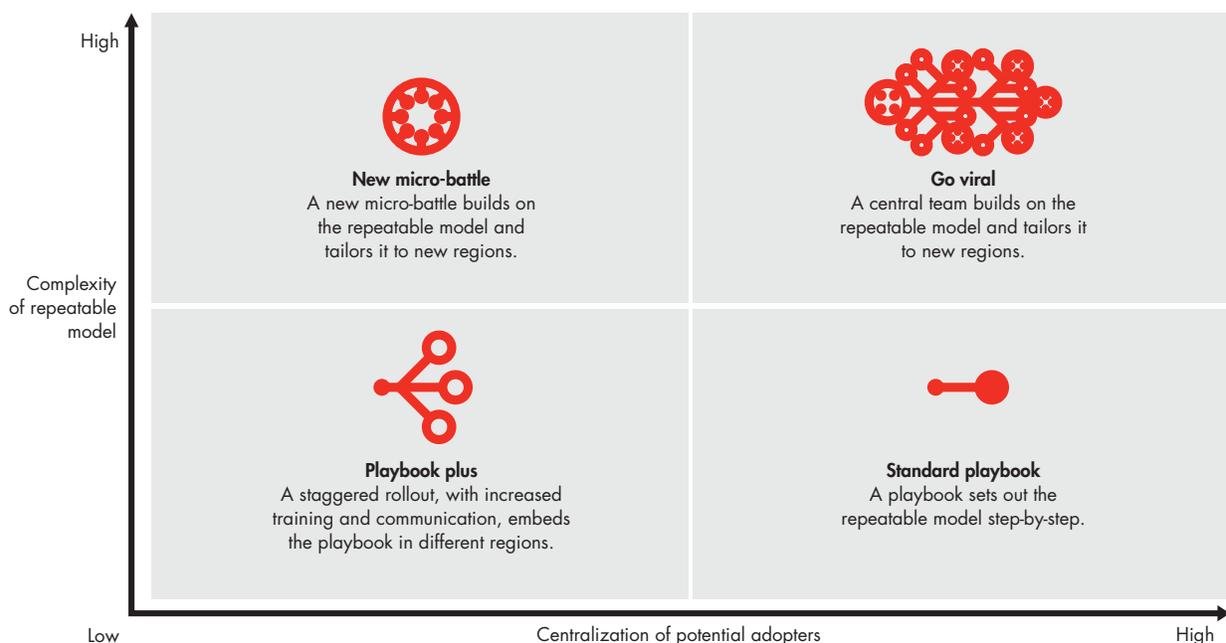
Source: Bain & Company

one complies. No wonder there's so much yield loss. A good micro-battle leader considers different rollout models and how to test failure points in the rollout plan (see Figure 5). At South American Burgers, the franchise stores added a high degree of complexity and widespread behavior change; a standard playbook wouldn't work. The team leader realized the best way to deploy the model was to "go viral." She decided to run a final set of prototypes in the stores of the most sceptical franchisee, Pablo Rodriguez. Pablo was a founder himself, running a separate chain of pizza outlets along with his franchise agreement. He tended to be very wary of "corporate initiatives." At the same time, as a founder, he aggressively supported smart ideas. He knew how to make money. To ensure successful deployment, the team leader realized that she should run a full test of the ice cream concept at 10 of Pablo's stores. She asked that Pablo champion the new concept if they worked in his stores. When the ice cream machines succeeded, Pablo became a crucial supporter of the rollout.

Micro-battle teams should address the five actions we've described as they scope out and define their micro-battles mission. As they progress through each cycle, they revisit and update the mission with new lessons, to eventually deliver a scalable, repeatable model (see Figure 6).

We've developed a workbook that collects these actions and tools, to help micro-battle teams prepare for each sprint. The workbook not only ensures that micro-battle teams operate successfully, but also helps the Amplify teams. Remember, the Amplify team runs the portfolio of micro-battles and ensures that all micro-battle teams can learn from each other. By asking micro-battle leaders to consider each of these actions, the Amplify team can enable best practices throughout the organization. In our South American Burgers example, the company was also working on a dozen other battles focused on every aspect of the business. As each micro-battle team came forward, the Amplify teams immediately saw two patterns. First, many

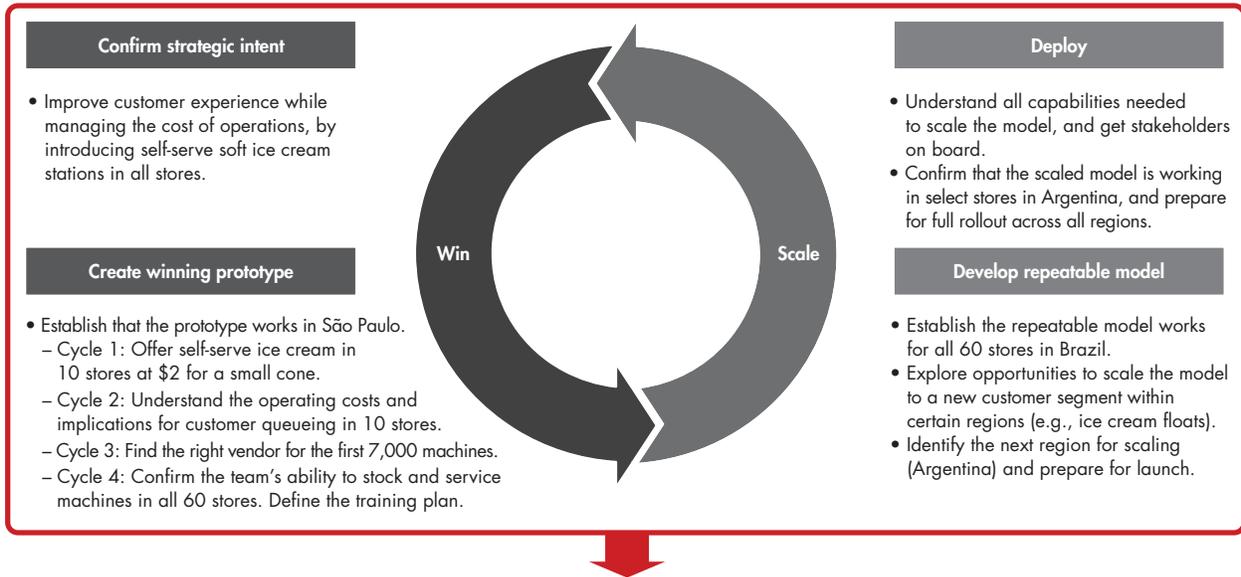
Figure 5: Selecting the right rollout model can create pull for the initiative



Source: Bain & Company

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Figure 6: The micro-battle mission focuses the team on delivering a scalable, repeatable model



Outcome: Projections double for revenue growth and increase 3% for gross margins

Source: Bain & Company

teams discovered that the company could use its cash position to support franchises in new ways that could help them compete locally. Second, the idea to bring Pablo Rodriguez on board as an early adopter and promoter of change helped roll out a number of initiatives. The tools forced the teams to think ahead to the next

three to four sprints, helping them identify both issues within the first month of rollout. As a result, they moved much faster. The approach helped the senior leadership think about how to operate with speed and leverage scale. Micro-battles were helping them become a scale insurgent. And that, after all, is the point. 



A Checklist for Launching
Micro-battles

Micro-battles help you rediscover how to build new businesses by competing on the basis of scale and speed. The motions of micro-battles are built on the skills of the best founders—winning, scaling and amplifying.

At Bain, we run our global micro-battles program as a micro-battle itself. In doing so, we use the rather odd phrase: “Let’s make sure we eat our own dog food.” Don’t ever question our abilities to adopt wonderfully inspirational mission statements.

About three months ago in our review sessions, we looked at different micro-battles that were both on and off track. We recognized a pattern. If a micro-battle was off track, we found that most of the time, the team should have been able to predict the trouble. We knew that off-track micro-battles display common flaws. We agreed to design a launch checklist to help micro-battle leaders make sure their teams are ready for takeoff. Two months ago, we developed a prototype that we’ve been testing around the globe (the winning stage). Now we’re ready for scaling, so we want to deploy it to a broader group. True to micro-battles, we’ll continue to learn and adapt, so we welcome your feedback.

Why launch micro-battles?

To develop our checklist, we started with the question, “Why launch micro-battles?” Our answer: Micro-battles help you rediscover how to build new businesses by competing on the basis of scale and speed. The motions of micro-battles are built on the skills of the best founders—winning, scaling and amplifying.

- **Winning.** Micro-battle teams take an important strategic initiative and translate it into a prototype that can be tested with customers. They quickly turn bold strategic goals into results through testing and learning. To “win,” you must identify the first failure point and set up a failure-point schedule (which sets out the full test-and-learn agenda for your new business). You act like an insurgent by making problems smaller. Winning brings the “insurgent” to the phrase “scale insurgent.”
- **Scaling.** Micro-battles aim to keep your initiatives from going the way of pilot programs, which always succeed once, but almost never succeed at scale. Teams must test prototypes for transferability (they’ll work elsewhere) and repeatability (they’ll fit into daily routines and behaviors). This requires

the scaling community, or a team of individuals who are obsessed with taking good ideas and embedding them in the playbooks of the execution community, or the “doers” who make up a majority of your firm’s activity. Good scalers move beyond innovation (introducing a better product or service proposition) and toward true business building (taking an innovation to market and influencing the market to achieve scale economics). Scaling brings the “scale” to a scale insurgent.

- **Amplifying.** For micro-battles to succeed, the organization must learn from its full micro-battle portfolio and act on these lessons. Micro-battles require an executive team that’s committed to becoming a scale insurgent. These leaders acknowledge that they must change their own behaviors to support each micro-battle. They must build a scaling community and act like venture capitalists (VCs) by accelerating business-building efforts or pivoting to new ideas when the teams hit obstacles. Amplifying turns a one-off attempt to become a scale insurgent into an institutional capability.

The 10-point checklist

We built our launch checklist for winning, scaling and amplifying to help micro-battle leaders determine if their team is prepared to succeed (*see Figure 1*). As with a rocket launch, if you can’t confirm each item, avoid takeoff.

Are you set up to win?

1. Your senior leaders are committed to the goal of scale insurgency. Micro-battles start with ambition. The journey will be fun but tough, and the last thing you need is a group of sponsors questioning why you’re doing it. Most large corporations have a huge “special project graveyard” where the stars of the business had been asked to lead something new and special. As with all bold new initiatives, these projects inevitably hit rough patches. Too often, the leadership loses the will to persevere and the star’s career hits the skids. Don’t start revving your engines, dear pilot, unless you’re sure your leaders are committed to the journey.

A Checklist for Launching Micro-battles

Figure 1: A launch checklist ensures your micro-battle is ready to succeed

	Winning	Scaling	Amplifying
Prelaunch	<ol style="list-style-type: none"> 1. Your senior leaders are committed to the goal of scale insurgency 2. Your micro-battle is linked to a key strategic priority 3. You have a strong micro-battle leader and can assemble a dedicated team 4. You know the first failure point 	<ol style="list-style-type: none"> 5. You're building a repeatable model to deploy across the organization 	<ol style="list-style-type: none"> 8. Your leaders are committed to building the scaling community and you have scalers on your team
Second cycle (3–4 weeks)		<ol style="list-style-type: none"> 6. You have a failure-point schedule that outlines how your micro-battle will scale 7. You know if your business-building goal is to “deliver” or “develop” 	<ol style="list-style-type: none"> 9. Your leaders have a “growth mindset” and help micro-battle teams learn from each other 10. Your leaders have a venture capitalist approach

Source: Bain & Company

If you're in doubt, ask them to complete our Founder's Mentality® diagnostic (see “Making the Case for Change”). It tends to force the conversation.

2. Your micro-battle is linked to a key strategic priority.

You need to understand how your micro-battle is linked to your strategy—more specifically, your “strategy on a hand.” In this metaphor, the “thumb” is your insurgent mission. The “fingers” are your firm's unique “spiky” capabilities, which will help you achieve that mission. If you can't link your micro-battle directly to the insurgent mission and to one of the spiky capabilities, pause and clarify it. Item No. 1 helps you determine if your leaders are committed to micro-battles in general; this item helps you determine if they're committed to your micro-battle specifically. When the going gets tough, it matters that everyone is aligned on the strategic importance of the initiative.

3. You have a strong micro-battle leader and you can assemble a dedicated team. Every micro-battle should

have a micro-battle leader who owns the mission. That leader is typically a franchise player. We define franchise players as the leaders who help deliver the benefits of scale and the benefits of intimacy to the customer. Your micro-battle must have a customer in mind (see the next item). This customer demands that she benefits from your firm's scale (your size provides a cost or convenience advantage) and intimacy (your local team is empowered to understand and meet her specific needs). Your micro-battle leader guarantees that she gets both. Once you've determined your micro-battle leader, you also have to ask about the team. Beware of two classic allocation mistakes. In the first scenario, you could be promised a team, yet the team members haven't been identified. Pause! In the second scenario, you could be promised certain people, but they need to allocate more than 50% of their time to their day job. In both cases, you're unlikely to have a very successful micro-battle. You also need to make sure that your team isn't promised to a dozen other project owners. Today, the corporate agenda is over-

whelmed by special projects, with all flavors of “digital” and “agile” initiatives. The company should recognize that micro-battles are the right combination of all of these. It’s important to remind everyone that micro-battles give employees a critical opportunity to take part in designing the future of the business, while learning from senior executives.

4. You know the first failure point. At the very least, you need to determine your first failure point, or the most important part of the strategy that you don’t know how to execute. To identify this, you’ll need to know your customer. You should ask, “Who tries out the prototype and gives feedback?” To answer that question, we ask micro-battle leaders to complete their micro-battle mission, which helps them plot the move from strategic initiative to prototype and determine the most important first item to test.

Are you set up to scale?

5. You’re building a repeatable model to deploy across the organization. The winning section of the checklist focuses on prototyping. The first item in the scaling section ensures that those prototypes build toward a repeatable model that can scale across the company. Of course, there’s a tension. Winning means the team must check on the narrow and specific. Scaling means the team must align on the goal of the micro-battle and the size of the prize—the value that you can deliver by scaling the solution across the organization. While winning starts a conversation with your customers, scaling continues the conversation with your execution community. You need to ask them, “Are we making something that we can make, sell and deliver every day?”

6. You have a failure-point schedule that outlines how your micro-battle will scale. Winning forces you to confirm the first failure point with the prototype tested in the first cycle. Scaling forces you to think three to four steps ahead with a failure-point schedule. A failure-point schedule maps how your prototype will lead to a repeatable model that translates into your daily routines. If you’re successful with the first failure point,

what do you have to test at each round to build your new business? We’re asking you to move beyond innovation to business building. You not only need to test new propositions with customers, but also consider the business from the route-to-market strategy to the routines of execution. We have developed a workbook to help you think through the failure-point schedule. It’s worth keeping with your checklist.

7. You know if your business building goal is to “deliver” or “develop.” You’ve checked that your leaders are committed to the journey and that your micro-battle is strategically critical. You should also understand how your micro-battle fits into your company’s delivery agenda or development agenda. The delivery agenda contains all of your company’s actions to achieve the full potential of your existing businesses. The development agenda contains the actions to build new businesses for the future. Micro-battles focused on delivery must leverage the current business. You might add new capabilities or reach new customers, but at the end of the day, your new repeatable model will fold into your core business. In contrast, micro-battles focused on development must build new businesses. You could fold this business back into the core, but you might not. Your existing business is a source of neither leverage, nor constraint. You have fewer assets to start with, but also fewer limitations. You could easily look beyond your existing businesses to find new external partners. Understanding whether your micro-battle is a part of the delivery or development agenda helps you decide whom you need to bring on board in order to succeed. It’s amazing how often companies try to implement an initiative without a basic conversation on deliver or develop.

Are you set up to amplify your results?

8. Your leaders are committed to building the scaling community and you have scalers on your team. You’ve now set the winning and scaling agenda, working through the tensions of the narrow prototype and the wider repeatable model. But micro-battles require more than the will to win and scale. They also require skill. You’ll need skilled scalers on your team from the

A Checklist for Launching Micro-battles

start. You'll also need the flexibility to bring in the right expertise at the right time. But first, your leaders must be committed to building the scaling community and making its members available to micro-battle teams. Ask for this commitment early, because your later success depends on it. One executive had a nice way of describing the issue: "The job of the leader is to work *in* the business and *on* the business." Good leaders will work *in* the business every day to deliver quarterly and yearly, but they'll also work *on* the business, by giving teams the leverage needed to scale their micro-battle.

9. Your leaders have a "growth mindset" and help micro-battle teams learn from each other. To endorse constant learning across teams, your senior leadership team will need to lead differently than it has before. It will need to adopt the right attitude—a growth-oriented mindset. It must shift from control to trust and from protection to learning. Leaders should run "amplify reviews," or learning sessions where you hear the most important insights from the micro-battle journeys of your peers. When new capabilities or skills are built elsewhere, you benefit from instant access.

10. Your leaders have a venture capitalist approach. Let's remind ourselves how venture capital works. First, a venture capitalist raises a fund, or allocates the full amount of capital to make deals. If you're a VC investor, this is a big part of your due diligence: Are you backing a fund that has sufficient capital to double down on winners? The same hurdle must apply in a corporate environment. Your leaders must be creating a fully resourced fund to support their micro-battle agenda, because the teams need help accelerating their results. While your leaders can give you access to scalers and help you learn from your peers, you also need resources, including capital and people. Each review cycle must feel like a funding round with good venture capitalists who accelerate the results of their entrepreneurs. The review cycles are key checkpoints where teams that have reached the next stage of scaling receive more resources to move to the next level. They need to free up capacity for special projects to help them succeed, or "create slack," as one leader puts it. In addition, your leaders should rigorously explore the

options to pivot and accelerate. They should be prepared to stop initiatives or micro-battles that aren't delivering value, in order to intensify the focus on the highest-value micro-battles.

How to use the checklist

If you answer "yes" to all 10 points, you're set up to succeed at winning, scaling and amplifying. The good news is that you don't need to confirm all of these items before launching. You can confirm some while you're in flight (see "The Micro-battles Launch Checklist"). But in your first micro-battle discussion, you'll need to answer "yes" to the first six items in the chart before moving forward. If you find yourself answering "no" to any item, you'll need to map out how to get to "yes." About three to four weeks after launching, you'll need to answer "yes" to the next set of items, or map out the actions needed.

The checklist isn't a box-ticking exercise, but rather a way to set up the right conversations between you and your senior leadership on trade-offs. The boxes raise the issues, but as with all real business issues, the value lies in evaluating how these boxes best fit together. For example, using the checklist, a team could realize that the size of the prize isn't big enough to justify the capabilities it needs to build.

Let's say a company called BatteryCo is launching five micro-battles as part of its strategy to move from product sales (large industrial batteries) to a service business (customers rent a battery system to run key machines off the electric grid). One micro-battle involves introducing a small business version of this new service in Nigeria. As the team runs down the checklist, it gets an all-systems-go for winning. The senior leaders are committed to the journey to scale insurgency, and the service business is critical to their strategy. The Nigerian micro-battle has the right leaders. The team completes early work on the failure point and is clear on the right initial prototype.

But as the team moves to the scaling section of the checklist, problems arise. First, the team realizes that

The Micro-battles Launch Checklist

Determine if your micro-battles are set up to succeed. If you answer “yes” to the first six items, you can proceed. If you answer “no” to any item, define the actions required to get to “yes.” About three to four weeks after launching, return for the last four items.

W Winning **S** Scaling **A** Amplifying

	Core requirements	Y/N	Actions required
PRELAUNCH	Your senior leaders are committed to the goal of scale insurgency. They've signed up to sponsor your micro-battles. W		
	Your micro-battles are linked to key strategic priorities. They support your insurgent mission and the spiky capabilities that will help you win. W		
	You have a strong micro-battle leader and can assemble a dedicated team. W You're committed to freeing up your best talent and coaching them to lead micro-battles.		
	You know the first failure point. W You've scoped your micro-battle mission.		
	You're building a repeatable model to deploy across the organization. S Your team is aligned on the goal and the size of the prize.		
	Your leaders are committed to building the scaling community and you have scalers on your team. A They are putting processes in place to identify and flexibly allocate scalers.		
SECOND CYCLE	You have a failure-point schedule that outlines how your micro-battle will scale. S You know how to move from innovation to route to market to embedding routines.		
	You know if your business-building goal is to deliver or develop. S Your micro-battle either improves and scales existing capabilities, or it accelerates business or capability building.		
	Your leaders have a “growth mindset” and help micro-battle teams learn from each other. A They've shifted their mindset from control to trust and from protection to learning.		
	Your leaders have a venture capitalist approach. A They reallocate funding toward winning micro-battles and rigorously explore options to pivot or accelerate.		

A Checklist for Launching Micro-battles

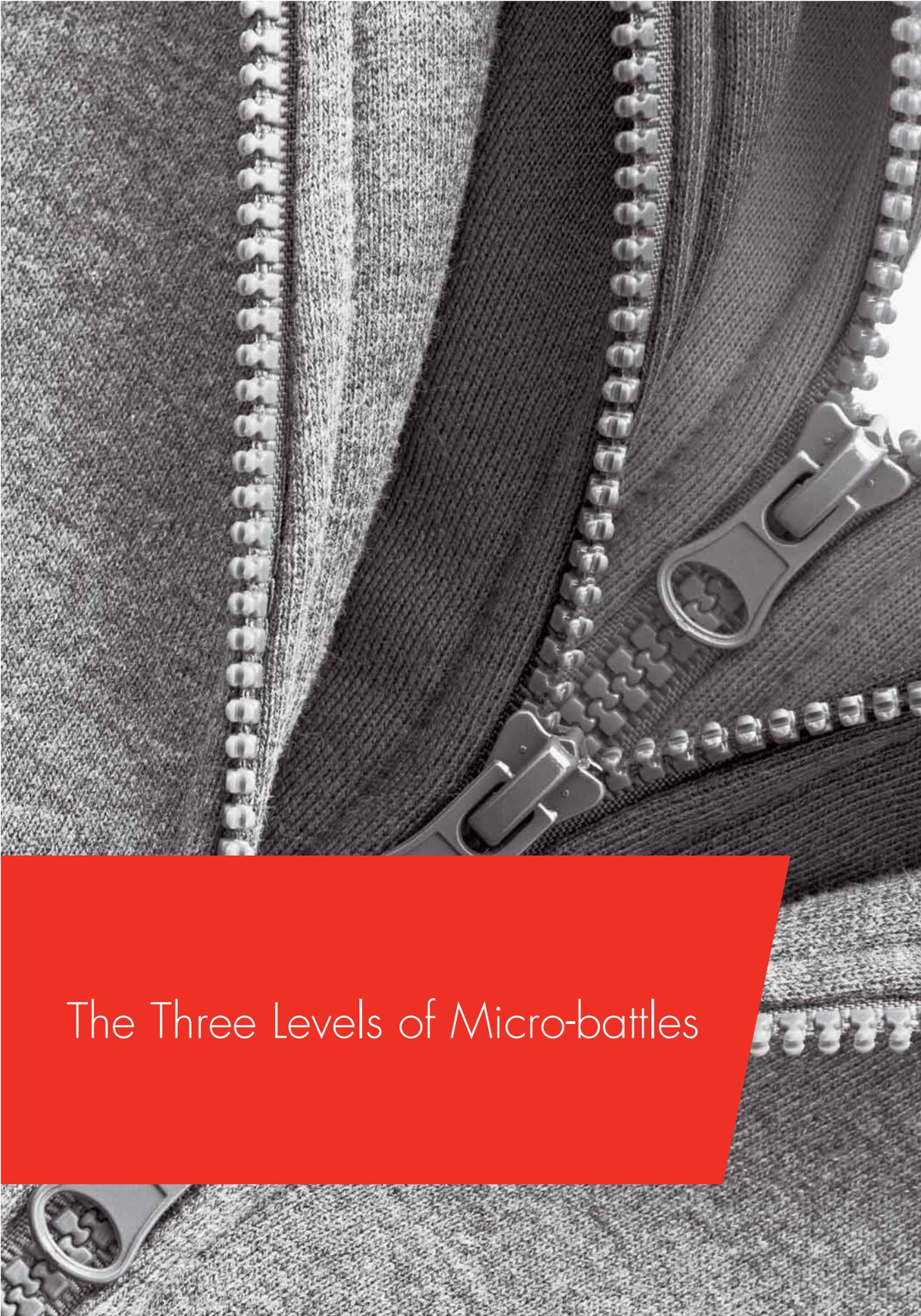
the channel structure in Nigeria is specific to the local market and doesn't apply elsewhere. The prototype isn't transferable to other markets (item 5). Moreover, as the team moves to amplifying, the micro-battle leader realizes that senior leaders probably can't bring scaling resources to the Nigerian team (item 8). There are no local scalers, and any generalist scalers would need significant training to understand the Nigerian market.

Houston, we have a problem. The micro-battle in Nigeria isn't scalable enough to justify the investment required to build local capabilities. What's the remedy? The BatteryCo team decides to refocus on a slightly different channel proposition that could transfer to South Africa and Brazil. The general managers of both markets are willing to invest in scaling resources. In the end, the team is able to rebalance the size of the prize (transferability) against the resources required (shared resources across three core markets).

Here's another example of catching a scaling issue from the start. A European food-service company wants to help customers manage their food inventory to reduce both stock depletion and waste by dramati-

cally improving its salesforce capabilities. It plans to arm the salesforce with tools to report the inventories of each customer and help salespeople adjust orders during site visits. The team checks all the boxes on winning and scaling. But the scaling community (item 8) encounters a problem. The IT department can't free up people to join the micro-battle team, so the leaders would be forced to use outside partners. Without internal resources, the team's early prototypes might not scale across the firm's IT infrastructure. The team decides to postpone the micro-battle and start only when it could free up the right IT resources, to guarantee that the solutions could be scaled.

The right checklists lead to the right conversations. In both of these cases, having hard conversations early on helped the companies avoid stalling. We believe that you're better off starting slow when learning to go fast, which is what makes the micro-battles approach so successful. The goal is to build new businesses and capabilities. You don't want your micro-battles to end up in the special project graveyard, so start the uncomfortable conversations from Day 1. 



The Three Levels of *Micro-battles*

There are common patterns in the most successful innovations and micro-battles. Inevitably, teams work on three levels: customer experience, business processes and technology. That order matters.

All micro-battles lead to technology. But micro-battles journeys don't start with technology. Let's discuss.

As we work with companies on micro-battles, we're learning that taxonomy matters. Derived from the Greek words *taxis* (arrangement) and *nomia* (method), the term taxonomy was originally used in biology to classify organisms. But taxonomy is now applied widely. We've found huge value in identifying and naming patterns of behaviors, routines and lessons as companies work on micro-battles.

Working closely with Bain's Innovation practice, we've been identifying the common patterns that Agile teams and micro-battle teams encounter as they prototype and scale winning solutions. And we're seeing common patterns in the most successful innovations and micro-battles themselves. Inevitably, the teams work on three levels: customer experience, business processes and technology. That order matters.

The best teams start with the customer. They ask, "What parts of the customer experience are we actually trying to improve?" This demands developing a clear taxonomy of the *customer experience* and the episodes—such as "purchase and pay"—that it comprises. For an online retailer, the customer experience might move from "browsing and selection," to "purchase and pay," to "shipping and receiving," and finally to "after-sales service." For a mobile phone company, the experience might encompass multiple players. It could move from "selecting a phone" (which might involve an online comparison of brands), to "choosing a plan" (which might involve a network-branded store or third party), to "purchase and pay" for initial service. The customer experience could continue with "ongoing billing" and "ongoing services" (dealing with phone or network issues) to "extension/upgrade." Micro-battle teams need a clear, shared understanding of the full customer experience and more specifically, what they're trying to improve. By mapping the taxonomy and honing in on a specific episode of the customer experience within that map, the micro-battle team can innovate in a way that mirrors the customer's experience, and the innovation can serve the customer that much more effectively. This is level one.

The team works on level one until it has a winning prototype. But, as we've discussed elsewhere, teams are also focused on prototypes that scale. They'll be testing to ensure that these prototypes can transfer across other customers and markets. They'll be testing that the prototype translates into the routines and behaviors of the people who deliver the customer experience. As teams execute changes to the customer experience, they move to level two. They ask themselves, "To fully implement the improvement of customer experience X, what *business processes* do we need to improve?"

Again, taxonomy matters. The team must outline the full range of business processes—the procedures, activities and tasks that the company executes to deliver the customer experience. Then it must be specific about what processes need to change. Our online retailer should think through business processes required for planning, buying, distributing and selling. It also wants to think through "management and control" processes to support the teams, such as financial controls, legal, human resource systems, and so on. For example, if you're trying to improve how your customers can purchase and pay for products online, you might conclude that you'll need to change your store inventory-management processes immediately.

As the team starts to work on level two, or business process improvements, another pattern emerges—all work to improve business processes leads to *technology solutions*. This is level three. Again, we need a taxonomy for discussing technology improvements across infrastructure, applications, data and services. The team needs to work through the technology requirements to change the business process that will improve the customer experience.

The "three levels" idea is occurring everywhere. Here are a few examples.

- A logistics company wants to speed up delivery times for its customers. Initially, the team will focus on one aspect of the customer experience—the speed at which it brings a truck to a customer site, offloads deliveries and picks up returns. As team members develop their prototype, they realize that

The Three Levels of Micro-battles

they need to change a core business process—the way that customer requests for returns are communicated to the drivers delivering products daily. As they work on a solution, they identify the technology change. They need to design an application that identifies drivers on their routes for daily deliveries and communicates return requests from the customer call center.

- A consumer products company in Asia wants to help mom-and-pop general traders introduce a concentrated dishwashing powder for consumers. On a per wash basis, the concentrate is a much better value for consumers. But the retailers need to explain the benefits of concentrated powder, which has a higher price tag than traditional liquid detergents. During the prototyping phase, the team designs a set of promotional materials to help roll out the new product range. As it thinks through the rollout, the team identifies wholesaler communication training as a key business process to improve. Wholesalers communicate with the mom-and-pop retailers most often, so they need to be trained how to introduce the new products and promotional materials. As the team works on this solution, it realizes that the most cost-effective way for wholesalers to communicate with retailers is a set of videos that introduce the product. These can be rolled out on the same tablet platform that the company has given to wholesalers to track inventories.
- A retailer wants to leverage the convenience of multiple channels—physical stores and digital—to increase sales. It wants to develop the ability for customers to select and purchase products online, then pick them up in store. From the customer's viewpoint, this should be a pretty simple process. But many business processes have to be updated for this to happen. Inventory must be checked in real time, store associates must be available to prepare the order for the customer, and customers must be able to find and pick up their product easily upon arrival. These capabilities clearly require

technology updates—the website or mobile app must check store inventory levels, and in-store technology must help associates prepare the order.

- A financial services provider wants to sell more of its auto services, such as car loans and insurance, to its members. But as it examines the customer experience, it finds that “buying a car” is the first thing the customer cares about. The customer's biggest hassle is finding information on a fair price for the car he or she wants. Realizing it needs to help members solve this problem, the company develops a process for “advising on pricing.” It builds partnerships with external pricing technologies to create more engagement during the car-buying process, increasing sales of its car loan and insurance products.

Understanding the natural pattern of customer experience, to business process, to technology has significant benefits. Teams familiar with the three levels often take five critical actions.

1. **Consider technology changes from Day 1.** The teams realize from the outset that all roads will lead to a technology change, so they begin to understand the required changes from the outset.
2. **Focus on “surgical strikes” for technology change.** While they consider technology change from the outset, they make the request for change as narrow as possible. Remember, you're not seeking sweeping technology change. You're working to improve a specific aspect of technology, to improve a narrow set of business processes designed to support a specific customer experience improvement.
3. **Plan for new team resources from Day 1.** The team that designs a new customer experience will need additional resources. It needs to work with new teams or new resources to improve a business process. It needs to work with new teams or new resources to make the right technology changes. Acknowledging these needs from Day 1 helps the teams plan and allocate resources.

4. **Enable faster pattern recognition.** For leaders reviewing the progress of individual micro-battle teams, the common taxonomy of the three levels helps identify patterns and make connections between teams. All teams will be mapping out the customer experience, so you can share lessons across all teams. Perhaps the first team can map the full customer experience, then share with other teams so you're not starting from scratch each time. In addition, all teams will be mapping out the core business processes, so you can share these maps across teams. All teams also will be mapping out technology solutions, and you can share these too.
5. **Address common scaling issues.** Senior managers will know from Day 1 that there will be demands to change business processes and support new

technology solutions. This will help them track resource bottlenecks earlier. They can anticipate whether multiple teams plan to draw on the same areas of business process change, or similar areas of technology change. Having a common taxonomy to define the three levels and break them down ensures that all teams use the same language to make requests and define the resources that will fulfill these requests.

All roads lead to technology. In fact, when you move to a full portfolio of micro-battles, you'll find that you're well on the road to "transformation through technology" or T³ (more on this later). But the journey doesn't start with technology—it starts with the customer.

Discussed. 

The Three Levels of *Micro-battles*

Amplify Results

The Bain Micro-battles SystemSM

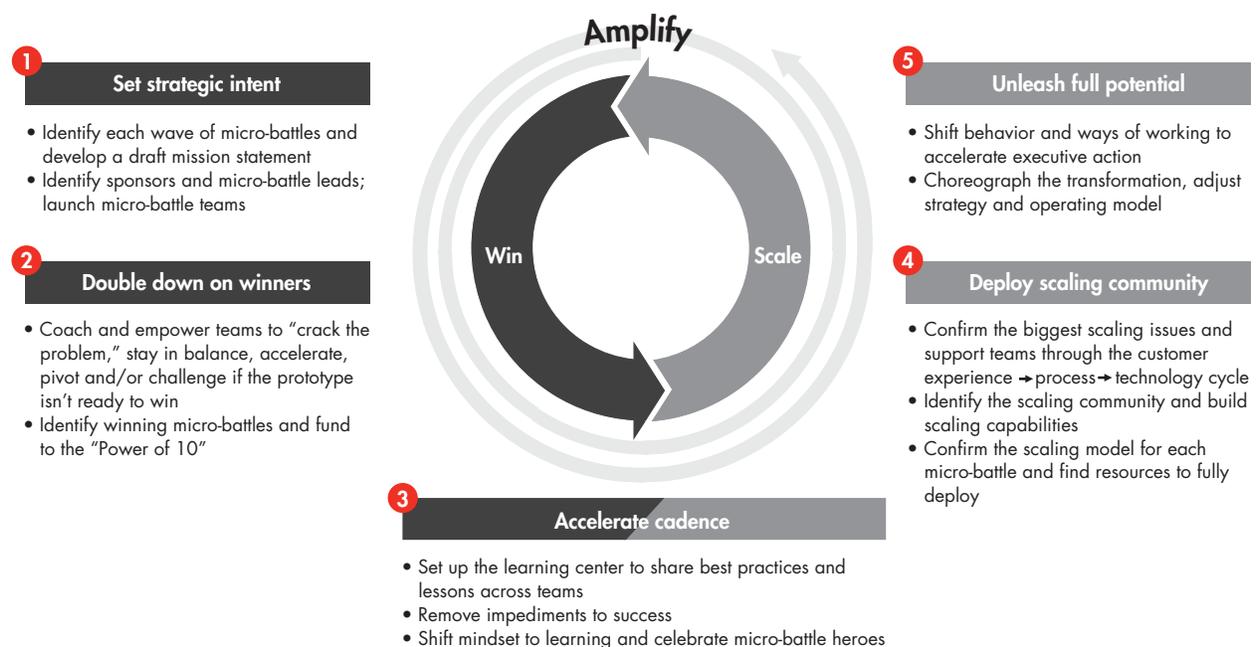
Preface: Stage 3

Welcome to Stage 3. Congratulations are in order. You've successfully launched a couple of micro-battles, and you're now preparing for review sessions. So we're changing our focus. We're now thinking about the second team—the Leadership team that plays the Amplify role. This is the team that reviews individual micro-battles and manages the portfolio of micro-battles. It has five key roles, which are outlined in Figure 1.

Our goals in this section are:

1. **To introduce you to the skills your Amplify team will learn.** We'll take each of these five roles and walk through the skills required. It's a long blog, but we hope it illustrates how exciting this journey will be for the senior team. You're learning the skills of a scale insurgent.
2. **To introduce you to the learning center.** The Micro-battles System is a learning system. We try to bring that to life through the learning center, which is the meeting room where all micro-battle teams go for their monthly review. The learning center is where you record results, lessons, heroes, commitments, backlogs, and so on. Anyone can walk around the room to understand where you are on the journey.
3. **To emphasize the importance of scaling and the scaling community.** The issue of scaling is critical. You'll only be as good as your ability to scale the solutions developed by your micro-battle teams across the company. You'll only be as good as your ability to build a scaling community. Because these issues are essential

Figure 1: The Leadership team amplifies the results of Win-Scale

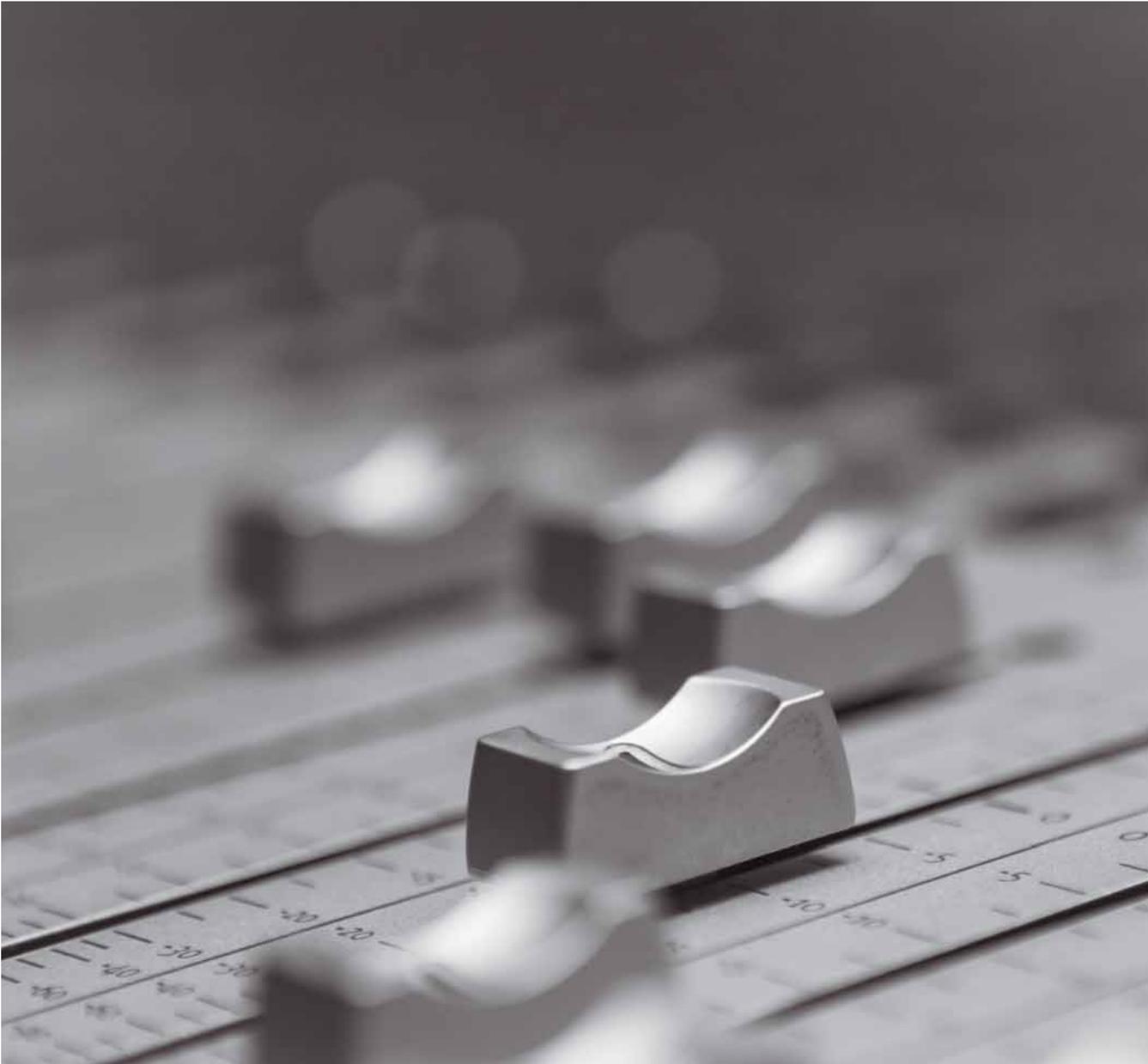


Source: Bain & Company

The Bain Micro-battles SystemSM

to your success, we'll introduce you to 10 scaling lessons (from those who have become masters) and the notion of the three communities. We'll talk about the scaling community as the critical bridge between innovation and execution. We'll urge you to start building your scaling community immediately. We'll share our latest research on the behaviors and traits of a great scaler to help you identify the right people. In our interviews of exemplary scalers, we collected key insights on how these individuals can further develop their skills and role in the organization as well. Finally, we'll provide some guidance on how to get your three communities working together to build your business.

4. **To examine the tough issues that will emerge and how to address them.** You're now running micro-battles and mobilizing two teams—those that run the micro-battles and those that manage the portfolio of micro-battles. And you still have to run your day-to-day business. So, tricky issues will inevitably emerge. We'll set out the tough issues we face on a daily basis and actions you can take to address them. But we also think you'll need to discuss the list from the beginning. Things will get dicey at times, and it's better to be forewarned. Because your specific context matters, we'll also discuss how to think about your company as you set out to address your toughest change issues.



The Amplify Team: Key Skills

As a senior leader on the Amplify team,
your job is to role model the behaviors
of a scale insurgent.

When we introduced the notion of micro-battles, we identified two teams. The first is the Win-Scale team. It's in charge of running micro-battles on a daily basis. The second is the Leadership (Amplify) team. This is the senior leadership team. It's charged with reviewing the progress of micro-battle teams regularly (every three to four weeks) and managing the portfolio of micro-battles. We also introduced five specific roles of the Amplify team (see Figure 1). We noted that across these five roles, the Amplify team should act as the role model for what it means to be a scale insurgent. The purpose of this blog is to go into more detail on what skills are required to play these roles.

The Amplify team as role model

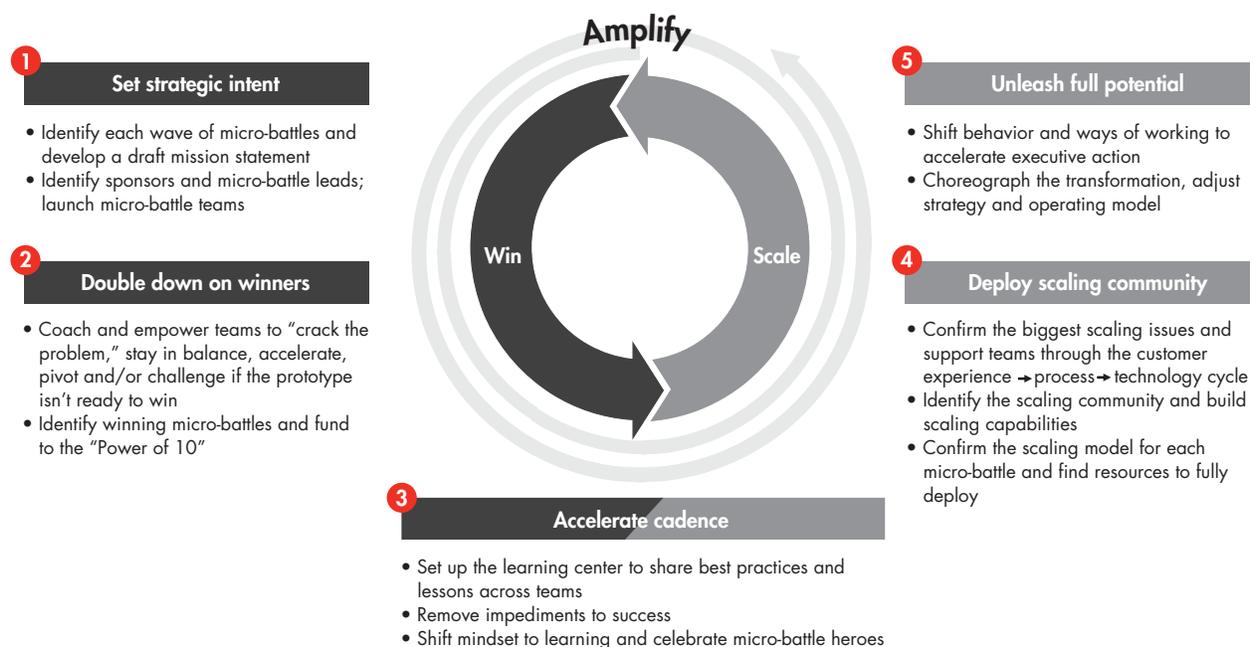
Let's tackle the role model bit first. As a senior leader on the Amplify team, your job is to role model the behaviors of a scale insurgent. This demands two things: that you enable the individual micro-battle teams to act like

founders, and that you bring these founders the best of your company's ecosystem, without letting the rest of the company slow them down. Simply put, your job is to "amplify" the results of the micro-battle teams. As a first step, don't do the opposite of amplify—don't reduce, slow, diminish or stop their efforts. As a second step, be conscious of what you communicate in review sessions. You should demonstrate that you're there to increase the impact of the team. That's your voice.

Let's get more specific about the kind of role modeling that really helps. The exam question is, "How do a group of senior incumbent leaders help a micro-battle leader get on with it and win the battle without a lot of interference or second-guessing?" To get this right demands three sets of skills: listening, giving and coaching, and celebrating.

This ain't that complicated, so we'll get through it quickly.

Figure 1: The Leadership team amplifies the results of Win-Scale



Source: Bain & Company

The Amplify Team: Key Skills

Listen (or, less politely, get out of the way)

It's really hard to identify the most important failure point in a strategic initiative and develop a prototype solution to test with target customers. You might be extremely good at this yourself, or you might be terrible. But it's the Amplify team's challenge to develop hypotheses about the failure point and the best prototype for each battle. Then the micro-battle leader will come back to you after each four-week cycle with an evolved hypothesis based on market tests, research and deeper learning. You've empowered the micro-battle teams to become the experts. Now your job is to:

- **Be in the moment.** Listen to each team. Ask smart questions so you can better understand what they've learned.
- **Understand the facts.** Probe on customer feedback. Focus on how the prototype performed against the "facts" you all agreed would best measure success. Encourage the team to deliver the bad news that will lead to the next pivot. Discourage the positive spin they'll be tempted to give you.
- **Collect what you need for subsequent pattern recognition.** We have a set of questions you'll want to ask the teams during your learning sessions. The most important are:
 - **Resources.** Whom do you need in terms of talent? Are there multiple demands on each person's time? There will be, because as we argue later, "everyone wants Brent."
 - **Timing.** When will you be finished with prototyping and ready to move to testing on transferability and repeatability? When will you be ready for rollout? The answers to these questions will help you manage the portfolio.
 - **Rollout.** What's your preferred rollout model?

Give and coach (or, less politely, do what they ask)

The overriding message here is to make it worth their while to meet with the Amplify team. Your job is to:

- **Respond to their specific requests with specific answers.** Help make the micro-battle team's problems smaller so you know you can deliver what they need. Setting up what we call a "learning center" is helpful here. If the micro-battle team asks for help on a pricing issue, resist the urge to talk about big problems with pricing decisions across the organization. Just work as a team to solve the specific issue, but track on a flip chart how you solved it. In learning, you can come back to patterns.
- **Give advice if they ask for advice.** Deciding on the next pivot for the micro-battle prototype is hard. The team might have a strong hypothesis, but also be looking for feedback. If you can help, help. But if the team isn't asking for help, don't offer a lot of opinions about alternative solutions.
- **Speak with one voice.** If you're the sponsor for a particular micro-battle, it's important that you're on the same side of the table as the micro-battle team, not in opposition. "We" means you and the micro-battle leader, not "we the executive committee." It's "we're all in this together," not "we're here to approve what you're doing."
- **Be quiet unless you're in a unique position to help.** In our winning skills blog post, we talk about the need for micro-battle team leaders to focus the group on "deep work" and avoid the distractions of organizational noise. Don't be part of that noise. Short meetings are better than long meetings. Fewer voices are better than input from everybody on the executive committee. You're not paid by the word.

Celebrate (or, less politely, clap a bit when all else fails)

Fight each micro-battle as a microcosm of the company you want to become. You're trying to create teams of insurgents and have those teams influence everyone around them. You should be working hard to find examples (both positive and negative) of this in action. Your job is to:

- **Celebrate with the team.** Each four-week cycle is a chance to learn. Most likely, the micro-battle team has failed to nail the prototype in a given round, but it has learned a lot. Celebrate the failure.
- **Single out role models within the team.** Ask the team leader which team members are doing incredibly well and deserve thanks. Then thank them.
- **Find heroes outside the team.** Ask the team leader who outside the team has done extraordinary things to make team members' lives easier. Then thank those people, too.

The main thing that will go wrong is *not* that you can't role model the behaviors of a scale insurgent, but that you fail to shed all of your old incumbent behaviors, especially when you let your guard down. Recognize that the biggest risk in a micro-battles review meeting is that you'll be part of the problem. So, when in doubt, stay out of the way.

The skills of the Amplify team

Now let's move from role modeling scale insurgency to the more specific skills you'll need in order to play the five roles of the Amplify team. These roles and the skills required are summarized in *Figure 2*. Let's review them in detail.

Role 1: Set strategic intent

There are three major skills you'll need to help you translate strategy into a set of micro-battles and mobilize the right teams with the right mission.

Figure 2: A summary of the skills used by the Leadership (Amplify) team

Key role	Specific actions	Skills
1 Set strategic intent	<ul style="list-style-type: none"> • Identify each wave of micro-battles and develop a draft mission statement • Identify sponsors and micro-battle leads. Launch micro-battle teams 	<ul style="list-style-type: none"> • Design the right "choreography of transformation" • Move from strategy to first failure point • Manage leadership supply and connect with your franchise players
2 Double down on winners	<ul style="list-style-type: none"> • Coach and empower teams to "crack the problem," stay in balance, accelerate, pivot and/or challenge if the prototype isn't ready to win • Identify winning micro-battles and fund to the "Power of 10" 	<ul style="list-style-type: none"> • Become a good venture capitalist • Become a great founder
3 Accelerate cadence	<ul style="list-style-type: none"> • Set-up the learning center to share best practices and lessons across teams • Remove impediments to success • Shift mindset to learning and celebrate micro-battle heroes 	<ul style="list-style-type: none"> • Manage the learning center • Facilitate peer-to-peer learning • Solve the "everyone wants Brent" issue • Enforce the "solve the specific 10 times" mantra • Learn to identify organizational bottlenecks • Celebrate doers
4 Deploy the scaling community	<ul style="list-style-type: none"> • Confirm the biggest scaling issues, and support teams through the customer experience → process → technology cycle • Identify the scaling community and build scaling capabilities • Confirm the scaling model for each micro-battle and find resources to fully deploy 	<ul style="list-style-type: none"> • Identify members of the scaling community and bring them together • Master the "three levels" of micro-battles • Embrace Repeatable Models • Understand scaling models and how they apply
5 Unleash full potential	<ul style="list-style-type: none"> • Shift behavior and ways of working to accelerate executive action • Choreograph the transformation, adjust strategy and operating model 	<ul style="list-style-type: none"> • Rethink the "dance steps" • Become the scale insurgent

Source: Bain & Company

The Amplify Team: Key Skills

- **Establish the right “choreography of transformation.”** We use the word “transformation,” because that’s what you’re ultimately setting out to do—transform a struggling bureaucracy into a scale insurgent. We use the word “choreography,” because a great leader works out the “dance steps” required to transform the company. One of the most important questions to consider is, “How can you blend horizontal and vertical initiatives?” In a horizontal initiative, the value comes from working across one level of the organization. Designing a new operating model is horizontal; you need to rethink how the whole organization will work. Establishing a new strategy is mostly horizontal—you need to think about where to allocate resources across business units. In a vertical initiative, the value comes from connecting senior leadership directly to the front line and the customers it serves. An initiative to win 100% share of a customer’s wallet is vertical. An initiative to respond to a competitor’s promotion in a single channel is vertical.

In our experience, business leaders overuse horizontal initiatives and underuse vertical ones. In the name of transformation, they launch a dozen horizontal initiatives, which tie up senior leadership in bureaucratic battles. Customers and the front line are seen as distractions. As you think about the dance steps, it’s important to launch horizontal *and* vertical initiatives. This ensures that you’re constantly dealing with frontline and customer issues. It ensures that you pursue revenue initiatives, not just cost ones. It brings new voices into your discussions and reconnects you to the front line of the business. Micro-battles are great vertical initiatives.

- **Move from strategy to first failure point.** I was participating in a CEO panel a couple years back, and one CEO noted, “Isn’t it odd that the bigger you get as a company, the more a single rule applies: Every strategic initiative takes exactly 18 months ... to fail.” He went on to say that executive teams can be strategically lazy. They create chapter headings for

strategy, such as “win in China.” Then they throw the strategy over the wall to the rest of the organization and expect them to sort out what that actually means. Remember our Fred’s Grog example. Without guidance, the organization proceeds with the relatively easy part of strategy, buying brands for distribution scale or building out a salesforce. But they hold off on things where success is less clear, like figuring out how their premium beer brand, Fred’s Grog, can beat other imported beers in China’s most affluent bars. And so, 18 months into strategy implementation, they move on to the trade-promotion strategy for Fred’s Grog and face early failure. The whole organization begins to lose confidence in the “win in China” strategy.

It’s hard to translate strategic intent into a first failure point. It takes a lot of industry experience and wisdom. And yet, isn’t this precisely the job of a senior executive? Isn’t this what years of experience are for? It’s the job of the senior team to define the first draft of the micro-battle mission. You must create a hypothesis for the first failure point and prototype. You must create a hypothesis for the repeatable model and the scaling model. This is hard to do, but consider this: It’s a lot harder if your most important strategies fail after 18 months.

- **Manage leadership supply and connect with your franchise players.** In addition to defining the micro-battle mission, you need to form the micro-battle team. This demands that you identify your franchise players. These are the people in the organization who deliver the benefits of scale and intimacy to the customer. This demands that you identify the real stars among your franchise players, so they can lead your first battles. This also demands that you fight to free up their time, so they can run these battles. When you’re running micro-battles at scale, you’ll find that half the job of portfolio management is talent management. You’ll be constantly moving talent on and off battles as they progress from prototyping to scaling. You’ll need to know where your stars are, and you’ll need to motivate them to be on this journey with you.

Role 2: Double down on winners

Your second role is to review micro-battles at the end of each cycle and act like a venture capitalist. Like a venture capitalist, your job is to help the micro-battle teams get the resources they need and unblock obstacles to their success. And like a venture capitalist, you're there to help the teams pivot when they're stuck. You're also there to double down and support winners, acting like a great founder. In working on our book *The Founder's Mentality*, we met with one founder who talked about his use of the "Power of 10." He argued that his ownership—it was *his* company and *his* money—separated him from a typical corporate CEO. When he found a winning idea in his company, his attitude was to go all in. He'd ask, "What could you do if I gave you 10 times the resources that you have now? What could we do if the executive team spent 10 times more time on this one initiative than any other?" The skill you want to develop is the skill of amplification. How can you help turn winning ideas into massive opportunities for the company?

Role 3: Accelerate cadence

Your third role is pattern recognition. You're going to be working with a lot of micro-battle teams, struggling through winning and scaling. Along the way, you're going to start identifying many common themes. As you address these patterns, you'll develop six specific skills to accelerate the impact of your battles.

- **Manage the learning center.** Elsewhere, we described the learning center, a single room where all micro-battle reviews take place. You record all the progress, issues, lessons and commitments that emerge from these reviews. You post these on the four walls so everyone knows them. You review these flip charts constantly with the teams, so they can learn from each other and track the commitments the Leadership team has made to each micro-battle team. Running a portfolio of micro-battles will create huge opportunities for the whole company to learn what it means to be a scale insurgent. You must record this journey so everyone benefits.
- **Facilitate peer-to-peer learning.** Learning also happens outside the learning center. In fact, most of the learning will happen within micro-battle teams. During reviews, you may see two or three teams facing the same issue. Connect these teams and encourage them to sort out the issue and return with lessons for everyone. You want to avoid traditional "hub-and-spoke" learning systems. In these systems, multiple teams report to the center, then the center collects lessons and transmits them back out. Instead of that, help teams find one another and work together to solve problems.
- **Solve the "everyone wants Brent" issue.** This is a concept coined by Gene Kim, Kevin Behr and George Spafford in their book *The Phoenix Project*. "Everyone wants Brent" is a problem that every organization faces. You start multiple projects and then find they're all stalled because everyone wants Brent on their team. Brent has specific and detailed expertise on an issue, and only he can solve this issue for each team. Initially, you think of him as a "star"—he is obviously valuable to the company because everyone needs him. But, in fact, Brent has a performance issue. He hasn't scaled his expertise to match the demand. He's holding back the company by not sharing his knowledge. *The Phoenix Project* offers a solution to the Brent problem. Assign Brent two emerging stars—let's call them Jane and Simon. From now on, Brent isn't allowed to do anything by himself. He must tell Jane what to do, and Jane must do it. Simon is there to record Brent's instructions to Jane, creating a playbook and training manual on Brent's expertise so others can help do his job. You'll encounter a lot of Brents on this journey, and you'll need to find a lot of Janes and Simons to scale your Brents.
- **Enforce the "solve the specific 10 times" mantra.** We ask leaders to impose a rule in the micro-battle review sessions: You must solve a specific issue 10 times before you're allowed to debate the ideological. What do we mean by this? Elsewhere, we've pointed out that in insurgent organizations, the

The Amplify Team: Key Skills

people who get ahead make problems smaller. In incumbent organizations, the people who get ahead make problems bigger.

Here's one example. Someone says, "We have a China pricing issue." A founder would shout back, "We don't have a China pricing issue, we have a problem with three products in four stores. I want everyone on the phone with our product leaders and store managers tonight until this problem is solved." She made the problem smaller, and now it's solvable. In an incumbent organization, someone might shout back, "We don't have a China pricing issue, we have a big organizational problem in the way our product leaders and store managers make pricing decisions. We need an organizational review to sort this out." Now, this may be right, but there's an issue here. The one thing that won't get solved soon is the pricing of three products in four stores.

Let's move from this example to your role in review meetings. You need to encourage your team to make the problems raised by the micro-battles team specific and solve them. You don't want everyone to make the problem bigger, which adds to your to-do list and slows the teams. So, each time an issue comes up, log it on a flip chart. For example, you could have one flip chart called "Pricing." The team comes in with a China pricing problem and you solve it by calling the product leaders and store managers. Record how you solved it. When you have solved pricing issues 10 times in the review session, you should say, "Folks, we've been dealing with pricing issues for a while now and we have a pretty good track record of solving them. But what can we do more broadly to stop this from happening again?" By the time you allow a broad debate, you've solved the issue 10 times. The team will be more informed. The team will have a good track record of solving problems. Now it's time for broader action.

- **Learn to identify organizational bottlenecks.** Here's a good starting list of the common problems your teams will bring to you.

- Insufficient resources. They can't mobilize to deliver the win or to scale beyond the initial micro-battle. Micro-battles have simply been added to everything else the company is doing. No one is shifting funds to winning micro-battles that are ready to scale.
- Inability to focus. They've got too many initiatives overwhelming mission-critical employees. They said they were going to refocus on micro-battles, but the same people still have to do their day jobs. They can't seem to free up anyone.
- Risk aversion. Micro-battles underwhelm because too often, teams trim their ambition to avoid failure or they aren't empowered to think and act big. You say you want to tackle the hard things first, but you cling to old mindsets about failure. Your micro-battle teams feel this and start shrinking their ambition. They refocus on the easy things.
- Organizational complexity. The company has too many nodes of decision making to really empower the leaders of individual micro-battles. As a result, micro-battle teams spend too much energy working the system. This robs them of the time they need to test real prototypes in the market with real customers.
- Weak business plan. The teams tend to launch the wrong micro-battles and either overinvest or underinvest in them. The lack of strong results then undercuts momentum. They just aren't very good at this.
- Missing capabilities. They can't mobilize the skills required for success (they don't have the digital guru to deploy in China, for instance). Many battles require the same set of capabilities, and the company is simply missing them. No one is accelerating the recruitment of a new talent pool.

- **Celebrate doers.** Finally, you need to identify the heroes who emerge from each micro-battle and

celebrate their results. You'll have many unsung heroes—the folks working behind the scenes to make things happen. There will be someone on your finance team who worked all night on a cash flow model. There will be someone in legal who helped sort through a regulatory hurdle. Or a salesperson who called in some competitive intel to help shape the next prototype. These are people using their precious discretionary energy to help your teams succeed. Find them and celebrate what they've done. One founder noted, "I am judged most by who I celebrate as the heroes of the company. I work tirelessly to identify the right people and tell their story. Their stories shape and enforce our culture."

Role 4: Deploy scaling community

This might be your hardest role and will involve the most new skills. You're being asked to build a scaling capability for the firm. You want the ability to scale any winning prototype across the enterprise. This demands four specific skills.

- **Identify members of the scaling community and bring them together.** There are three communities that matter in scaling micro-battles. The first is the Agile/disruptive/innovator community that generates new products and services, new business processes or new business models. The second is the expert/execution community. It establishes playbooks and routines, and brings huge benefits to the company by flawlessly executing. The third is the scaling community. This community takes innovative solutions and turns them into something that the expert/execution community can roll out. It's the bridge between innovation and execution, between winning and scaling. This community doesn't get much attention, yet it's critical to operating Agile methods at scale.

We're working with companies to identify members of their scaling community. There's good news and bad news. The good news is most companies have a lot of people who could be part of the scaling community. They have the talent. The bad

news is most companies don't develop or nurture this talent. In fact, they often see these people as underperformers. Members of the scaling community are the ones who always try to figure out how to scale a good idea. Unfortunately, this means they ask the innovators the tough questions. They're viewed as being difficult, when in fact they're trying to help create a bridge from innovation to execution. Your job is to find these people and develop a community of like-minded talent. Deploy these folks onto micro-battles at the right time to help scale winning models.

- **Master the "three levels" of micro-battles.** Increasingly, most scaling issues come down to technology. You'll find that deployment works best if you can scale a technology solution rather than a paper system. You'll find that many initiatives can't scale because of an IT issue. It's best to know this from the outset and get your micro-battle teams to solve technology issues early. We've borrowed an approach from our Innovation practice that we call the "three levels" of micro-battles. Level one is customer experience. Ultimately, every good micro-battle will improve some aspect of the customer experience. Be specific about what that is. Level two is asking, "To change this customer experience, what business processes must change?" Next ask, "To change this business process, what must happen with our IT systems and/or current technology offer?" Ask the teams to explore this on Day 1 and continuously revise their answers. This ensures that the team addresses technology issues early, but in a focused way. They're not dealing with technology as a big theme. They're working out which solutions need to be developed to improve specific business processes, which are critical to improving the customer experience.
- **Embrace Repeatable Models.** We've run hundreds of micro-battles, and one constant theme across companies is the difficulty of moving from prototype to repeatable model. Here's the issue. A prototype is a very specific solution for a very specific customer. Your job is to make it simple and exact.

The Amplify Team: Key Skills

We're not trying to bring every bell and whistle to every customer need. We're trying to bring the minimum necessary to solve a small group's needs. This allows us to move fast, test, learn and adapt. But to scale a prototype, you must test for transferability (what works in one place can work in others) and for repeatability (the expert community can deploy the solution at normal resource levels). It's the micro-battle leader's job to help a team bridge from prototype to repeatable model. But, you can help too. As you review multiple micro-battles, you'll start to see patterns of what works well and what doesn't. Here are some tips to help you on this journey.

- Understand the “unit of scaling” early. From Day 1, make sure the teams understand the unit of scaling, in other words, who will be rolling out the initiative. By understanding who will do the rollout, you can better understand the resource constraints. For example, we worked with an Asia consumer products company that had a new pricing proposition for one of its products. To roll it out, the sales team had to explain the initiative in some detail to store managers. Early on, the sales team saw a prototype, and the feedback was clear: “We do not have time in our day to meet with a store manager and spend five minutes describing a new pricing idea.” The team quickly realized that the unit of scaling needed to change. So it worked closely with the wholesalers, who were able to discuss the new proposal with their cash-and-carry customers.
- Stick to first principles. It's easy to overspecify as you move from prototype to repeatable model. You design a great winning prototype, so when you test for repeatability, you argue that every aspect of the prototype must be part of the repeatable model. In our experience, it's better to return to first principles—what you're trying to accomplish in all markets and how you can ensure that everyone adopts the broader goals. For example, we worked with a European company that developed a great pro-

to manage its products online. It was a clear playbook that resulted in double-digit growth in each product area where it had been tested. The company wanted to roll the model out across all markets and all products. In the first rollout wave, executives quickly realized that the playbook was too specific. Not all steps applied to all products or markets. As users became frustrated with the details, they lost sight of the broader goals of the rollout—to improve the way they marketed products online. When they relaunched, they created a simpler playbook of core principles with several appendices of detailed best practices. The user had to adopt the core principles, and could opt in to the details if they applied. This second go at deployment was successful.

- Involve other markets early. In general, you know from the outset where you'll roll out a winning prototype in the next wave. If you're developing the prototype for the UK, you can be pretty sure that the next wave will involve Germany and France. If you're working in Florida, you'll probably roll out next to a couple of other big states, like California or Texas. The lesson is simple: Involve the next wave of markets in the early prototyping. You'll come up with better answers, and the subsequent rollout will be much easier if the next wave team feels it had some say.
- Think about normal resourcing from Day 1. We all know what happens with bad pilots. They are overresourced, get loads of senior time and attention, and always succeed. Then they fail at rollout because you took a solution that worked with super resourcing and rolled it out with normal resourcing. “Normal” is a vague word, but we simply mean that ultimately, solutions will be handled by an average salesperson during an average working day. The average salesperson faces severe constraints and has a specific skill set. Consider these constraints and skills as you design the prototype and repeatable model.

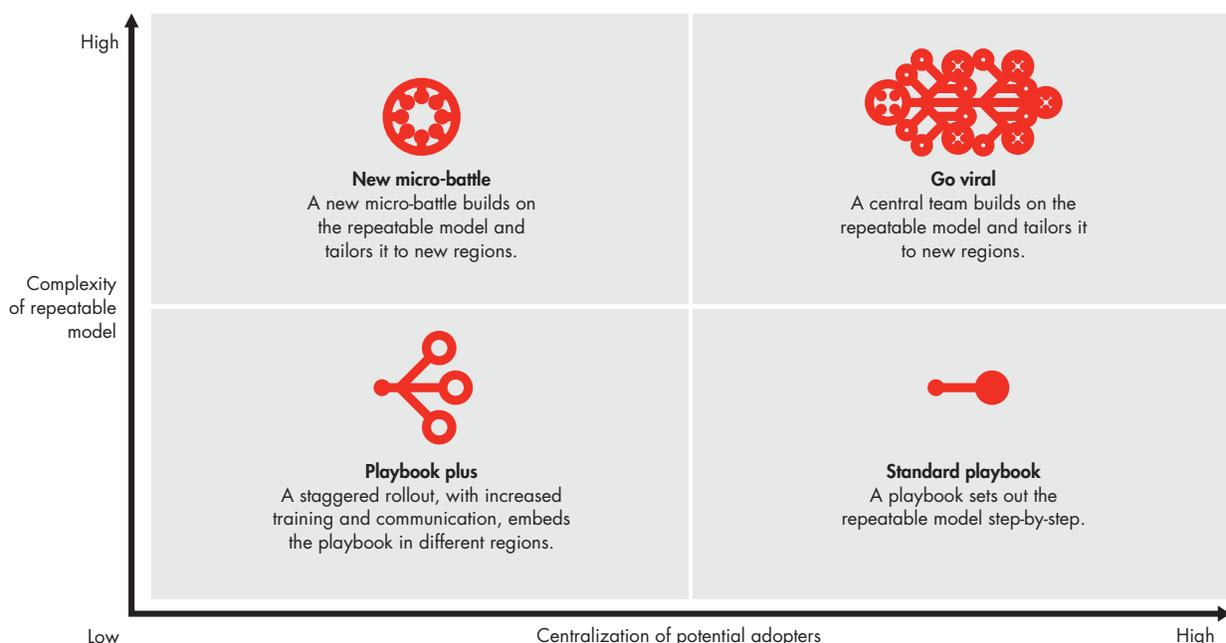
- Understand scaling models and how they apply.** In our blog on scaling skills, we pointed out that the right rollout model depends on the nature of your repeatable model. In every learning center, we affix the rollout two-by-two chart on the wall and ask micro-battle leaders to mark the box that currently represents their view of the appropriate rollout solution (see Figure 3). As they do, you begin to see micro-battles clustering around certain solutions, which leads to a discussion about what you can do to facilitate those models or encourage others. In these moments, you need to consider three key things:

 - Selecting the right rollout model. You'll begin to see clusters of micro-battles with same rollout model. Companies and micro-battle teams like to think that their initiatives lend themselves to solutions deployed through playbooks. But we believe the senior leadership team should work hard to challenge this assumption for a couple of reasons. First, a

repeatable model usually demands a higher degree of tailoring than the playbook allows. Second, rolling out a playbook solution—even a fairly standard one—tends to require more buy-in than you'd think.

The go viral rollout model relies on the buy-in of many and is significantly more flexible. And there's another key benefit: It encourages folks within the organization to challenge initiatives and think of ways to improve them contextually. Companies become great scale insurgents because they're filled with mavericks, not bureaucrats. So we like it when you have to win over advocates through the go viral model. It honors the maverick and says, "We get it. You need to be convinced." This is by no means an invitation to lock up the initiative in endless rounds of debate. But it does mean the initiative must live on its merits, not a directive from above.

Figure 3: Selecting the right rollout model can create pull for the initiative



Source: Bain & Company

The Amplify Team: Key Skills

The exception is when a micro-battle focuses on one of the company's core capabilities. Then, a standard playbook or playbook plus model is often the best fit. We're talking about situations where the micro-battle targets a critical repeatable model that will define a company's competitiveness—making it essential that everybody approaches it the same way. Anheuser-Busch InBev, for instance, has Repeatable Models for the mission-critical capabilities of marketing, plant optimization and zero-based budgeting. Applying these models globally has been essential to transforming a long list of acquisition targets into the world's lowest-cost brewing company. AB InBev wasn't shy about building these models on a set of nonnegotiable behaviors and metrics and demanding that everybody get on board. But these processes were also designed to empower individuals and the front line by pushing accountability deep into the organization and rewarding those who take personal responsibility for results.

- Defining freedom and framework. The phrase “freedom within a framework” is widely used in business these days. The idea is to empower people to make decisions and operate freely, as long they stay within the boundaries of a commonly accepted framework. The degree of freedom or the framework aren't the issues. As the AB InBev example shows, you can have a high degree of freedom, even within a fairly rigid framework. The key is clarity.

Most companies operate with an astounding lack of clarity about what constitutes freedom and framework in a given situation. Everyone knows the big things; the framework includes very clear guardrails around a global standard of legal conduct or very specific shared values. It might include things such as brand guidelines or product attributes. But once you go beneath the surface, it gets fuzzy. You may

have the freedom to set prices at the store level within certain guidelines, but those guidelines aren't clear or don't anticipate the exceptions that always crop up. You may have freedom to solve a customer's problem within a specific set of circumstances, but then a thousand other initiatives get in the way of doing so. What exactly are you allowed to break?

The common pattern among micro-battle teams is to assume that the framework is much more defined than it is. It's also common for one framework to collide with other frameworks that the micro-battle teams didn't know about or anticipate. This is something the Leadership team should be ready to challenge. Clarity is essential to effective scaling.

- Sequencing. While we talk a lot about empowering micro-battle leaders to run their initiatives as they see fit, only senior leadership at the center can form an integrated view of how to sequence the battles. Sometimes, it's fine for each micro-battle to move at its own cadence. Other times, you'll want to take control of the pace of rolling out battles. There are positive reasons for this; maybe you want to build the rollout of several battles around an upcoming leadership event. There are also negative reasons; you're hitting the Christmas season, and your sales teams must focus on their day jobs of handling the rush. There are issues of momentum; you need some early wins, so it makes sense to bring an especially promising micro-battle forward. There are issues of managing the portfolio of leaders; you want to accelerate Freddie's work on your current micro-battle because two months later, you'll need him to shift to your China micro-battle. You'll be constantly triaging battles and people in a world of scarce talent. This is the reality of running a micro-battle portfolio, so you need to have these discussions from Day 1.

Role 5: Unleash full potential

Your fifth role is using the lessons from micro-battles to unleash the full potential of the whole enterprise. This demands two skills.

- **Rethink the dance steps.** In a sense, we're back to the beginning. We asked you to consider the choreography of your transformation from the outset. We asked you to consider how micro-battles can fit into your overall strategy. We asked you to think of micro-battles as a set of vertical initiatives. These micro-battles are surgically focused on your most important customers. Your most important franchise players are leading these battles. By helping these teams, you're working directly with the doers in your company, the stars who make things happen. Because you're running micro-battles like a microcosm of the company you want to become, you're learning how to act more like a scale insurgent. Inevitably, you'll collect insights on what needs to happen next on your transformation. This might lead you to launch new micro-battles.

This might lead you to pursue new horizontal initiatives—to rethink the strategy, to redesign the company's operating model, to add new capabilities, and so on.

- **Become a scale insurgent.** As you consider the next steps in your transformation, act like a scale insurgent. First, think about how you can give your people a sense of "being a founder." Let them take full ownership for pieces of the puzzle and mobilize their teams like insurgents—those at war against their industry on behalf of underserved customers. But second, think about how you can bring these teams the benefits of your scale, market power and influence across the ecosystem. Think about what you can do to empower teams to win and scale. Think about what you can do to amplify their results. Ultimately, this is what the Bain Micro-battles System is all about—winning, scaling and amplifying. You're critical to this journey. We hope we've convinced you that this journey will bring new challenges and ultimately new skills. These are the skills of the scale insurgent. 

The Amplify Team: Key Skills



Micro-battles and the Learning
Center

The learning center is the nerve center for managing the micro-battle portfolio and collecting what you learn.

Besides the obvious fact that they're all music acts, what do the Beatles, Green Day, the Four Tops and Jimi Hendrix have in common? Sometimes, they just couldn't settle on a song title and played the parentheses game.

- The Beatles: "I Want You (She's So Heavy)"
- Green Day: "Good Riddance (Time of Your Life)"
- The Four Tops: "I Can't Help Myself (Sugar Pie, Honey Bunch)"
- Jimi Hendrix: "Voodoo Child (Slight Return)"

Well, at least we're in good company—we can't figure out what to call the war room (aka the learning center). We love *the war room's* action orientation, and we love *the learning center's* emphasis on continuous learning. So, we ultimately decided that the war room would be for the Win-Scale team and the learning center would be for the Leadership team. Let's take a look at the learning center.

The learning center is the site of all Leadership meetings and the key symbol of your company's commitment to micro-battles. It's the nerve center for managing the micro-battle portfolio and collecting what you learn. As your micro-battle portfolio grows, it will provide a perfect reflection of your journey.

Step one: Get a room. You'll need four walls (luckily, that pretty much defines a room, so we're in good shape). Now, let's walk around the room. We'll describe it here in steady-state mode, when you have 20 to 25 micro-battles up and running, and your Leadership team is meeting regularly with each micro-battle team at the end of every four-week cycle.

Wall 1: Shift mindset and behaviors

This wall is devoted to reinforcing the behaviors and skills you're developing on your journey to scale insurgency. It has two sections.

The first section provides a visual reminder of the mindset people need to bring to micro-battles and the

Leadership session. As we discussed in our "poor Freddie" blog posts (Win-Scale and Amplify), it's critical that all team members share the right mindset before starting a session. Half of this wall is dedicated to a set of core slides that remind everyone what the objectives are—namely:

- We're fighting the growth paradox: Growth creates complexity, and complexity kills growth.
- We share an ambition to become the scale insurgent in our industry.
- To do so, we've launched micro-battles that challenge our behaviors and routines, both as micro-battle leaders and as leaders of the micro-battle portfolio.
- We carry a lot of baggage, so we need to be aware of all the junk we might inadvertently bring into the meeting and kindly leave it outside the door.

The wall also has space devoted to recording patterns of behavior as they emerge in the Leadership sessions. Because you've been at this for a while, the second half of the wall is filled with your greatest hits from previous meetings, as well as some less-than-great moments.

- **The good:** This is an updated list of times when you really embodied the leadership behaviors of a scale insurgent.
- **The bad:** This is an updated list of times when you really showed how easily you can screw this thing up.
- **The ugly:** This is a list of issues you need to talk about right now, based on last month's session. This is the negative feedback, the things that everyone felt eroded the full potential of the last meeting. You need to review this list carefully to stay mindful not to screw up again.

When the group walks into the room, the first stop should be this wall. The Leadership champion (the person in charge of the Amplify process) will remind

Micro-battles and the Learning Center

everyone of your ambition and then note the patterns of good and bad behaviors that are emerging. He or she also forces the group to stare hard at the ugly so that you get into the right frame of mind.

Wall 2: Focus on “what really matters”

The second wall is all about how your micro-battle teams are performing. It has three sections.

The first aligns the full portfolio of micro-battles against your “insurgency on a hand.” With the thumb, you articulate the insurgent mission, and with your fingers (where you are biologically constrained) you list the three or four spiky capabilities necessary to deliver on that mission. To reinforce these capability spikes, you launch micro-battles. The first visual on the wall maps the portfolio of micro-battles to these capabilities.

The second section highlights the results of the latest Amplify cycle for each micro-battle. There’s a place to display progress on a couple of fronts.

- **The latest hypothesis on the micro-battle mission:** This shows the team’s current thinking on the prototype, the likely repeatable model and the behavioral changes required to scale that model fully.
- **The latest customer feedback from the previous cycle’s prototype testing:** You want these walls screaming with the voices of your customers.

Finally, the wall provides a single picture of where each battle is in the evolution of its prototype, and what that means for the likely timing and method of rollout.

- **Timing:** How close are you to nailing a repeatable model and moving to full rollout? Understanding how each micro-battle fits into the schedule immediately highlights bottlenecks and opportunities to align specific milestones to key corporate events (like Top 100 leadership meetings).
- **Method of rollout:** As we discussed in our scaling skills blog post, the choice of rollout method boils

down to two things: a) the degree of behavior change required, and b) how much of the organization will be involved. Placing all the battles on this matrix gives the team a good sense of the complexity of scaling and helps identify common patterns. Micro-battle leaders will see which other battles are using similar rollout models. And the Leadership team will be able to identify bottlenecks—for example, if all micro-battle teams are trying to go viral by working with the stars of the same geography.

Wall 3: Get things done

This wall catalogs the demands on the Leadership team and keeps track of the current status of those demands. It has four sections.

The first section lists the commitments the Leadership team has made to each micro-battle team and the status of each commitment. The micro-battle teams will constantly request resources or actions to remove obstacles in their path. The Leadership team will commit to working on each of these things and determine when teams can expect action. Listing the commitments and status makes this transparent to everyone.

The third wall also records the Leadership team’s progress toward “solving the specific 10 times before debating the ideological.” We’ve argued that the people who get ahead in insurgent companies are those who make problems smaller. The opposite is true in incumbent organizations. Leadership teams that act like insurgents avoid the ideological debate and resolve the issue directly in front of them. At the same time, they keep careful track of how they solved the issue. The rule of thumb is that once you have resolved a specific issue 10 separate times, you are allowed to discuss a broader, horizontal solution. And when you discuss it, you’ll benefit from the experience of solving it 10 separate times. This wall is filled with flip charts on topics like pricing and inventory, where the team tallies solutions and determines when it’s time to go horizontal.

Next is a place to record the Leadership team’s backlog of other micro-battles the company is likely to launch.

In steady-state mode, micro-battle teams are entering and leaving the portfolio, often raising issues that require another micro-battle to fix. The goal here is to keep track of all these discussions in the iterative fashion of an Agile team (i.e., these are the micro-battles we are pursuing, and this is the full list of those in our backlog).

The last section records specifically the number of Top 100 leaders engaged in battles and, more broadly, how much of the organization is affected. There's always a shortage of leaders. All micro-battle teams want the same guy from supply chain or the same two resources from IT. But you're never able to get all the stars of your business involved in all of your micro-battles. If you look at your Top 100 leaders, you often find that only 10 are leading micro-battles; by definition, stars are critical to the company's day-to-day work, and it's hard to free them up. This section is a place to balance priorities, to see where your stars are over-stretched in micro-battles and where they are stranded in day-to-day tasks that may be a lesser priority.

Wall 4: Celebrate success and learning

The final wall is all about celebrations. It records three things.

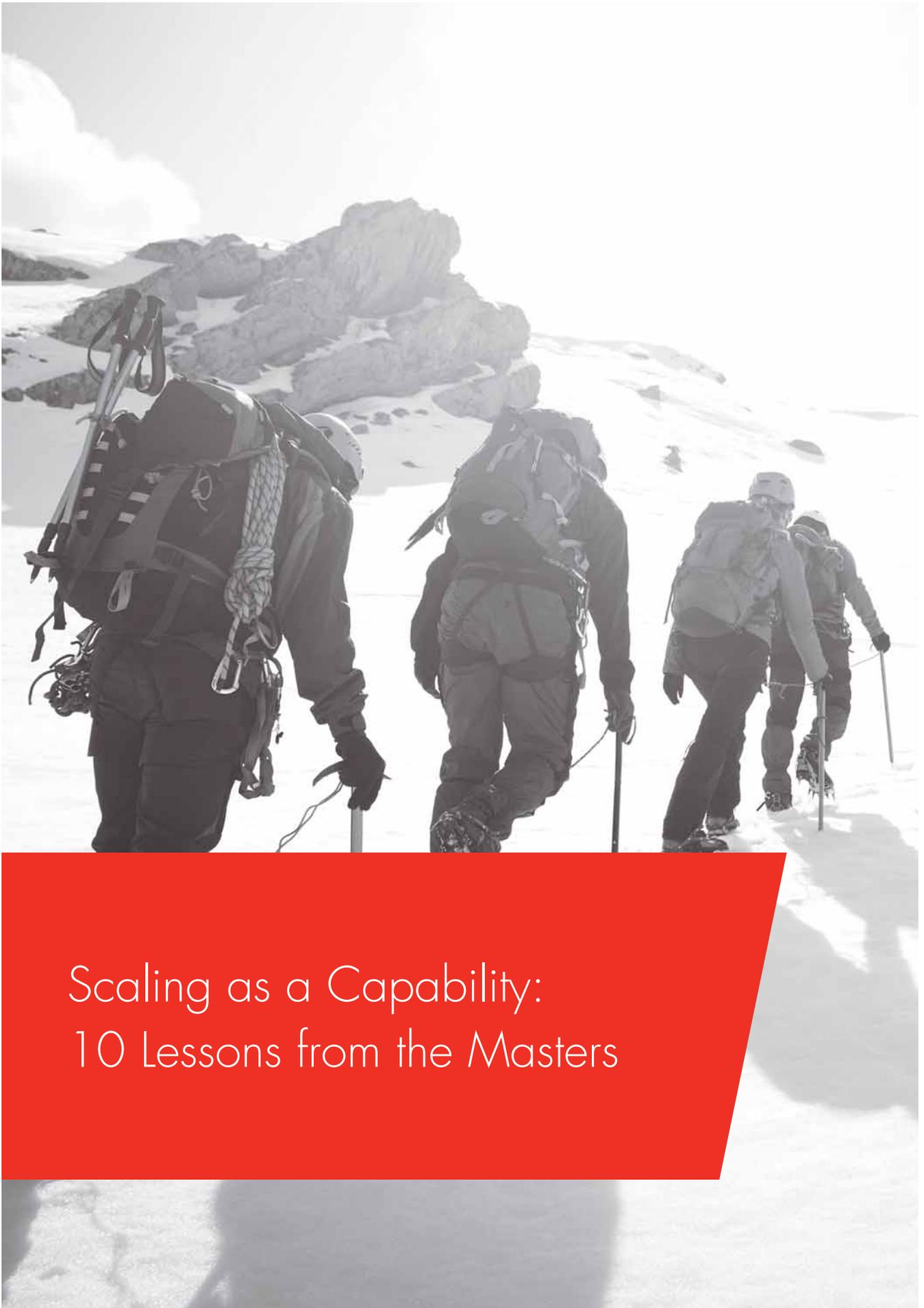
- **The heroes:** In every Leadership session, your leaders should be asking the micro-battle leaders which heroes most supported them that month. You're

looking for folks in the organization who do what it takes to make things happen for your front line and customers. This wall celebrates those people and records what you've done to reach out to them. It reinforces the idea that "it takes a village"—that the best companies create a huge web of heroes, all linked informally, to make sure that no customer issue falls through the cracks.

- **The stories (and photos):** This wall also captures the best stories, the best photos and the most wonderfully embarrassing moments.
- **The results (including customer shout-outs):** Finally, it captures heroic impact. When a micro-battle moves to scale, you want to record it. When customers notice a huge difference, you want to celebrate their voices.

Imagine that room. You walk in and remind yourself you're on a journey toward lasting behavioral change. Next you check where you are against each micro-battle and see patterns for timing and method of rollout. Then you see how you're running the portfolio of micro-battles and how you are involving the true stars of the business. Last, but certainly not least, you celebrate success and the voices of the front line and customers. In the end, because all the lessons and commitments are on display, you are also encouraging peer-to-peer discussion and peer-to-peer learning. 

Micro-battles and the Learning Center



Scaling as a Capability:
10 Lessons from the Masters

Recognize that scaling will be critical to your success and that winning Repeatable Models will require an iterative process.

In our blog on the micro-battles training agenda, we referred to our Leadership training workshop, where we work with leaders to better understand how to manage the portfolio of micro-battles. A good deal of this training is about behavioral change, but we also train on skills. One skill that's common to most companies working on micro-battles is scaling. But to put it bluntly, most companies realize they're not very good at it. This is our collection of best practices for scaling issues.

Quick context: Scaling is at the heart of the Bain Micro-battles System. And we've been writing about it for a while. In introducing the Win-Scale model, we described in some detail how to move from a prototype to a repeatable model. Specifically, we warned that too often, companies jump from a working prototype to a playbook to a rollout in the organization. We covered all the steps that need to happen between prototype and playbook, and also discussed alternative scaling models. In our blog "Introducing the Bain Micro-battles System," we covered the need to build scaling skills and introduced the idea of the "three communities"—one that disrupts, one that executes, and one that scales by bridging the gap between disruption and the playbook. In fact, this idea of the scaling community has become so critical that we recognize it as one of the six design principles of the scale insurgent. So we've been focused on scaling from Day 1. And after completing detailed interviews with leading CEOs on the topic, we want to share their tips with you. Here are the top 10, along with implications for your executive teams.

- I. **Recognize that scaling will be critical to your success and that a winning repeatable model will require an iterative process. Demand that your leaders remain in balance across the Win-Scale and Amplify stages.** The need for balance plays out on two levels.
 - **Balance within micro-battle teams.** Leaders working on individual micro-battles must constantly balance the need to test and learn in the short term with the need to scale prototypes across the company in the long term. Prototyping is about winning. It demands that

the leader make problems smaller so the next minimally viable product can be shared with customers. You're working fast, testing and learning as you go. The act of scaling, however, demands you test early on whether you can transfer the prototype to other parts of the business. You also must define early on the ultimate repeatable model you're trying to build. And a key issue for repeatability is behavior: What changes do we need to make to ensure that our front line pulls through this model and adopts it quickly? It's tough to keep balance—teams get overly focused on one extreme or the other. Some teams are obsessed with addressing behavioral change and forget to prototype. Others are fantastic at prototyping, but consider scaling too late—they end up prototyping the wrong things. This is why we focused so much time on the skills of winning and of scaling. Forcing a debate on "will this prototype scale?" early in discussions will speed up the overall time to scaling. Examples abound of a better prototype emerging from a specific discussion on the repeatable model.

- At a global airline, teams were working on reducing costs. They wanted to see if they could automate certain coordination tasks that were being performed by midlevel managers who collected information across multiple teams. Several technology options were available, but they settled on an electronic pad for the flight crew. Why? They had a debate about how they could create a repeatable model that would eliminate paper for all flight crew and airport staff.
- At an Asian consumer goods business, teams redefined a prototype to improve the product mix in stores, from one that would work with individual retailers in the general trade to one that would work with wholesalers. It was only when they started discussing the repeatable model

Scaling as a Capability: 10 Lessons from the Masters

that they realized they'd never have the resources to roll out the prototype to individual mom-and-pop shops. They had to work through wholesalers if they were going to distribute resources properly.

- In a global logistics business, teams redefined the prototype from specific service improvements by function to integrated solutions for a single customer. They realized that the functional prototypes would never deliver a repeatable model for integrated customer solutions. They had to prototype cross-functional solutions within single customer accounts.
- **Balance across the portfolio of micro-battles.** We also demand balance within the Leadership team managing the portfolio of micro-battles. On one hand, we want them to act like insurgents: helping to accelerate individual micro-battle teams, making problems smaller, unblocking organizational obstacles with surgical intervention. On the other hand, we want them to learn lessons across micro-battles and be prepared to make major interventions in the company's strategy or operating model. They must ensure that the micro-battle teams are having a scalable, material impact on the value of the company. It's tough to maintain balance within the executive team. Some teams are obsessed with helping each micro-battle team, but miss the forest for the trees. They don't see patterns across micro-battles, and they don't lead big interventions. Others are obsessed with the broader strategic or organizational implications of micro-battles. They don't focus enough on making individual teams successful. This is why we invested time in covering the skills demanded during the Amplify stage of micro-battles.

Implication No. 1: Ensure that the idea of staying in balance is front and center on your mindset wall

(see Micro-battles and the Learning Center), and interrogate your micro-battle teams from Day 1 on the repeatable model they advocate and the scaling issues they'll address. These issues aren't addressed *after* building a successful prototype—they happen *during* the prototyping process.

2. **Use the standard taxonomy of the three levels (customer experience, business process and technology) to address common scaling issues from Day 1.** By anticipating demands to change business processes and support new technology solutions, you can track and unblock resource bottlenecks earlier.

In our blog “The Three Levels of Micro-battles,” we introduced the idea that the most successful micro-battle teams working on the most successful innovations always address three levels. They do so in the following order: customer experience, business process, technology. The best teams start with the customer and ask, “Which episodes of the customer experience are we actually trying to improve?” At the same time, they're focusing on scaling by testing whether they can transfer prototypes to other customers and markets. Then they move to level two by asking, “To fully implement the improvement of customer experience X, what business processes do we need to improve?” And these business processes ultimately lead to level three, or the question, “What technology solutions are needed to improve business process Y?”

Understanding the three levels can help you address common scaling issues before they become blockers. Are multiple teams planning to draw on the same areas for changes in business processes or technology? Are there resource bottlenecks that you can unblock in advance by reallocating or recruiting additional resources? A common taxonomy, which defines the three levels and breaks out their specifics, can help. Introducing the taxonomy ensures all teams use the same language to make requests and to define the resources they need.

Implication No. 2: Support your micro-battle teams as they go through the cycle of the three levels. Introduce the common taxonomy and challenge the teams to think about each level early to identify resource bottlenecks. Share lessons from the three levels across the micro-battles portfolio. As we noted elsewhere, all roads lead to technology, but they don't all start there. Best to start with the customer.

3. **From Day 1, identify the people at the center of customer, process and technology bottlenecks. Address the “everyone wants Brent” problem.** The “everyone wants Brent” problem recognizes that many of your micro-battles will depend on three to four functional leaders. At first, you'll think of the Brents as stars—they're in such extraordinary demand that they must be extraordinary individuals. But then you start to realize something. The Brents of your world haven't institutionalized (and therefore scaled) their knowledge. They're a bottleneck. While we don't want to judge the Brents' motivations, you could say they're using their knowledge to wield power in the organization. They ensure that they're in constant demand and use the subsequent shortages as a form of leverage. This problem is discussed brilliantly in Gene Kim, Kevin Behr and George Spafford's book *The Phoenix Project*. They suggest a simple solution: Surround each Brent with two emerging stars in your business, let's call them Jane and Simon, and impose two rules. Rule No. 1: Brent can no longer do anything by himself; he must tell Jane how to support micro-battle teams. Rule No. 2: Simon must work with Brent and Jane to create an institutional workbook for all of Brent's main activities, so others can be trained for Brent's job.

Implication No. 3: Identify the list of Brents who are emerging in the early days of micro-battle staffing and begin imposing “The Phoenix Project Rule Book.”

4. **Don't jump to playbooks.** Scaling models differ according to the degree of tailoring required and the breadth of people who come on board. We

spoke in detail about this in our blog on scaling a repeatable model, so we'll refer you there. But let's highlight a few best practices that have emerged in this context.

- **Be realistic about the degree of tailoring required.** We all want to believe that once we have a winning prototype, we can painlessly scale it across the organization. But life isn't that simple. Even the best Repeatable Models still require tailoring as you roll them out across specific products, channels or markets. Don't be naïve. Talk about it honestly.
- **Allocate enough resources to scaling.** Everyone wants to believe that the best rollout model is to send out playbooks. But few prototypes can be scaled simply through playbooks, so everyone seriously under-resources the scaling step. Once you have honest conversations about the degree of tailoring that the rollout demands, you can start having honest conversations about resourcing.
- **Assume push rarely works, and focus on creating pull.** A common sentiment that we hear at best-practice companies is, “Pushing bad ideas to frontline people who know better is called change management—and change management never leads to change.” To scale initiatives, you need honest discussions about how to pull the initiative. In other words, how will you make sure the initiative is so helpful that your people will fight to bring it to their market? Best-practice companies start these conversations on Day 1. A good question to ask at that time is, “Can we make the case to the front line that this new initiative will make them more money or save them time?”
- **Consider “influencers” in how you build your micro-battle teams.** To create pull for solutions that emerge from micro-battles, you'll need to consider a different makeup for your micro-battle team. You'll want to bring early adopters, influencers and some detractors

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into the process very early, so you can design solutions. You'll think about how to use their testimony to create demand elsewhere in the company.

Implication No. 4: Challenge your micro-battle teams early on how they'll create pull for change. This will help them think about the right team of influencers to bring on board.

5. **The best scaling models consider the “unit of scaling.”** Jargon alert: What the heck do we mean by “unit of scaling?” Here's an example. When you study the early days of Enterprise Rent-A-Car, you see that the founders were crystal clear on the company's unit of scaling. Enterprise would grow by adding more and more branches, each with a fleet of 150 cars. If the branch got bigger than 150, the company would divide the branch into two branches and regrow them to 150. So the unit of scaling was the branch, and you could grow only as fast as your ability to grow branch managers. This focuses the mind. All your micro-battle teams should consider the unit of scaling from Day 1, so you can identify unanticipated bottlenecks. The right scaling model might even force you to change the Win-Scale team. Here are a few more examples:

- At a consumer products company, a core micro-battle was to improve online sales by identifying which daily offers prompted consumers to make purchases. It developed a checklist of things to test for creating higher revenue. It was a proven repeatable model. The unit of scaling was to use this approach with all major products, marching down the checklist for each one. But the checklist didn't lend itself to algorithms; a smart marketer had to run the process. This was the bottleneck—and it was identified on Day 2. That meant the company needed to start recruiting and training the marketers before it had even finalized the checklist.
- A global logistics business created cross-functional solutions for top customers. We

cited this company earlier for shifting its prototypes from functionally focused to customer focused. The unit of scaling was its customers—specifically, the top 40 customers. Because each micro-battle included executives of those customers, this demanded top-to-top discussions between CEOs who had to commit resources to the journey. The early bottleneck was actually the logistics company's CEO, who needed to set up 20 meetings with his top customers' CEOs. This was recognized in the first Leadership review session, after the team reported that it had shifted the prototype to customers.

Implication No. 5: Ask your teams specific questions about the unit of scaling, and use this conversation to identify early resource bottlenecks.

6. **Everyone still underestimates the behavioral change required.** In our discussion of the six design principles of a scale insurgent, we highlighted that few companies figure out how to ensure Agile teams are working productively with global functions, which operate in traditional hierarchies. Agile micro-battle teams work fast and rely heavily on a test-and-learn model that requires multiple iterations. They also rely on their companies' global functions to work with them—not simply by supplying resources for micro-battle teams, but also by enabling a winning prototype to scale. But here's the rub: At the point you need to scale a winning proposition, you need to work directly with a large, hierarchical structure that's working according to its own timelines and priorities. Either micro-battles scale at the pace of the slowest hierarchical group, or you need to start helping the hierarchies reprioritize their agenda. This way, micro-battle teams can get resources when they need them. That's an easy sentence to write, but a difficult mission to pull off. A key part of this difficulty is behavioral—the functional leaders will agree on new priorities, but won't change their behaviors. Old initiatives remain in place, and old resources are locked into them. You'll make a decision to simplify or stop doing things—then find nothing

is simplified or stopped. Inertia is a hard thing to disrupt. That's why our Leadership workshops focus so much on the need for behavioral change, for both the leaders in that room and the teams they lead. That's also why we talk about the first 100 days as a series of foundational elements, training modules, interventions and communications. Prepare to intervene a lot.

Implication No. 6: Set aside time to work through how group functions support the micro-battle teams to scale their initiatives. Recognize that this will take a long journey to get right.

7. **Understand the role of the three communities and the specific skills required.** This might be the most important best practice on the list and the one where the most innovative work is happening. Perhaps immodestly, we think our work with companies on the three-communities issue is some of the most exciting work in Agile enterprise today. We described the three communities in an earlier blog: All companies consist of three communities that operate across structural boundaries. The first is the Agile/disruptive/innovator community—this is 5% to 10% of your activities. Members of this community are disrupting your products and services, your core business processes and your business model itself, to ensure that your customers benefit from innovation. The second is the expert/execution community—this is 85% of your activities. This community is simply executing existing playbooks. This community delivers to your customers the benefits of the flawless execution of a repeatable model and the continuous improvement that comes from good feedback loops. But there's a third, routinely overlooked community—the scaling community. This is the 5% to 10% of activity that bridges the gap between innovation and execution. Members of this community can turn disruption into routine and recognize the behavioral changes required for scaling new ideas. The simple truth is that *no one* is talking about the scaling community. This explains why companies have such a hard time scaling Agile.

Here's what our best-practice companies are doing to address this gap.

- **They name the scaling community.** You can't begin to address a problem until you can name it. These companies are united by putting a simple sentence on their mindset wall in the learning center: "We must build the scaling community so its members can begin to bridge the gap between innovation and adoption, between disruption and routine."
- **They invest in building the scaling community and recognize that it takes a village.** Their starting assumption is that no one is in this community now, but the skills to create this community exist in team members currently involved in execution or innovation. Here's our short list of these skills. You'll immediately recognize that we're not looking for one individual who has it all. We're creating a diverse community that has these skills.
 - Playbook-development skills to make things simple and practical for the front-line teams executing long-established playbooks. We all know extraordinary leaders who can take incredibly complex ideas and turn them into something simple that others can follow. Over my 30 years of consulting, the single best master of this I've seen is Harish Manwani, the former chief operating officer of Unilever. Because of his years of experience managing salesforces, he has a unique ability to turn complex strategic ideas into clear tasks for his sales team. The scaling community starts with your best example of Harish.
 - Builders of Repeatable Models who understand scaling models. Some business leaders are superb at "rolling things out." They always strike the right balance between a single, inflexible repeatable model

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vs. a rollout that requires tailoring by market, channel and product. They have been instincts built from years of experience—they understand the yield loss of a bad rollout. Find them.

- Pedagogical skills to make ideas teachable. Scaling demands training on the new ways of working. Some of your leaders will be adept at moving from an idea to something that can be trained. This is its own skill.
- People-development skills to understand the right set of incentives and behaviors to create a pull for change. It's a common refrain among our best-practice companies that successful scaling almost always requires us to create a pull for change. Finding the core variables to drive this pull is a separate and important skill.
- Builders of the Net Promoter System and employee Net Promoter System who know how to create and run feedback loops. All good scaling initiatives demand feedback loops so your execution community can continually improve. This involves feedback loops of employees (employee Net Promoter System) and customers (Net Promoter System).

Implication No. 7: Start building your scaling community today, focusing on these five essential skills.

8. **Scaling well demands shifting resources quickly behind a winner.** This is self-evident, but worth stating clearly. The whole point of micro-battles is to improve the value of your company and to rediscover the skill of getting the right things done fast. Some of your micro-battles will be real winners, demanding 10 times the resources of others. Your ability to back the winners and over-resource them will be critical to creating value. This can't happen within an annual budgeting

process. It has to be far more dynamic. And the 10-times resources have to come from somewhere, including resources and investments that were agreed upon during an annual cycle. Your Leadership sessions will demand that you continually free up resources from elsewhere to back winners. In almost every case, there are two immediate lessons.

- You'll need to launch micro-battles on costs to fund the winners. So why not start a series of cost micro-battles to anticipate these funding demands?
- You'll be simplifying your functional agenda, to move from the "tyranny of functional excellence" programs to a much more focused agenda based on capability spikes. So why not launch an insurgency workshop from Day 1, so that you can reprioritize your functional agenda?

Implication No. 8: Introduce dynamic resource-allocation processes into your Leadership sessions, and start on Day 1 to consider how to free up resources to fund winning micro-battles.

9. **Eventually, scaling will demand changes to your operating model.** Interventions are required to get Agile teams to work with hierarchical organizations. Earlier, we mentioned that you'll need to change behavior in order to ensure your global functions work within the timelines of micro-battle teams. But of course, it's more than that. Ultimately, you'll need to change your operating model to ensure that the functional teams speed up and become more dynamic in their own allocation of resources. We've seen common patterns emerge across organizations. Given that a common goal in micro-battles is to improve the customer experience, which will demand process and technology changes, we've found that organizations need to build out six capabilities.
 - A customer-experience focus: As we noted earlier, successful micro-battle teams always

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start with the customer experience. Define the organization's customer taxonomy and assign experience owners. Support them with strong process disciplines.

- Agile enterprise: Build Agile teams throughout the organization; experimenting with Agile in isolation is likely to fail. The organization needs to widely embrace new ways of working and create transparency across functions and groups to remove silos.
- Human-centered design: Put the customer at the center of all design work. This need can be filled initially through partnerships, but building this capability is essential for the long term.
- Data analytics: Data analytics is critical to developing winning prototypes that you can test with the customer, and increasingly important in businesses where personalization is key to the product. Ensure your data analytics capability is sufficient to drive the critical insights required to win.
- Flexible technology: Maintain flexible but stable system architecture throughout the stack (front to back) to support new front-end prototypes. This role is often outsourced, leaving organizations with big capability gaps and an inability to execute
- Strategic partnerships: Form partnerships with business, marketing and technology providers to fill capability gaps, if needed. Ensuring the organization has the right operational and commercial capabilities to enter into successful partnerships is key.

A common lesson among best-practice companies is to begin not with structural changes, but rather with surgical strikes in governance and accountabilities, and new incentives for talent. Consider micro-battle resourcing in all resource decisions at a functional level. Bring members of the Leadership team into these decisions, so they can help set the right priorities. During our Leadership training, we emphasize brainstorming on some early quick wins.

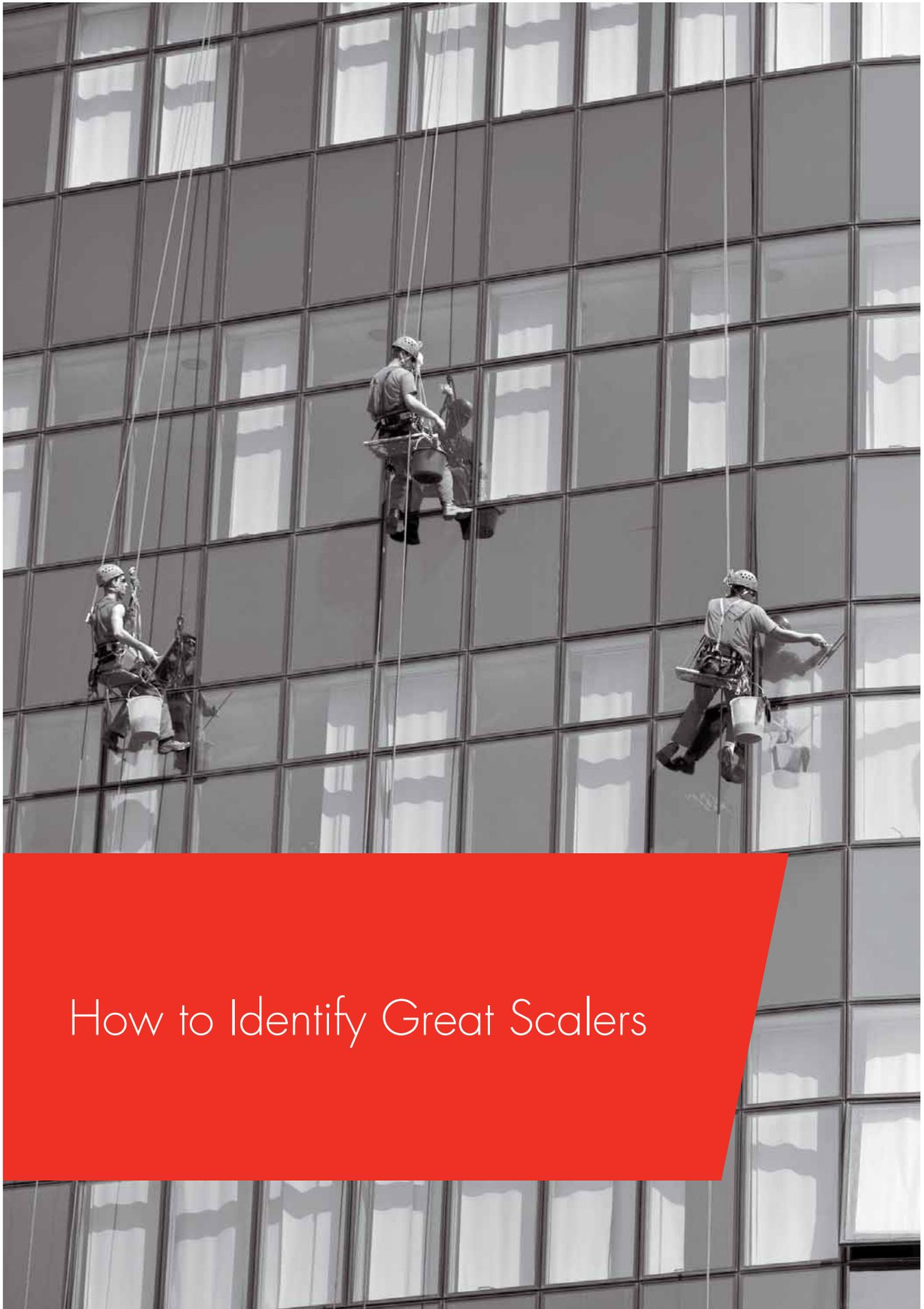
Implication No. 9: Consider simple changes to governance, accountabilities and new incentives for talent to ensure that discussions of global priorities and resourcing give precedence to micro-battles.

10. **Use Engine 2 to build specific capabilities.** If you don't, the most important capabilities will languish. While building the scaling community (see Lesson 7) might be the most important action, using Engine 2 to help you build capabilities is perhaps the most counterintuitive. As you become obsessed with scaling, you'll find yourself creating a long list of capabilities that you need to build. And no matter how much you emphasize their importance, you'll find that those initiatives always end up at the bottom of the Engine 1 to-do list. There are simply too many priorities. One best practice we've seen is to move those initiatives over to Engine 2, giving them the freedom to find ecosystem partners to build these capabilities. Several companies are doing this to great effect.

Implication No. 10: Think about building scaling capabilities across Engine 1 *and* Engine 2.

That's it. Long blog; rich topic. And we're certain this won't be our last word on the topic, but rather the beginning of a rich conversation. 

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How to Identify Great Scalers

The most successful companies retain the ability to build businesses by acting like the scale insurgent in their industry.

Sustainable, profitable growth requires more than innovation; it requires business building. Most large incumbent companies have lost the ability to build new businesses. They don't declare war on their industry on behalf of an underserved customer segment. They don't disrupt industries, products and services, or business processes. They don't invest to develop innovations through uncertainty and entrepreneurship. These big, slow-moving firms kill their growth with internal complexity.

The most successful companies retain the ability to build businesses by acting like the scale insurgent in their industry. Scale insurgents capture the benefits of size while maintaining a strong sense of Founder's Mentality,[®] which we define as a clear insurgent mission, a frontline focus and an owner mindset. Their greatest advantage is the ability to compete on both scale and speed.

How can incumbent companies reinvigorate their Founder's Mentality and become fast-moving scale insurgents? They can launch micro-battles. In micro-battles, small, cross-functional teams take a bold strategic initiative and translate it into a prototype that can be tested in the marketplace. They turn a winning prototype into a repeatable model that can be scaled across the organization. Senior leaders, who manage the full portfolio of battles, work to amplify the impact of individual teams and recognize patterns across the board. This process challenges bureaucratic behaviors and prods executives to embrace a new way of working.

There's a key tension in micro-battles. Teams must pursue fast prototyping but also obsess over scaling innovation across the enterprise. They must be masters of disruption *and* scalable execution. Effective organizations tackle this problem by developing three communities that work together to win and scale.

The first is the Agile/disruptive/innovator community. The members of this community are focused on disrupting existing products and services, business processes, and even the core business model of the company. Everyone recognizes the need for this community. The second community is the expert/execution

community. They deliver innovation to customers flawlessly, using established playbooks and fixed routines.

But how can companies translate the disruptive ideas into something that can exist in the world of routines? This requires a third group called the scaling community. This community is the bridge between innovation and execution, between disruption and routine. The scaling community is critical, yet it tends to go unrecognized. If you want to be a scale insurgent, if you want to scale Agile, you must focus on building this community.

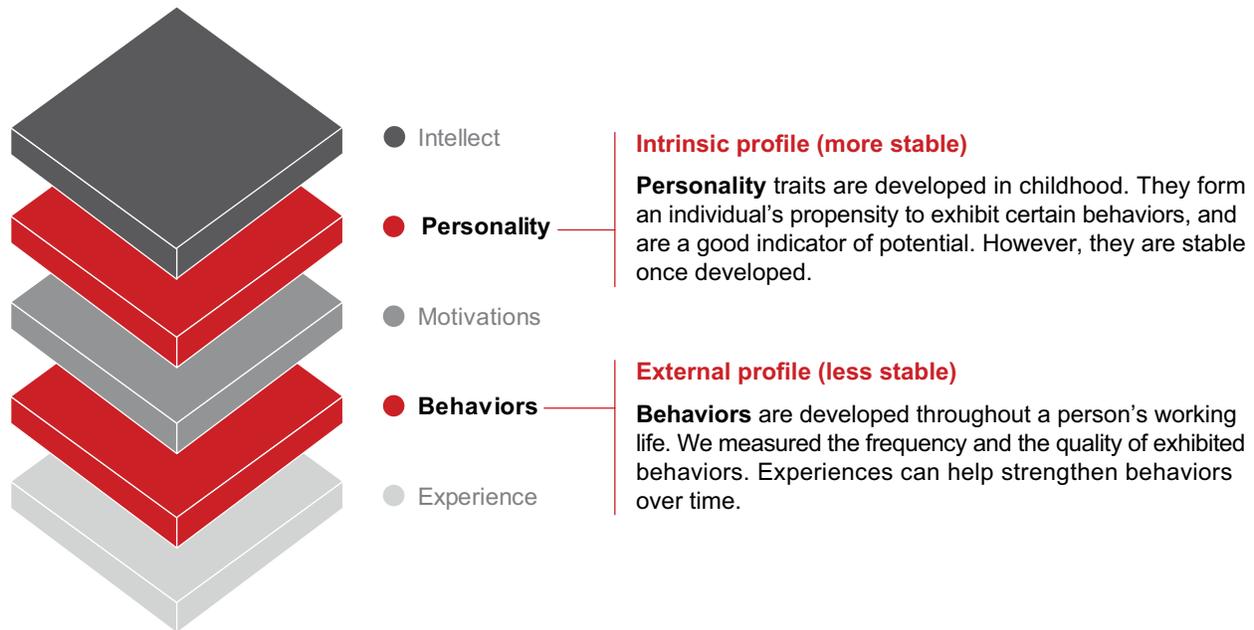
The profile of a great scaler

How do you identify members of the scaling community? To better understand scalers, we worked with The Chemistry Group, a London-based research company that helps organizations get the most out of their people. It deploys a methodology centered on "What Great Looks Like" and the 5-Box Model (*see Figure 1*). Let's say you know your company needs more people like Mary. Chemistry figures out what makes Mary and others like Mary great. Using the 5-Box Model, it looks at Mary's intellect, personality, motivations, behaviors and experience to determine her capability and potential at work. The order of the traits matters—from most stable (or hardest to change) to least stable (or easier to change). To really understand what makes Mary tick, Chemistry homes in on two aspects: her personality, as a measure of her intrinsic profile; and her behaviors, as a measure of her external profile. Personality, developed during childhood, is a good indicator of potential. Behaviors, developed through a person's working life, can be strengthened over time through experiences.

Working with 20 Bain partners and five Chemistry partners, each with more than 20 years of experience, we asked the group to identify examples of a great scaler. From a list of about 50 individuals, Chemistry interviewed and extensively profiled 20 scalers. A few examples alone can illustrate why these individuals stood out to our colleagues.

- **Ritesh Agarwal, founder and CEO of Oyo Rooms:** Oyo is the world's fastest-growing chain of hotels,

Figure 1: The Chemistry Group’s 5-Box Model examines an individual’s capability and potential at work



Source: The Chemistry Group

homes and living spaces. Starting in 2013 with a single property in India, it has quickly become South Asia’s largest hotel network, with more than 8,500 properties in more than 230 Indian cities. Oyo’s push into international markets is moving fast—the hotel chain now offers around 460,000 rooms in eight countries, with recent expansions into the US and Philippines. As founder, Ritesh has propelled Oyo’s rapid growth and success through repeatable solutions based on data.

- **Mark Ibbotson, executive vice president of Walmart’s realty and central operations:** Mark’s role touches innovation, process improvement, associate communication, online grocery and fresh operations, contact center operations, activity management and asset protection, and safety. He views his role, however, as making great ideas happen. Mark focuses on putting systems and processes in place to scale ideas across Walmart’s store network. Once, he gave new life to an idea

from founder Sam Walton through a digital approach. Mark identified the key scaling issues, determined a repeatable model for execution and turned it into a multimillion-dollar annual revenue stream.

- **Pierre Laubies, CEO of Coty:** Pierre has nearly 30 years of experience in the consumer goods industry. Before Coty, Pierre was CEO of Jacobs Douwe Egberts, a leading global coffee and beverage company. He also spent 25 years at Mars in a variety of roles, including president of the global pet care division with responsibility for \$14 billion in sales. Pierre is a master of scaling the playbook. In each company, he has identified key success factors for operations, working with the execution community to create playbooks that can roll out across the organization. He also publicly celebrates both heroes and failures, engaging others in the spirit of test and learn.

- Pippa Wicks, deputy CEO of Co-op:** Pippa not only serves as the deputy chief executive of Co-op but she also chairs AlixPartners UK, a turnaround and restructuring business. Prior to joining AlixPartners, she was CEO of FT Knowledge and group CFO of Courtaulds Textiles. Pippa focuses on getting things done with speed at industrial scale in every role, especially by identifying roadblocks to solutions, removing the obstacles and creating repeatable solutions. “You create far more impact doing something valuable multiple times than pursuing a one-off initiative. I look for repeatability,” she emphasizes.

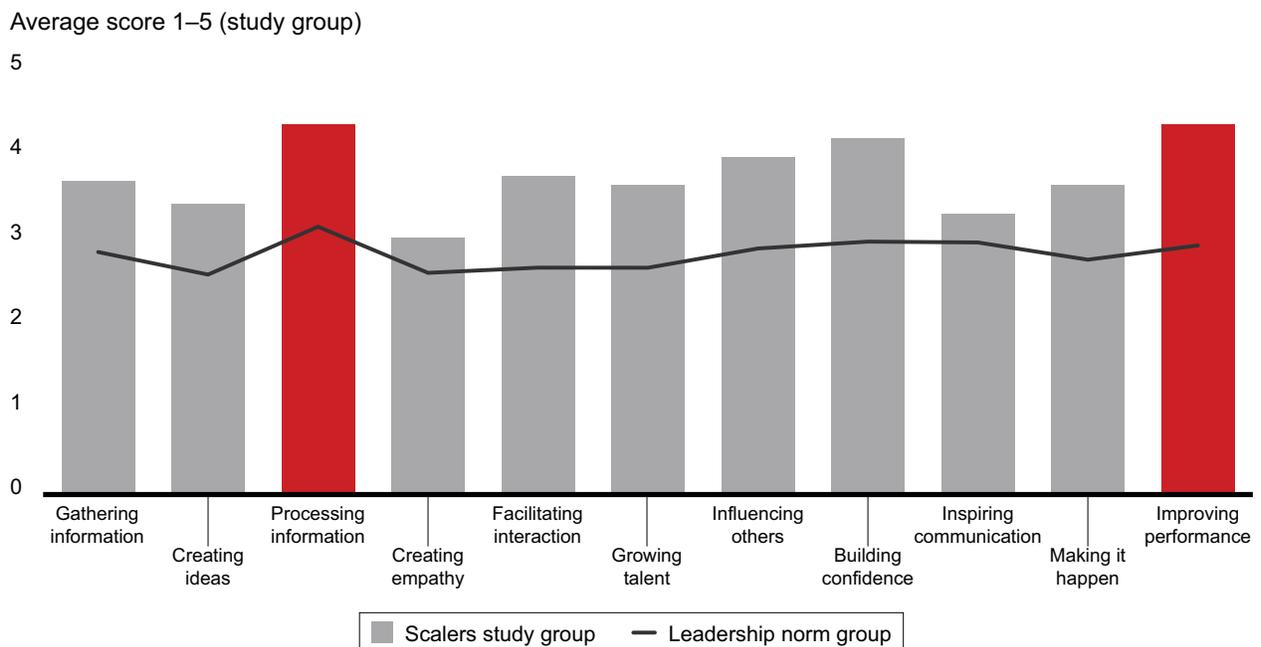
Not surprisingly, Ritesh is an insurgent founder and, therefore, a clear example of a successful scaler. The other individuals are extraordinary CEOs and senior business leaders with strong track records, achieving their roles because of the scaling abilities they have developed and demonstrated throughout their careers. The group is united by a sense of duty to scale good ideas, moving from an innovation to a repeatable

model. From our interviews and detailed profiling of these leaders, we developed a five-part definition of a great scaler.

Scalers are all-rounders

Working with Chemistry, we evaluated the group on a 5-level scale against the 11 key behaviors of high-performing leaders. Scalers score highly and consistently across all 11 behaviors (see Figure 2). Roger Philby, the founder and CEO of Chemistry, notes, “Finding a 5 is like finding a unicorn. The scaler group has the highest number of 5’s I have ever seen in 15 years of doing these interviews.” To most people, a score of 5 sounds the best. But for Chemistry, a 4 is best. It represents that an individual excels at a given behavior. A 5 is something different, according to Roger, “This isn’t a Spinal Tap ‘up to 11’ score. A 5 is someone that excels personally on that dimension *and* has taken specific actions to build an institutional capability on that behavior.”

Figure 2: Scalers outperform across 11 leadership behaviors, especially processing information and improving performance



Notes: Scalers study group (n=23); leadership norm group (n=1,208)
Sources: The Chemistry Group; Bain & Company

How to Identify Great Scalers

Beyond high performance, the group doesn't have clear weaknesses, which is also rare. When comparing the performance of different communities, Roger noted, "Disrupters and executors are more spiky. They are very strong on some areas, but also have weaknesses. Scalers score higher than any group, on average, but also avoid the blind spots."

Scalers excel at processing information and improving performance

Great scalers score around 5 on two major leadership behaviors. The first is processing information. Scalers improve their organization's ability to analyze options, make decisions, evaluate results and learn from outcomes. Scalers also score well on improving performance. As leaders, they focus their people on outcomes, defined as something that adds value for customers.

These two behaviors work together in a remarkable way. Scalers build feedback loops. They create the right systems and culture to find ways to help customers, test the best options, collect performance feedback and make improvements based on their findings. One exemplar scaler acknowledged that among his strongest skills, he is able to determine quickly ways to make product or service improvements. If scalers are defined by a single approach, it is this: They notice patterns, learn what levers to pull for greater customer value and identify one or two simple insights that can be rolled out everywhere. Once they figure out a repeatable model to scale an initiative, they focus ruthlessly on it. "The key to scaling is about finding what works and repeating it. Over and over again," noted Ritesh of Oyo, who rapidly expanded the company through repeatability.

Scalers influence organizations through results

Using behavioral data, Chemistry also explores how leaders influence others and motivate their organizations to act. Many business leaders, for example, score quite highly on empathy (knowing what matters to their teams) and inspirational communication (moving a team to action through a call to arms). While

scalers don't perform poorly on these dimensions, scoring an average of 3.1 and 3.3, respectively, they tend to influence an organization more by building confidence, where they score an impressive 4.1. Scalers speak through the results achieved on their projects. They are doers more than talkers and actors more than feelers. When explaining how he built new revenue streams at Walmart, Mark noted, "It was a question of fact. I didn't need to create a story; the story was both the data and the results." Pippa, from Co-op, echoed this sentiment in describing how she engaged her organization in an initiative: "My intent was not to understand how they were feeling. Of course that was interesting, but I was really trying to determine what the win was. If I focused on that, the engagement would follow. Without the results, my words were hollow."

Scalers act as a bridge

Along with the scaler's external behaviors, we also looked at their intrinsic profile, or personality. Chemistry first focuses on personality traits surrounding conscientiousness, or the measure of an individual's self-control, organization and drive to achieve. In studying six different traits, we found that scalers act as the *how*, taking the ideas of the disrupters and installing the structure needed for the executors. This is especially true for two traits: consider and fulfill (see Figure 3).

- Consider looks at how much an individual deliberates before he or she acts. Is the individual a "ready, aim, fire" personality or a "fire" personality? Executors lean toward "ready, aim, fire." Disrupters lean toward the immediate "fire." Scalers are right in the middle. They share the executor's sense of deliberation and the disrupter's sense of urgency.
- Fulfill looks at an individual's sense of duty and the degree to which he or she values keeping promises. Executors feel rules are important. Disrupters feel constrained by rules and commitments. Scalers stand directly in between, sharing the executor's sense of duty with the disrupter's desire to be unconstrained.

Figure 3: Due to their personalities, scalers act as the bridge between disrupters and executors

Conscientiousness reflects a person’s self-control, organization and drive to achieve

Average score on six conscientiousness traits



Subtraits include fulfill and consider

Fulfill



How much an individual values keeping promises

Less confined by rules and regulations

Likely to work hard to deliver on promises

Consider



How much an individual deliberates before acting

Willing to act with limited information

Prefers to think carefully before acting



Notes: Each trait scores between 1 and 9 on a standardized scale; psychometric survey scalers (n=17), executors (n=5), disrupters (n=5)
Sources: The Chemistry Group; Bain & Company

Due to their placement in the middle of two personality groups, scalers act as a bridge. As Roger explained, “Disrupters reject structure and processes because they impede breakthrough innovation. Executors demand structure and processes because this helps them deliver—and the fulfillment of promises matters hugely to this community. Scalers stand right in the middle of both groups, sharing the desire to disrupt but also recognizing that delivery matters.”

Mark recognizes that his job is to make innovation happen. In describing how he brought one of Sam Walton’s ideas to life at Walmart, he explained, “The idea already existed.... All I did was understand the intent of the idea, understand the context (the system, process and people) by which it would come to life and described the repeatable process by which it would happen. That one idea perfectly executed in a repeatable model is now a multimillion-dollar annual revenue stream.”

Another senior leader shared how one scaler regularly translates innovation to routine, due to his personal nature, saying, “He is always the quiet one in the meeting. He waits to hear all the ideas. Usually, we end up with 20 ideas on the whiteboard—lots of excitement, but no real idea what to do next. Then, he stands up and says, ‘I think we can take these two ideas and build them into our new sales training; by June, we could get every salesperson globally bringing this to our customers.’ He makes big ideas small enough to act. But he builds the small idea into a routine that can scale everywhere.”

Scalers are built, not born, and they struggle to find a home

Our work with Chemistry indicates that about a third of your people are inclined to be good disrupters, a third to be executors and the remaining third to be scalers. You likely have scalers in your leadership

How to Identify Great Scalars

team—in fact, about 10% of them hold the potential to become very good scalars. But for scalars to reach full potential, they need opportunities to learn from experiences. Of the scalars we interviewed, each emphasized that they had become a student of scaling. Pierre, the CEO of Coty, described his growth as a scalar, acknowledging, “It wasn’t until my last job that everything came together. I realized every experience to date was a journey.”

However, most scalars don’t know what to do with themselves. Why? Few business leaders have a way to identify scalars, assign them the right roles and develop a community. They know a disrupter or an executor when they see one, and disrupters and executors know themselves. These groups tend to cluster around specific jobs (see Figure 4). Disrupters gravitate toward roles that reward innovation and idea generation. Executors gravitate toward roles that reward the day-to-day delivery of results. While scalars are vital to a company’s success, they are lost. They can be found anywhere, but they struggle to feel at home.

Building the community

To grow their companies, one of a CEO’s most important roles is to identify potential scalars and assign them to lead micro-battles. Micro-battles not only provide a repeatable model for how the three communities can work together but they also give scalars the experiences they need to become masters. They force the organization to elevate scaling to the same level as innovation and execution while rediscovering the art of business building. CEOs who are just getting started on this journey should consider five commonly asked questions.

- **How do I start to identify members of the scaling community?** Look to your top 100 leaders to find well-rounded high performers. Within this group, focus on the two behaviors that really matter for scalars: processing information and improving performance. You are looking for leaders with a track record of results achieved through constant testing and learning. Most CEOs can think of one

Figure 4: Scalars do not gravitate toward any specific job type

Job function	Disrupter	Scaler	Executor
Process, plant and machine operatives	14.7%	39.7%	45.6%
Legal professionals	21.0%	33.9%	45.2%
Skilled trades	17.6%	39.4%	43.0%
Accountancy and actuarial professionals	17.4%	40.5%	42.1%
Public service professionals	26.8%	31.3%	42.0%
Engineering, science or technology professionals	20.3%	39.0%	40.7%
Finance professionals	18.1%	42.2%	39.8%
Marketing, advertising and PR	26.1%	39.5%	34.4%
Human resources and employment	25.5%	40.4%	34.2%
Sales and customer service occupations	26.4%	40.0%	33.6%
Corporate and general management	26.5%	41.0%	32.5%
Research	32.4%	35.3%	32.4%
Leisure, sport and tourism	36.8%	23.7%	39.5%
Publishing, media and performing arts	44.1%	29.4%	26.5%
Total population	26.2%	37.7%	36.1%

More than 5 percentage points above total

Note: Representative control population that provided job function (n=3,976)
Sources: The Chemistry Group; Bain & Company

or two people that fit the bill. More broadly, with Chemistry, we've developed a diagnostic tool that allows executives to segment their full leadership team into the three communities. The tool should start a conversation about the importance of disruption, execution and scaling. The goal is not to put leaders in a box, but rather to appreciate how all three communities are vital to business building. You should allow leaders to switch out of their initial grouping. From this exercise, you'll end up with 5 to 10 definite scalers who can start to work on micro-battles. As your organization gets more comfortable with the concept of the three communities, more scalers will come forward and build a community. But be patient.

- **How do I give them learning opportunities?** Once you've identified an initial set of scalers, you must provide them with experience. Micro-battles focus on the specific motion that scalers are trying to master—namely, taking a successful innovation and turning it into a scalable repeatable model. Through amplify sessions, where senior leaders review the portfolio of micro-battles, we encourage scalers to learn from each other. The reviews are a great place to ask, “What are we learning from our successes and failures in scaling?” Through micro-battles, you help your scalers learn individually and collectively.
- **How do I build a scaling community?** You don't need to reorganize around scalers or the other communities, but you should create an opportunity for community members to share experiences and best practices. It's important to give each community a voice, especially in recruiting and personal development. After sorting your top 100 leaders, ask the communities to discuss one way the company can improve execution, disruption, scaling and one way the company can stop impeding execution, disruption, scaling. Plan for these communities to meet twice a year to discuss lessons learned. Separately, CEOs should also ask their HR directors, “How can we recruit more scalers and give them more scaling experience?”

Over time, you want to identify scalers earlier in their careers and give them more experience from the start.

- **What are the most common pitfalls, and how do I avoid them?** There are three pitfalls. The first is that people feel that the communities are constraining rather than empowering. When initially sorting leaders into communities, we emphasize that their profile is indicative of the group to which they are most affiliated. We ask leaders to talk with their communities for 20 minutes, then determine if their community fits or if they want to change. Your goal is to empower leaders to find their like-minded peers. The second pitfall is that a CEO accidentally implies a hierarchy of communities. All three communities are critical. You need disruptive thinking, flawless execution and scalable solutions to build your business. The third pitfall is that a CEO rushes to an organizational solution. You want to encourage flexible ways of working and teaming across organizational lines. You are not trying to create a new org chart. To avoid these pitfalls, use the word *community* deliberately—these are similar folks, and they should be encouraged to talk to each other and work together to grow the business.
- **How do I bring the organization along on this journey?** The idea of scale insurgency is extremely motivating. Who wouldn't want to be in an organization that competes on scale and speed? Your people want to rediscover the insurgent mission. They want to champion customers and the front line that serves them. They want to cut through bureaucratic nonsense. They want to do this as a team of teams, valuing each community. The best way to start this journey is to make your team aware that they control the growth agenda of the company. It is in their hands, but you need to put it there. Business leaders talk a lot about transformation. How do I return to growth? How do I move faster in a world of digital disruption? But they don't talk enough about the choreography of transformation. What levers should I pull, and in

How to Identify Great Scalars

what order? In choreographing a transformation, CEOs heavily rely on horizontal initiatives, or initiatives that work across the top of the organization (such as reorganization or complexity reduction). CEOs rarely rely on vertical initiatives, or initiatives that move down the organization and involve the front line to get results for your customers. These kinds of initiatives maintain the momentum for change by creating market wins and heroes.

Deploying micro-battles and building a scaling community are vertical actions, creating and sustaining organizational support for your broader transformation.

For CEOs, bringing the organization along is the easy part. The hard part is getting started. But a few steps can make that a little easier: Find some scalars, and through micro-battles, help them learn to excel. 



The Best Practices of Great Scalers

It sounds simple enough, but few companies properly recognize and value the people who know how to scale good ideas. We call these people the scaling community.

In our studies of large incumbent companies and their struggles to achieve long-term profitable growth, we've recognized a startling pattern. Most incumbents have lost the critical art of business building. To sustain growth by building new businesses, companies need to excel at scaling, the act of institutionalizing innovation across the enterprise. It sounds simple enough, but few companies properly recognize and value the people who know how to scale good ideas. We call these people the scaling community. They serve as the bridge between a company's innovators and executors by turning disruptive ideas into daily routines and behaviors.

What makes a great member of the scaling community? How do CEOs find and nurture scalers in their organizations? We've been working with The Chemistry Group, a London-based research company that studies the traits and behaviors of high-performing individuals, to answer these questions. Our research involved extensive interviews with some of the best scalers identified by our colleagues. In building a profile based on these

exemplary individuals, we uncovered a powerful insight: Scalers are built, not born. While some of their personality traits develop during childhood, they learn many of their defining behaviors through experiences in the workplace. In fact, all of the individuals we interviewed considered themselves students of scaling.

As our group of scalers shared their journeys, they divulged some of the lessons they learned along the way. We collected their best practices to help guide other potential scalers as they find their place within their organization (see *Figure 1*). Below are the top 10 practices.

No. 1: Create a forum for building ideas. Scalers don't view themselves as idea generators, but rather as idea builders. Their job is to give idea generators a forum to discuss their innovations and brainstorm how to make them bigger. Scalers should encourage more ideas than necessary. Once they have an extensive list of innovations, they ruthlessly narrow it down to one or

Figure 1: Scalers can use 10 best practices to develop their role in an organization

- 1 Create a forum for building ideas
- 2 Learn what scales in your organization
- 3 Understand how to remove obstacles to scaling
- 4 Take time to test ideas for repeatability
- 5 Engage the disruption and execution communities regularly
- 6 Kill ideas that aren't scaling
- 7 Believe in your repeatable model and playbook
- 8 Build momentum through stories, but don't ignore failures
- 9 Institutionalize ideas through systems rather than talent
- 10 Recognize that scaling is a career-long journey

The Best Practices of Great Scalars

two ideas with the potential for huge impact. Overall, scalars feel that their job is to develop good relationships with innovators and a reputation for turning ideas into results.

No. 2: Learn what scales in your organization. Scalars argue that ideas are plentiful but ideas that scale are very rare. They must figure out how to work within their organization's culture. The best scalars consider four key areas.

- **The customer:** Listen to customers, and build their feedback into your processes. If there isn't customer pull for an idea, you'll never scale it.
- **The front line:** Ideas that empower your front line and fit into their daily routines have a bigger impact. One of the scalars that we profiled has an acid test for a good repeatable model. He asks himself, "Does this innovation give the front line more rewards or make their lives easier?" In his interview, he explained, "If you can create pull for change, you can transform the company faster. When I find myself pushing an idea, I realize that the front line knows something I don't and is resisting. Most times, I rethink what I'm doing."
- **Repeatability:** Look for the repeatable model within the idea. Simplify complex initiatives so that they can be repeated in diverse situations.
- **The experience curve or network effect:** Look for competitive advantage in all ideas, particularly in two areas. First, favor ideas in which you can continuously learn and improve—this has the potential to keep you ahead of the competition. In addition, you should consider if there is some network effect. With some ideas, the more times you execute, the more data you collect, and the more you can improve the value of what you do for customers. These are the ideas that you want to scale.

No. 3: Understand how to remove obstacles to scaling. Scalars recognize patterns of what will scale well and what will scale poorly in their organization. Using this insight, they go after the obstacles to scaling. Great scalars consider four common roadblocks.

- **Lack of empowerment:** Are we giving our executors enough power? How can we give the execution community more decision-making authority?
- **Lack of tools or processes:** Do our people have the right tools or routines to succeed?
- **Lack of learning:** Are our executors able to learn from each other? Are we helping them communicate?
- **Lack of feasibility:** Are we making it too easy for others to say no to our ideas? Are our initial investment requests too big? Are we controlling risks?

No. 4: Take time to test ideas for repeatability. Scalars won't roll out an idea until they've rigorously tested it for repeatability in the real world. The worst thing that scalars can do is overwhelm executors with half-baked ideas. The best scalars work with executors to translate ideas into specific routines and behaviors for their day-to-day work.

No. 5: Engage the disruption and execution communities regularly. Scalars believe that innovation is iterative. When they need to solve issues during the initial implementation, they return to the idea generators. Innovators help the scalars to pivot or rethink an approach that isn't working. When they need to solve issues during scaling, scalars reach out to the execution community. Executors can help scalars think about how to bring the idea into daily routines and behaviors. The best scalars talk to both communities regularly to refine the idea.

No. 6: Kill ideas that aren't scaling. Scalars don't become emotionally attached to the idea or the person advocating it. They let the results speak for themselves. If an idea doesn't scale and the scalars can't pivot to a new solution, they advocate to drop the idea. They operate under the principle that there is always too much to do.

No. 7: Believe in your repeatable model and playbook. When you figure out the right playbook, you need to ensure that others execute it flawlessly. To guarantee buy-in, scalars should invest time to test, learn and refine. The best scalars graduate the repeatable model from test and learn to 100% compliance. Early in scal-

ing, they allow constant adjustments. They want to experiment with multiple ideas. But once they have found a winning model, scalars will move in the opposite direction. They demand adherence to the final playbook with zero deviation.

No. 8: Build momentum through hero stories, but don't ignore failures. Scalars look for leaders in the execution community and ask them to champion implementation. When there is a success, scalars encourage the leaders to tell the story. They build momentum by showing results and bringing others on board. But they also allow the heroes to tell stories of failure. By sharing both types of stories, scalars gain credibility. This balance is key to successful engagement across the organization.

No. 9: Institutionalize ideas through systems rather than talent. Scalars want to build organizational capabilities. They like systems. They like processes. They

want these initiatives to outlast them. They also want these initiatives to outlast the early heroes who built momentum. They don't let results depend on a few individuals. Scalars are unique because they create institutional capabilities. They are more interested in creating results for the organization than building talent.

No. 10: Recognize that scaling is a career-long journey. Scalars learn from mistakes and successes. They study what works and what doesn't. They seek feedback. They recognize that they improve with each failure. They don't wing it. Scalars understand that they are made, not born.

As you develop your role in scaling, we encourage you to create your own list of best practices and share it with your community. Scalars are great students, but you need great course material to get started. 

The Best Practices of Great Scalers



Scaling Businesses as a Team

Micro-battles help organizations generate big disruptive ideas, translate them into functional ways of working and scale them across the enterprise. But while the process is necessary, it isn't enough. Leading companies also obsess over their people.

How do great companies bring innovative ideas to customers at industrial scale? Micro-battles—small, fast-moving initiatives focused on strategic priorities—are set up to guide companies through the process. They help organizations generate big disruptive ideas, translate them into functional ways of working and scale them across the enterprise. But while the process is necessary, it isn't enough. Leading companies also obsess over their people.

We argue that every organization implicitly comprises three types of people. We call these groups the three communities.

- **The Agile/disruptive/innovator community:** They disrupt core products and services, business processes and even the business model. Disrupters are your idea generators. They feel stifled by processes and systems, believing that they can best perform when liberated from tight restrictions. Disrupters are the talk of the town—everyone wants more innovation.
- **The expert/execution community:** They are the core engine of any great company. Executors make up your sales teams, your customer care teams, and your manufacturing and logistics managers—to name a few groups. They are experts at what they do, and they flawlessly execute against established playbooks. Executors are under massive pressure to deliver results. They value delivery and the people who help them deliver.
- **The scaling community:** They act as the bridge between disruption and playbook. Scalers take innovation and industrialize it. They are constantly learning and exchanging ideas. Scalers are vital to business building, but leadership rarely recognizes them.

Firms that recognize and nurture these communities excel at building businesses. In fact, one of the key roles of a CEO is to develop the communities and encourage them to work together. This doesn't mean that you need to produce a new org chart. Instead, CEOs

should create opportunities for the communities to communicate, collaborate, and cultivate their roles and voices. More specifically, there are five ways that CEOs can help the three communities build relationships.

- **Help define the communities and their members.** Most firms don't think about their organization as three communities. It's the CEO's job to start a conversation about the three communities among leadership. You need leaders to understand if they feel most comfortable innovating, executing or acting as the bridge between the two motions.
- **Introduce the communities to each other, and discuss their typical member profile.** A unique set of behaviors and personality traits help to define each community. The best CEOs know that disrupters are energized by bouncing their ideas off each other but that they might be discouraged by scalers. Scalers, who are the ones to say, "yes, that's a great idea, but ...," often challenge disrupters. Yet with the right relationship, disrupters can actually find the scalers' feedback to be just as energizing as their own community's input. Similarly, executors don't always value disrupters, finding their ideas distracting from daily delivery. But with the right management, these two communities can be the most natural of partners. When disrupters engage executors for input on the next wave of products and services, they can inspire the community by collaborating on competitive offerings. By understanding what makes each community tick, everyone can get along better and work more effectively.
- **Review the community matrix.** Every individual should know his or her role in the community and the organization as a whole. Leadership can communicate what each community can give to the others, as well as what they can expect in return (see the infographic "How Organizations Can Scale Innovation").
- **Use micro-battles to work on specific business-building ideas.** Micro-battles help communities

Scaling Businesses as a Team

HOW ORGANIZATIONS CAN SCALE INNOVATION

To effectively build businesses, CEOs must recognize and nurture three communities of people—the disrupters, who generate ideas; the scalers, who institutionalize those ideas; and the executors, who turn those ideas into business results. By understanding each group’s roles and behaviors, leaders can improve their organization’s ability to develop and deliver future strategy.



DISRUPTER



SCALER



EXECUTOR



DISRUPTER

In a team, **disrupters:** ●

- Dive into tasks immediately
- Test new ideas quickly
- Create visions unconstrained by existing processes
- Become distracted by new ideas and information at times

Scalers can help disrupters by: ●

- Bringing focus to a single winning idea
- Translating new ideas into deliverables
- Mediating decisions to change course
- Identifying patterns in ideas for greater results

Executors can help disrupters by: ●

- Collecting customer feedback and marketplace trends
- Providing expertise on processes
- Giving feedback on the effectiveness of ideas



SCALER

Disrupters can help scalers by: ●

- Identifying areas for performance improvement
- Keeping industry trends in mind
- Bringing forward new ideas
- Brainstorming ways to pivot when ideas hit roadblocks

In a team, **scalers:** ●

- Bring structure to unconstrained ideas
- Strategically shift focus to valuable ideas
- Share best practices
- Generate support by communicating past results

Executors can help scalers by: ●

- Understanding the information and resources required for success
- Supplying operational details that might impact the rollout
- Providing feedback on performance of the repeatable model



EXECUTOR

Disrupters can help executors by: ●

- Inspiring them with the vision behind new products and services
- Encouraging them to challenge ideas
- Quickly removing any roadblocks

Scalers can help executors by: ●

- Turning big ideas into operational activities
- Ensuring activities fit into their day- to-day roles with a repeatable model
- Setting challenging but realistic objectives
- Recognizing success

In a team, **executors:** ●

- Focus on achieving goals
- Organize themselves to optimize the repeatable model
- Consider details, and identify roadblocks to delivery
- Overlook the bigger picture at times

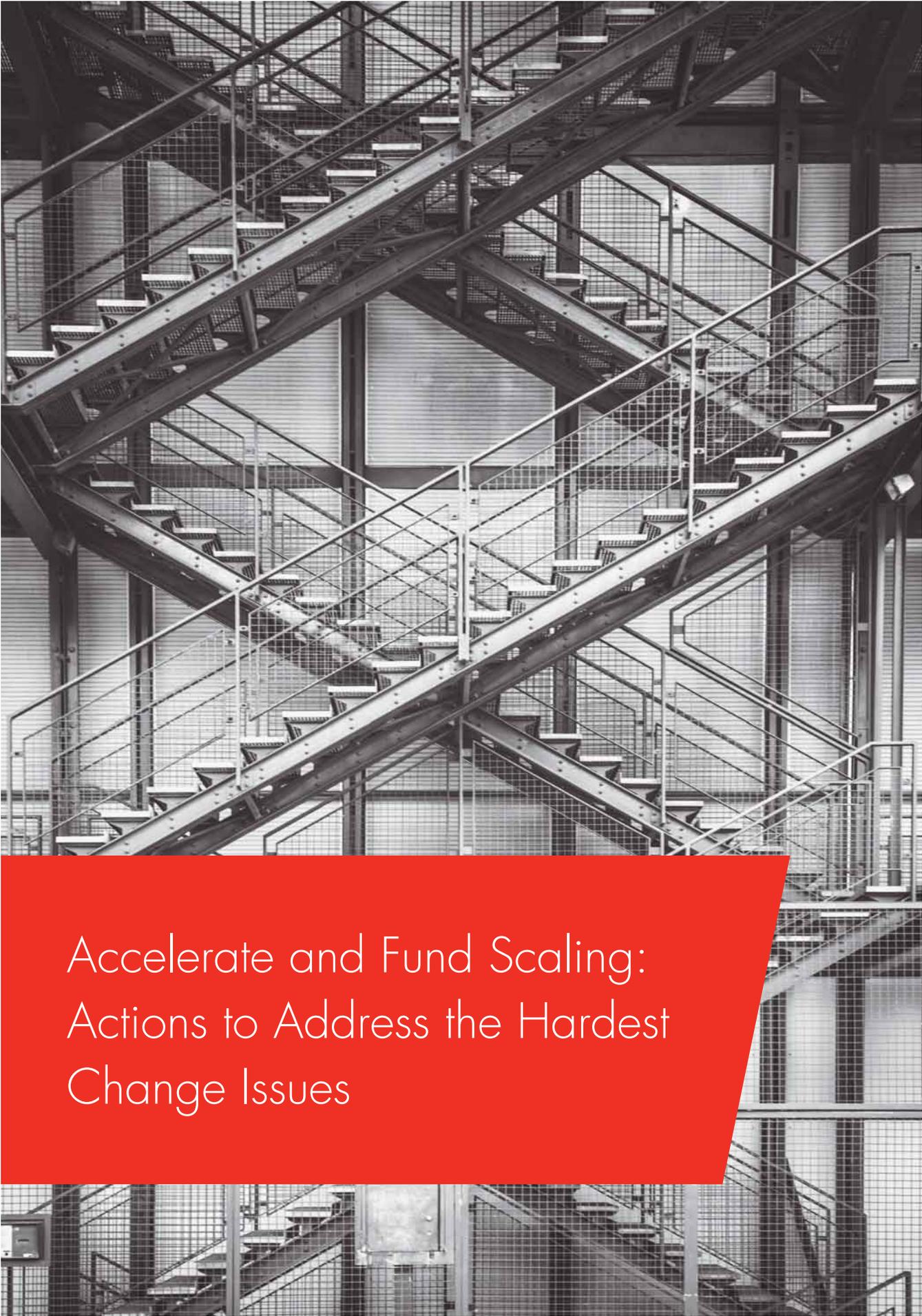
collaborate on strategic priorities. They give members specific roles in developing prototypes and Repeatable Models.[®] Through micro-battles, CEOs can encourage shared learning and improve the organization's ability to work with each other.

- **Seek feedback on community interactions.** In micro-battles, we run sessions for senior leadership to review successes and failures. These sessions present an opportunity to assess how the

three communities are working together and make adjustments as needed.

To grow sustainably and profitably, companies must rediscover the art of business building. But in order to build businesses, they need great ideas that can be scaled into Repeatable Models. It's up to the CEOs to create the three communities and task them with the job of working together on the next generation of great ideas and great businesses. 

Scaling Businesses as a Team



Accelerate and Fund Scaling:
Actions to Address the Hardest
Change Issues

Micro-battles demand new skills and behaviors, and you'll need to give your people every chance to succeed. It's not enough to experiment and create small solutions; the teams must also learn to scale these solutions across your customer base so they begin to materially improve your company. Behaviors matter throughout, and you must constantly remind folks to act like founders.

Accelerate and Fund Scaling: Actions to Address the Hardest Change Issues

In a previous blog post, on the six design principles of a scale insurgent, we noted that aligning on your own set of design principles is a critical part of the micro-battles journey. We also said we'd follow up with a discussion on these questions: "As I start this journey toward becoming a scale insurgent, what are the hardest issues I'm going to face and how can I begin to address them?"

One of the toughest issues is just getting started. But since you've passed that hurdle and are now committed to the micro-battles journey, you and your management team have to start listing the challenges you'll face on the road ahead. This blog presents our input to that discussion. We've listed the biggest common issues—and the most effective actions to address them—on a single slide. Versions of it occupy Wall 1 of learning centers around the world (*see Figure 1*).

Issue 1: Agile teams and the rest of the organization find it almost impossible to work together effectively on a sustained basis

As soon as you begin executing micro-battles successfully, you'll encounter a common reality: Things get tough. You're creating micro-battle teams that are working through Agile principles, with cross-functional teams deploying prototypes and adapting these quickly, based on customer feedback. But you're also still running the core business, with highly functional expert teams executing against the firm's core processes. Both are vital, but you'll find there are fundamental tensions between them that can erode enthusiasm. So it's essential to address the company's organizational will to sustain its focus on micro-battles. A number of things may be working against it, sometimes all at once.

You may find that senior management loses interest or gets distracted by other crises. Given this perceived lack of commitment, the rest of the organization may see these early micro-battles as yesterday's fad *du jour* and stop supporting them—no need to fight for a dying cause, after all.

Figure 1: The three hardest change issues you'll face on your micro-battles journey—and how to address them

Key change issues	Actions to address
<p>1 Will</p> <p>Agile teams and the rest of the organization find it almost impossible to work together effectively on a sustained basis</p>	<ul style="list-style-type: none"> • Ensure senior leadership team's understanding/commitment to the change journey • Train on "Agile everywhere," focusing on the required executive committee skills and behaviors • Celebrate the unsung heroes in expert/execution communities that enabled success • Create and stand by a "new deal" for those that participate directly and indirectly • Revise the governance model to resolve trade-offs and resourcing between the two systems
<p>2 Skill</p> <p>The organization lacks the skills to win and scale. Leaders lack the skills to change their ways of working</p>	<ul style="list-style-type: none"> • Build the three communities, driving benefits of innovation and repeatability • Bring in new talent, lowering direct hires' yield expectation and leveraging start-up acquisitions • Pursue "shake-up" sessions, enforcing new ways of working
<p>3 Scale</p> <p>The organization has the will and skills, but lacks the resources to fund the full journey</p>	<ul style="list-style-type: none"> • Recognize real resource requirements at full potential • Celebrate the gap between resource demand and supply • Mobilize the three communities to close the gap; start by simplifying the rest • Redirect individuals from execution roles to experimentation and scaling

Source: Bain & Company

Another common problem: Nobody works on the “bridges”; namely, all the enablers, new capabilities and investments required to make sure that the base business keeps ticking along, despite all the new demands that these experiments put on people.

Alternatively, while the micro-battles may be making small steps in the early days, these don’t substantially affect the firm, so folks see the whole effort as a distraction from focusing on the important financial outcomes. Or the opposite may be true: Some of the experiments may really start to pay off and get lots of attention, which leaves managers of the core business feeling disenfranchised. These people fund the experiments through their hard work, but those leading the experiments are getting all the glory.

Here are five effective actions you can take to surmount these issues:

Start at the top. Invest significant time to help senior management understand and commit to the journey. Yes, we know. We said senior management commitment was critical to even starting the journey. Well, now it’s far more critical. Everyone loves experiments until the lab explodes or smells of sulfur. So you need to double down here and make sure that all senior leaders understand their role in the change journey.

Train, train, train. Micro-battles demand new skills and behaviors, and you’ll need to give your people every chance to succeed. It’s not enough to experiment and create small solutions; the teams must also learn to scale these solutions across your customer base so they begin to materially improve your company. Behaviors matter throughout, and you must constantly remind folks to act like founders. One common lesson from this journey is that you need to foster an Agile mindset throughout the organization. Don’t train just those working directly on Agile teams, but also those who will interact with them.

Learn by doing and celebrate unsung heroes as you go. Understand from the outset that the act of taking small steps is potentially an act of division. It can drive a wedge between those experimenting and those hold-

ing the bag for the rest of the business. Everyone expects those holding the bag to (a) support the experiments directly, (b) scale whatever outcomes those experiments produce and (c) adjust everything else in the business to accommodate these new solutions. So it’s really a division between those experimenting with a halo over their heads and those slogging along with no glory and a new night job. You need to celebrate the successes of the Agile teams, but you also need to be generous in handing out the glory to others. Recognize that there are many unsung heroes in support functions that enabled the success of these experiments.

Create and stand by a “new deal” for talent to reward all participants. Recognition requires more than just clapping. It requires real rewards, especially when people have been burned before. Most organizations have a long legacy of experiments that didn’t go that well. They’ve tried lots of SWAT teams, special projects, labs, alternative investment models, new world partnerships, etc.—and they’ve left lots of scars. You deployed plenty of your best people in these experiments, and their reward was seeing their careers stall out as the firm lost interest in these bright, shiny objects. So if you’re serious this time, it’s important to sort out new incentives to reward the people who are working night and day on these teams (either directly or indirectly). How can you celebrate these people *and* give them long-term rewards?

You also need to anticipate resistance early on, especially from middle managers locked in the traditional hierarchies. Micro-battles both add to their work and threaten their roles—a toxic combination. These people need an opportunity to thrive under the new vision, and we’ve found that helping them become leaders of the scaling community is one solution (see below for more on scaling communities). There will be some managers who can’t or don’t want to make the transition, and eventually they’ll have to leave. But without a new reward system, it will be difficult to retain even those you really value. Assume from Day 1 that you’ll have to address a huge backlog of HR issues. Invest in clearing this backlog; it will pay off. Many teams postpone discussions of the new deal at their peril.

Revise the governance model to resolve trade-offs between these two systems, properly resourcing both.

This is a big one. We've invested so much time in discussing the Leadership (Amplify) team because this journey demands that senior leadership constantly break down barriers between the two sides of the company—micro-battle teams and everyone else. There's a group focused on innovation, experimentation and learning as they go. And there's a group focused on developing expertise and executing existing playbooks. Without intervention from the top, these groups don't talk. They need bridges across the divide, and in the early days, the senior team has to build the bridges. This requires understanding the resource constraints on both sides. It means negotiating between the goal of scaling new innovations and the goal of pursuing zero-defect, day-to-day execution. The effort of the Leadership team in this early phase is essential. They have to make the bridge thing happen.

Issue 2: The organization lacks the skills to win and scale. Leaders lack the skills to change their ways of working.

So now you've survived the wobble phase when the organization was gut-checking you. You can answer in the affirmative when asked: "Do we really have the *will* to take this on, to sustain our course?" All good, except for one tiny thing. You discover you might not actually have all the *skills* (and in some cases the *behaviors*) needed to achieve full potential as a scale insurgent.

We've found three actions to be effective here:

Focus on building the three communities, accelerating the benefits of innovation and repeatability. In our previous discussion of the design principles of a scale insurgent, we talked about the need to build three communities that you can deploy flexibly to capture the benefits of innovation and repeatability. These are:

- **The Agile/disruptive/innovator community** that develops innovative solutions through Agile ways of working;

- **The expert/execution community** that executes core repeatable business processes, supports Agile teams, and shares learnings across the organization; and
- **The scaling community** that takes winning innovations and scales them across the organization, testing for repeatability, defining execution playbooks and aligning resource allocation.

Expert/execution talent is probably in ample supply. These are all the critical people working every day to sell and deliver existing solutions to customers. Most companies are good at creating experts and, while it's obvious, let's just say it: You have many people in your business with expertise in your business.

When it comes to the skills you are lacking, Agile expertise is likely an issue, but good training can develop these skills. The biggest issue will likely be scaling skills. Scaling the solutions created by Agile teams is complex and difficult, and you need folks who are adept at it. This often requires new talent, and as you try to ramp up, scaling can very quickly become the bottleneck skill. You are looking for folks who can:

- **Scale solutions.** These folks take a prototype and develop it to be transferable, repeatable, scalable and adaptable. They are obsessed with ensuring your Agile teams are producing solutions that can materially increase your company's value.
- **Make them happen.** They must act as the bridge between the Agile teams and the expert/execution community to ensure that solutions actually get implemented. This demands integrated resource plans, creating common approaches across development and operations (please read *The Phoenix Project*), and appropriate feedback loops between the expert teams delivering the solution and the Agile teams adapting it over time.
- **Focus on the entire ecosystem to scale innovation.** They need to do more than scale innovation across the firm's assets. They should excel at bringing an

ecosystem perspective to innovation. This means asking, “How can we maximize the commercial returns for this innovation by engaging with partners and third parties outside of the firm?” As these people get better at engaging with external partners, they should also make sure your company is the partner of choice for the third-party firms that matter most to your customers. These are key themes in our work on *The Firm of the Future*.

Recruit new talent. This will take you out of your comfort zone. We’ve talked to several HR people who recently started this journey, and they highlight two immediate lessons:

- For direct hires, lower your yield expectations to 33%. With normal recruitment—putting great talent into known roles—HR directors often expect 50% to 70% of hires to be successful. But for people skilled in scaling up Agile solutions, you’re looking at much lower rates of success. One HR director noted, “I had to convince my CEO that if we were going to shake things up and bring in new skills, we were also going to have to take more risks. We set a 33% target for success. And that’s what we achieved. But the one in three who thrived were absolutely worth the heartache of having two-thirds not make it.”
- Use acquisitions to bring in new talent, which demands beefing up M&A due diligence. As one HR director noted: “We started to notice that with each acquisition of a small company, we were acquiring folks who had scaling skills. It took a while, but I finally convinced finance to bring my HR team into the due diligence phase. We were no longer just buying brands or market positions, we were buying the individuals who had scaled them up quickly and could help us shake up our own business.”

Pursue “shake-up” sessions with all leaders to reinforce new ways of working. Coaching the right leadership behaviors is as important as assembling the right talent, and we find that shake-up sessions can be very effective. They’re a great way to remind leadership

that the skills agenda has to include profound behavior change at the top. As one HR director we interviewed noted:

Of course there’s entropy. We would start off with a bang and all commit to the idea of being a scale insurgent, but then the day-to-day grind takes over and we fall back into old habits. The only way we could deal with this was through what we called “shock treatment.” Twice a quarter, we would take a tour of a start-up, meet with founders, go see new technology labs or talk to some futurists. Anything to get us out of our industry, our company, our managerial training. This helped people bring new examples and analogies to bear as we talked about our issues.

Of course, part of this is the “will” issue we covered earlier. But we mention it here because one goal of these shake-up sessions is to constantly reinforce that achieving your objectives relies on being comfortable with bringing in new talent everywhere in the organization.

Issue 3: The organization has the will and skills, but lacks the resources to fund the full journey

Now you’re rocking and accelerating the impact of micro-battles throughout the organization. Will is strong. Skills are building. But here’s the next issue: You don’t have resources to (a) run all the micro-battles at full potential, (b) take action in other parts of the organization based on lessons learned from these battles and (c) run the rest of the business as usual. Something has to give, and that means you have to start simplifying the rest.

Let’s be clear here. In our experience, companies that move toward scale insurgency very often need *fewer* overall resources, not more. What gets in their way is that the resources they have aren’t deployed in the right places. Too many people and costs are trapped in the expert/execution community and too few in the experimentation and scaling communities. Because micro-battles and Agile ways of working are the newest things, they get starved for resources because the

company fails to simplify in other areas to generate funds to fuel growth. This is a big issue. In fact, starving micro-battles or Agile teams of resources is one of the ways traditional organizations strike back.

This demands a combination of four solutions:

Recognize your real requirements at full potential.

This is a great problem. You now have too many opportunities. Rather than slowing down the innovation coming from the organization, ask the following: “If we want to reach this company’s full potential, how much do we need? What will it truly take to beat competitors where it matters and restore our insurgent mission with our core customers?”

Celebrate the gap between resource demand and resource supply.

Answering this question will create a gap between demand for resources and the supply. Celebrate this gap. What it means is that the organization is creating new investment opportunities everywhere. All hallway conversations will be about the gap. Bring these conversations into the learning center and talk about it.

Mobilize the three communities to close the gap, starting by simplifying the rest.

Now it’s time to launch a new wave of micro-battles to free up resources. You can mobilize your three communities to do so; you need innovation, execution and scaling skills to pull this off. Your teams will begin to recognize that they need sim-

plification to fuel growth, and if you give all three communities a major part in this new wave, they will find the resources. As mentioned above, don’t forget to celebrate the heroes who free up resources to fund growth alongside those who deploy the resources to grow.

And remember, it’s almost always about your people.

We often refer to funding and funds, but a lot of the resource gap will involve your people. You’ll be demanding a lot from them. Simplification asks that you eliminate noncore activities, which will require “delaying” the organization to reduce the number of middle managers. But even if you eliminate roles, there should be great opportunities to redirect individuals to new growth tasks, including helping the company build those essential scaling skills. If you want to simplify to fuel growth, you have to build the capability to effectively train and shift people from execution roles to experimentation and scaling. Begin learning how to do this sooner rather than later. Your goal is to be an organization that requires fewer resources, redeployed in the right places, which means you’ll be making hard choices about some people. Recognize this and start on Day 1.

OK. We’ve now explored some critical questions. Earlier, we asked, “What will it feel like to be a scale insurgent?” and in this blog post we’ve asked, “With that as a destination, what are the three biggest challenges you’ll face and how can you overcome them?” Now, you need to get going. 



Designing the Journey: How to
Tailor to Context

Use the contexts to identify and build on your strengths—whether that’s people, heritage, culture or unique customer franchise—and scale that strength throughout the organization with your micro-battles portfolio.

Many companies ask us for our best-practice examples, which can help spark new ideas or inspire a new perspective on their current situation. But when it comes to designing a transformation journey and creating sustainable results, copying best-practice companies won't always work—the context in which these companies operate may be very different from your own. As you continue to scale the micro-battles portfolio, you often need to step back and look at the progress of your broader transformation journey and tailor it to the context of your organization.

We believe that there are four contextual dimensions (see Figure 1) that make your situation unique, and therefore need to be considered when designing the transformation journey and adapting it along the way:

- The business context
- The leadership context
- The stakeholder context

- The organizational context

The business context

The first dimension to consider is your business context, which contains four important elements: financials, competitors, heritage and industry trends.

- **Financials.** How are you doing as a company compared with your peers, or with yourself two to five years ago? Are you in a turnaround, or worse, an almost bankrupt situation? Or are you the market leader trying to move from good to great? What is your market position? How are your financial results? What is your outlook?
- **Competitors.** Consider the unique value proposition you offer to your customers. How different is it from your current and future competition? Are you dominating and truly differentiating? Or do you need to win back the trust and appreciation of your customer base? Who is the potential industry disruptor—you or your competitor?

Figure 1: Tailor micro-battles to four contextual dimensions



Source: Bain & Company

Designing the Journey: How to Tailor to Context

- **Heritage.** What was the founders' mission and how strongly is that mission reflected in your company today? What specific qualities did the founders instill in the company? Are they still present today?
- **Industry trends.** How much disruption can you expect? Do you need to anticipate and bake it into your transformation roadmap? Are you in the forefront of the digital revolution, like the technology or telecom industries, or the banking and retail sectors? Or are you in a different phase of the digital s-curve, like the mining or basic materials industries?

Depending on your answers to these questions, the speed and scale required for your transformation will be very different. In addition, your foundation and market position will influence your design approach. As you tailor your micro-battles journey to these needs, think about how you can leverage and scale your strengths, rather than simply fix what is broken.

The leadership context

The second dimension is the leadership of the organization, as they will need to design the journey, lead change and create results. We will examine this at three levels: CEO, executive committee (Exco) and "Top 100."

- **CEO.** What is the position and mandate of the CEO? What is his or her tenure? Do you have a brand new CEO with a two- to three-year window ahead to plan and create results? Or a tenured CEO of six to ten years with a solid track record? What's his or her background in the company? Is the CEO coming from within or from outside of the company? What's the CEO's personality? What are the strengths that you should consider leveraging in the journey? As we indicated before, we truly believe that in the Bain Micro-battles System, it is the CEO who will have to lead from the front. But depending on the background and context of the CEO, the preparation required and approach needed will be very different.
- **Exco.** When it comes to the Exco, the elements that you often need to consider are team composition and the current levels of trust, as well as the individual and collective strength to lead the transformation. Is the Exco well balanced in terms of qualities and capabilities needed to win and scale in the next three years? Should you diversify and bring in new capabilities? How do you build the required level of trust within the team? How can you move to a high-performing team experience across silos (which will be key to winning in tomorrow's competitive landscape)? Getting the Exco right is the first step for the CEO. The Exco will be absolutely critical as you test and learn in your micro battle approach and as you scale and amplify the new approach across the organization.
- **Top 100.** Whatever the number (top 50, 100 or 250), this refers to a broad set of leaders, as individuals and teams, who are responsible for leading the transformation and achieving results. Any organization that embarks on a micro-battles journey will need to have the right set of what we call IQ, EQ, and LQ skills to lead effectively and create sustainable results:
 - IQ skills to understand business priorities, solve business problems, and come up with creative business ideas to win in the market place.
 - EQ capabilities, or emotional intelligence, to lead teams effectively by empowering others, understanding their personal context and building trust.
 - LQ skills, or the leadership capabilities that are unique to humans. What's driving your own personal behavior? How do you react in moments of stress? What values, belief systems and fears drive (consciously and unconsciously) 90% of your behaviors? What is your purpose in life, and how does this work fulfill it?

Strengthening the set of IQ, EQ and LQ capabilities throughout the leadership spine of your organization—from the Top 100 down to the middle management and

front line—is an integral part of supporting your transformation. We often develop what we call a “field and forum approach,” which consists of forums or workshops to co-create the strategy, transformation approach and micro-battles setup. Meanwhile, in the learning center, we facilitate new ways of working between the Exco and micro-battle teams to apply to real “field” cases. This approach develops the qualities and strengths of your leadership team, which will ultimately determine whether you create sustainable results.

The stakeholder context

Every company operates and works with a unique set of stakeholders, which might require a separate set of tailoring interventions and communications to support the journey. You may need to consider several different types of stakeholders, including community, shareholders, family and employees/vendors/customers.

- **Community.** What community are you serving? How about the community from which you hire your employees? And the community where your customers live? What do you intend to achieve for and with these communities?
- **Shareholders.** What are the expectations of the shareholders? What is their background with you? How can you manage their expectations? Are activist shareholders content on the risk-return for their invested money? Or are they looking for alternative ways to invest?
- **Family.** Are you a family-owned business? How do you bring the family, with its additional inherent strengths and complexities, along on your transformation journey?
- **Employees/vendors/customers.** Do you consider employees, vendors and customers as stakeholders in your journey to become an insurgent leader in your industry? And how do you engage them? How can you make them part of who you are and the strengths you are trying to gain?

The organizational context

Finally, you need to tailor your approach to the organization. Within the organization, you should consider three key dimensions—your structure, your culture and your capabilities.

- **Structure.** Are you a multinational company active in several continents? Or are you a single-region, single-product operating company? Is your company managed as separate business units with profit and loss responsibility? Or are you working in a well-organized matrix?
- **Culture.** What is your company culture, and how receptive is that culture to the change journey you are embarking on? What does this mean for your approach? Do your CEO, Exco and Top 100 live up to your values? What cultural shift is required to achieve the desired business results?
- **Capabilities.** Which capabilities do you have, and which ones are you missing? What do you need to win in tomorrow’s business market? How can you build the required capabilities during your transformation journey?

As Peter Drucker is believed to have said, “Culture eats strategy for breakfast.” You can develop a complete blueprint strategy and tailor it perfectly to your business context. But if your company’s structure, culture and ways of working are not in sync with your goals, you will not create sustainable change.

The journey

In this blog, we provided the types of questions you will need to consider as you tailor your transformation architecture to your organization. As you can see, this is a multidimensional challenge. Properly answering these questions is an art and a science. It requires hard and soft skills, strategic considerations and organizational insight.

Designing the Journey: How to Tailor to Context

In answering these questions, you will form a full picture of the different dimensions of context that make your company unique. You need to consider these contexts not only when you design the change, but also when you adapt the journey as you learn and scale micro-battles across the organization. Use the contexts to identify and build on your strengths—whether that’s people, heritage, culture or unique customer fran-

chise—and scale that strength throughout the organization with your micro-battles portfolio.

Don’t copy and paste what you see others do. Instead, tailor your approach to your unique situation and adapt as you go, using lessons from your transformation and micro-battles successes and failures as a guide. 

The Incremental Role of the CEO

The Bain Micro-battles SystemSM

Preface: The Incremental Role of the CEO

Welcome to “The Incremental Role of the CEO.” This section is a bit different. Up to this point, we’ve been walking you through the first three stages of micro-battles. In the previous section, we left you with a lot to do in Stage 3. But in this section, we pause and focus on the role of the CEO in these first three stages. Why? Because in addition to learning the basics of micro-battles, the CEO will need to make constant adjustments to keep micro-battles on track. These aren’t adjustments that happen automatically in the formal review meetings. These are all the actions the CEO takes outside of these meetings. So our goal in this section is to introduce two things:

1. **The concept of interventions.** We’ve been on this journey for three years now, and we’ve worked with a lot of brilliant CEOs who know when and how to intervene. We’ve made a list of the most common interventions and what these CEOs have done.
2. **The CEO’s role in communicating the journey.** The best CEOs are also brilliant at communications. Some great best practices are emerging about when and how to communicate about micro-battles. We’ve summarized these lessons for you.

The Bain Micro-battles SystemSM



Interventions: The 10 Most
Common

You're now running micro-battles. Your individual teams are working on prototyping and defining Repeatable Models. Your executive team is meeting to review the teams and discuss the portfolio. What more is there to do?

You're frustrated. Your company is surrounded by insurgents, who are constantly innovating, disrupting and occasionally picking off some of your most important customers. Yet, internally, there's no sense of urgency. Meetings come and go. Initiatives are launched with great fanfare, only to repeatedly underperform, yet never quite die. You lose top recruits that hint you're yesterday's company, but these losses are explained away. Some longstanding customers drift away, but again, the organization produces perfectly satisfactory explanations.

You decide to shake things up. You like this Founder's Mentality® thing, and you like the idea of becoming a scale insurgent. You recognize this demands you rediscover your original insurgency, your frontline obsession and your owner mindset. And you're compelled to launch micro-battles, to rediscover the art of getting things done. You're tired of the complacency that surrounds you and love the idea of a minirevolution to wake everyone up. So you launch micro-battles and "trust the system"—your micro-battle teams will work according to the Win-Scale cycle and your leadership team will manage the portfolio of micro-battles through the Amplify cycle.

And now you ask, "Is that enough?" We answer, "Almost." As we've worked with companies on micro-battles, we've found it useful to break executive actions into four buckets:

- **Foundation elements:** What are the key pieces of the Bain Micro-battles System you need to put into place?
- **Training:** What are the key training modules you need to provide for your people?
- **Interventions:** What are the key interventions you need to pursue to take micro-battles to full potential?
- **Communication:** How do you communicate the journey?

Each of these elements is covered in our blogs. This blog focuses on interventions, and we'll set out the 10

most common interventions we've seen CEOs pursue. We found it easiest to allocate these into the four stages of bringing in the Micro-battles System (see *Figure 1*). Let's briefly discuss each.

Stage 1: Defining the insurgency and making the case for change

You might be frustrated and ready to launch micro-battles, but your organization might still be complacent and satisfied. Elsewhere, as part of our discussion of foundational elements, we share how to use the Founder's Mentality diagnostic to create a powerful platform for change. In addition, we have CEOs pursue three interventions to encourage their people to start the micro-battles journey:

- **Experience the insurgent mission.** It's one thing to rediscover the insurgent mission, and we have clear tools to do this. It's quite another to experience that mission. We've seen CEOs take their teams back to the factories, back to distributors, back to call centers and back to sales calls to help them understand what the company does when it's at its best. It's not enough to describe key points of competitive differentiation—CEOs want their leaders to experience these points in action. They force their people to listen to a customer describe a time when customer service folks did whatever it took to help a customer in need. They take them to the factories to really understand differential investments in quality. One CEO of a shower tap company noted, "We're more expensive because we're the best. But I needed to take my team back to the factory to see where the added costs go. We have double-skinned faucets so they remain cool to a touch. No child will be burned if the hot water is on. You need to see quality injected into a product, to give you confidence to sell the product. Sometimes we need to experience in action the revolution we started." These CEOs argue that this kind of intervention early on will "up the stakes" and create a fervent ambition to live up to the company's values.

Interventions: The 10 Most Common

Figure 1: Ten interventions throughout the micro-battles journey

The Micro-battles Journey	Stage 1	Defining the insurgency and making the case for change	<ol style="list-style-type: none"> 1. Leadership immersion to rediscover and experience the insurgent mission 2. The perfect customer and perfect proposition 3. Initiative audit—root causes of “failures to scale”
	Stage 2	Setting up the Micro-battles System	<ol style="list-style-type: none"> 4. One-on-one coaching for members of Win-Scale and Leadership teams 5. Leadership team discussion on changing executive behavior
	Stage 3	Scaling the Micro-battles System	<ol style="list-style-type: none"> 6. Launch new cost programs to fund micro-battles 7. Reprioritize across micro-battles and other key programs 8. Adjust the operating model per design principles of scale insurgents 9. Surgical strikes on the operating model, including: <ul style="list-style-type: none"> • Career planning and compensation • Build the scaling community • Adjust scaling models • Stop or simplify other processes to free up resources • Zero-base governance
	Stage 4	Embedding the Micro-battles System	<ol style="list-style-type: none"> 10. Decide how the Micro-battles System impacts: <ul style="list-style-type: none"> • Strategy, including the role of Engine 2 • Operating model, including new capabilities • Performance management processes • Transformation office, if appropriate

Source: Bain & Company

- The perfect customer and the perfect proposition.** Large companies die by averages. Leaders listen to average employee feedback, average customer feedback, average pricing and cost data, average customer service performance. They never see the company at its very best and worst. Some CEOs have found a second intervention is critical to really make the case for change—they identify the perfect customer, for whom their company has delivered the perfect proposition, and then ask, “Why can’t we do this for everyone, every day?” One CEO noted, “It is easy to spend the whole day discussing where we fall short. But sometimes it is better to start the conversation by showing us at our spectacular best and then discuss how to do that more.” Talking about a specific customer and proposition also grounds the conversation. You aren’t talking about strategy abstractly through PowerPoint. You’re talking about the company at its best, one customer at a time.
- Initiative audit—root causes of “failures to scale.”** Another intervention that helps make the case for change is a fast initiative audit. The goal is to take the last 20 or so initiatives and understand what happened to them. In almost every case, you’ll find that the failure isn’t about idea generation—you always have good ideas. The failure is about scaling those ideas across the enterprise. This insight will become very important as you start the Micro-battles System, as scaling is the critical step you must get right. It’s better your people start understanding that scaling, not idea generation, causes the performance gap.

Stage 2: Setting up the Micro-battles System

You’re now running micro-battles. Your individual teams are meeting, working on prototyping and defining Repeatable Models®. Your executive team is meeting as a group to review the teams and discuss the port-

folio. They've been trained and are using the core tools. What more is there to do? Coach. The two most common interventions are simply to help your team change behaviors.

- **One-on-one coaching for members of Win-Scale and Leadership teams.** The CEO will need to intervene with individuals and coach them to adopt new ways of working. This is a good thing. The more you're trying to shake things up, the more you'll drag people out of their comfort zones, and the more you'll need to help them. CEOs intervene with individual micro-battle teams, and they intervene with their top executives. This is normal and, for many CEOs, highly gratifying. They get to coach again, not just administer.
- **Leadership team discussions on changing executive behavior.** In addition to one-on-one coaching, we've seen CEOs intervene to lead a team discussion with their executive teams on how to change team behavior. Again, this is expected. You and your executive team contributed to the complacency of the current company. Shaking yourselves out of complacency will demand self-reflection and commitments to change as a team. The best CEOs lead this effort.

Stage 3: Scaling the Micro-battles System

It should come as no surprise that CEOs' main interventions center on the third stage of scaling. As we've discussed, to achieve the full potential of micro-battles, you not only have to get results within each micro-battle, but also use the portfolio to learn and take actions beyond individual micro-battles. In this case, the CEO needs to find those key intervention points. The four most common are:

- **Launch new cost programs to fund micro-battles.** The more successful your micro-battles are, the more funding problems you'll face. So, CEOs work hard to identify a wave of micro-battles focused on reducing cost and complexity in order to free up resources for growth-oriented micro-battles.

- **Reprioritize across micro-battles and other key programs.** The more successful your micro-battles are, the more you'll need to reprioritize the corporate agenda. The intent of micro-battles is to put huge pressure on the rest of the corporate agenda. Initiatives that were launched with a goal of pursuing functional excellence will now feel less focused and impactful than successful micro-battles. The CEO will be intervening regularly to rethink the corporate agenda, in order to free up time and resources for micro-battles.
- **Adjust your operating model according to design principles of the scale insurgent.** Your goal is to be a scale insurgent. This will demand changes to your operating model. Elsewhere, we've been specific about the six design principles of the scale insurgent. The CEO will be looking for areas to adjust the overall model to make these changes and to build a more agile, adaptive and frontline-oriented organization.
- **Surgical strikes on the operating model.** Some interventions are required simply to make the existing operating model work better. Typically these interventions focus on:
 - Career planning and compensation. You'll ultimately need a "new deal for talent." You must think through how your people can thrive while working on and winning through micro-battles.
 - Building the scaling community. You'll need to build a scaling community and help it act as a bridge between innovation/disruption and the playbooks required by your execution community.
 - Adjusting scaling models. You're going to find that some scaling models work with your organization and some fail. You'll want to explore how to get better at leveraging different scaling models so you can get the right one for each micro-battle.

Interventions: The 10 Most Common

- Stopping or simplifying other processes to free up resources. This is a big one. We want micro-battles to become 80% of your executive agenda. Well, you haven't been idle in executive team meetings before, so where does all that activity go? Many CEOs find that they can begin to radically simplify the rest as they refocus their team on micro-battles.
- Zero-base governance. This is the companion piece to simplifying processes. You'll need to rethink your governance model.
- Operating model, including new capabilities. Using Engine 2 to build new capabilities will lead to a further review of the operating model and the other changes you can make to move closer to scale insurgency.
- Performance management processes. You'll need to move to more dynamic resource allocation and more streamlined performance management systems. If micro-battles are covering your most critical customer battles where disruption is required, then the rest should focus on perfect execution. If that's the case, how do we stop all the processes that seem unnecessary and demand "on track" execution?

Stage 4: Embedding the Micro-battles System

The final intervention is the most profound. At this final stage, we assume that micro-battles are now part of the company's ways of working. It's therefore critical to step back and ask how micro-battles will affect the rest. This leads to one major intervention.

- **Decide how the Micro-battles System impacts:**
 - Strategy, including role of Engine 2. There will be an important discussion about how we balance micro-battles across Engines 1 and 2. This is critical, as we increasingly find that the core business continually deprioritizes the next-gen capabilities built by Engine 2.

- Transformation office, if appropriate. You might be doing a much bigger company transformation beyond micro-battles. Now is the time to ask how to best manage these other initiatives alongside micro-battles. You should also consider whether you need to set up a transformation office or incorporate micro-battles into a program office that already exists.

That's it. We use these 10 interventions as a checklist at the end of each Leadership session. We ask, "In addition to supporting the existing micro-battles, are there other interventions we should be taking?" While the list isn't exhaustive, we find it's a good place to start the conversations and we hope you find it helpful as well. 



Communicating the Micro-battles
Journey: Six Lessons from the
Masters

The most important micro-battle communications will be between individual micro-battle teams and the rest of the organization.

In our blog on the micro-battles training agenda, we refer to our Leadership training workshop, where we help leaders better understand how to manage the portfolio of micro-battles. A key issue that comes up repeatedly is “communication”: How should we talk about our journey to embed micro-battles in our ways of working? To gather some best practices, we interviewed management teams that we consider to be the most proficient at this. Here are six lessons that we hope you’ll find useful.

- I. **Control the brand.** Whether you call these initiatives micro-battles or something else, you must control the brand. The nightmare scenario, which one CEO discussed with us, is that everyone gets excited about the topic, and to gain momentum for their projects and initiatives, they start calling everything a “micro-battle.” The CEO noted, “Overnight, every initiative in the company was called a ‘micro-battle’; we had to stop all that and put in very clear rules about how we defined the short list of micro-battles.” A simple rule is to agree that an initiative will be called a “micro-battle” only if it (a) fits your criteria for selecting micro-battles (b) has been selected as a micro-battle by the executive committee (Exco) and (c) is fully run through the Win-Scale and Amplify processes.
2. **Focus on results not process, and ramp up communications slowly.** Two key benefits of micro-battles will be behavioral change and capability building. You’re rediscovering the art of getting things done fast and well, and working to bring back your Founder’s Mentality. Having said that, you shouldn’t focus on this in your communications outside the Leadership team. The focus should be on the delivery of micro-battle results and the heroes who helped create these results. This means that communications should increase in proportion with the number of micro-battles you have deployed and the results they’re achieving. Because we recommend that you scale the portfolio of micro-battles deliberately over the first 300 days, this means that you’ll ramp up communications about micro-battles slowly. Don’t talk about the overall program, or the behaviors and skills you’re trying to build, simply talk about the results of micro-battles as they come through. Over time, you want the organization to understand that micro-battle teams get extraordinary results. You want to heighten demand to be on these teams.
3. **Link the cadence of communications to key “leadership moments.”** One of the first things we do in this area is link the cadence of communications directly to the company’s calendar of leadership moments. We use “moments” here simply because we include all major meetings and other key communication events (e.g., internal messages tied to quarterly results, or town halls built around CEO market visits). We advise companies to think through how they talk about micro-battle results during these moments. In particular, we find that a gathering of the “Top 100” (or whatever number you use to bring a broad set of leaders together) is a perfect time to (a) have your micro-battle teams talk about the results they achieved and the lessons they learned and (b) have your Top 100 brainstorm on the next set of micro-battles you should launch.
4. **Focus on virile marketing—the forest is revealed gradually through the beauty of individual trees.** The most important micro-battle communications will be between individual micro-battle teams and the rest of the organization. These discussions can be highly positive (“You won’t believe how fast we are moving on these initiatives”) or highly negative (“Same old wine, just new bottles”). It’s critically important that these communications are positive. This means the Leadership team must perform well. It must help each micro-battle team get results and must role model the behaviors of a scale insurgent in each interaction. But it also means the team should identify the great stories that represent real progress with micro-battles and figure out how these stories can be widely disseminated. Make videos about the heroes who are emerging and circulate them. Ask individual micro-battle teams to tell their stories to others. For example, in at one company’s staff meetings, the leaders of a micro-battle thanked global functions for specific support given for that battle. They wanted to tie

Communicating the Micro-battles Journey: Six Lessons from the Masters

these specific actions to specific results achieved at customers. These stories circulated and, of course, others in global functions wanted to be mentioned in follow-up stories. The communications that make all the difference are the stories exchanged informally across the company.

5. **Don't create winners and losers; demonstrate balance in all that you communicate.** In our work on micro-battles, we've tried very hard to avoid false trade-offs. Becoming more frontline oriented is not about declaring war on global functions—your customers benefit from intimacy *and* scale. Becoming more adaptive isn't about declaring war on routines and playbooks—your customers benefit from innovation *and* adherence to routines. Becoming more top-oriented is not about stopping your focus on costs—your customers benefit from your constantly reducing costs to fund innovation. Leadership is often about finding balance. Great communications on micro-battles often come down to emphasizing the need for balance in all we do, specifically:

- Pair cost and revenue micro-battles when discussing results. When you tell the story of a great customer success that happened through a revenue-oriented micro-battle, make sure you first tell the story of a cost-oriented micro-battle that freed up resources to pursue innovation. Make the cost teams critical heroes in all revenue stories.
- Pair frontline and global staff when telling results. When you're telling the story of a major frontline initiative that allowed your customer-facing teams to “wow” customers, make sure you also tell the story of functional teams that supported and enabled the initiative. Seek them out. Be generous.
- Always talk about the both sides of the three great conflicts and how the micro-battle team balanced the initiative. For each micro-battle, you need to make sure that you tell the story of delivering scale *and* intimacy to customers. Make sure that you tell the story of how great

innovation was scaled through disruption *and* routine. Make sure you tell the story of delivering short-term results *and* positioning the company for the long term. For all these stories, bring them to life with the people who made them happen on both sides of these conflicts.

- Celebrate the three communities in all stories of micro-battles. Elsewhere, we've talked about these communities, but as a reminder: Every company consists of three informal communities. The first is your Agile/disruptive/innovator community. It helps customers every day by innovating and disrupting products and services, core business processes and your business model. It tests and learns, adapts and retests. The second is your expert/execution community. It helps customers every day by expertly executing against playbooks and continually improving. This is roughly 85% of the activity of your firm. The third community is your least developed—the scaling community. It focuses on turning innovation into routine, by turning one-off prototypes into major programs that you can scale across the company. As you communicate, celebrate how the three communities work together to deliver results.
6. **In your hero stories, signal the culture you want to become and link to heroes of the past.** The last lesson of how to best communicate the micro-battles journey is to tell your stories in the context of your company's past and future. Link hero stories to similar stories during the company's founding. Tell these stories in terms of the cultural principles you're trying to reinforce. But also tell these stories in the context of the company you want to become.

With these lessons in mind, we encourage you to use your Leadership sessions to discuss how to communicate the results being generated by micro-battles. And remember, one of the walls of your learning center celebrates “heroes and their deeds.” Be generous in finding heroes across the company and fill that wall with dozens of faces. 

Embed the Micro-battles System

The Bain Micro-battles SystemSM

Preface: Stage 4

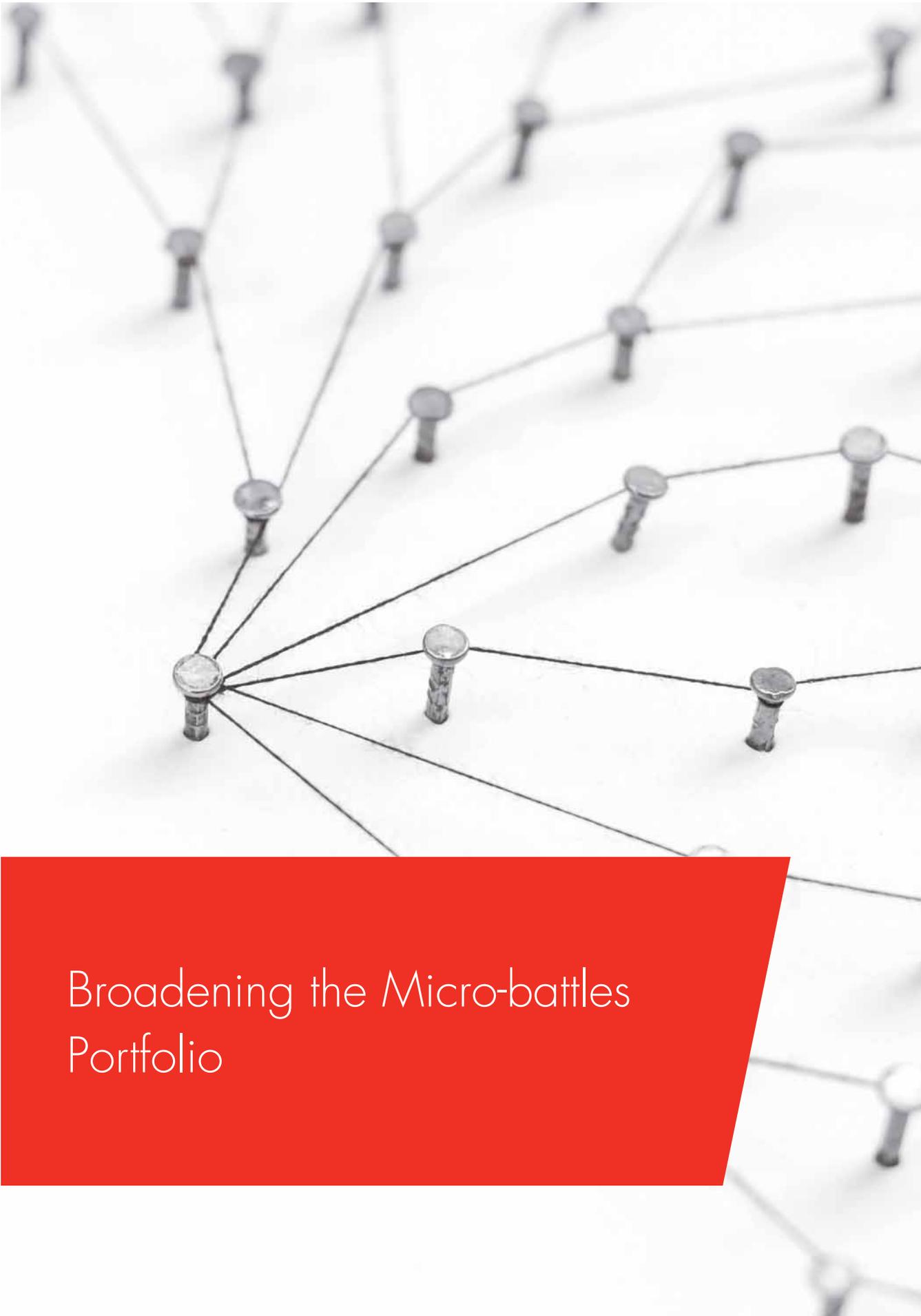
Welcome to Stage 4. In this final stage, you've successfully launched your first wave of micro-battles, and you're ready to expand to a full portfolio. We'll help you pick the next wave of initiatives as you move from the early test period to scaling the system across your organization. We'll also share best practices for managing the micro-battles portfolio.

At this point, micro-battles have become part of your company's ways of working. This has several implications. We close this book with the issues you'll need to address, and a taste of what's to come. As you embed micro-battles into your daily ways of working, you'll begin to fundamentally challenge your operating model. You'll begin to understand what we mean by "transformation through technology." Most importantly, you'll relearn the critical insurgent skill of building new businesses for future growth.

The journey to embed micro-battles is the defining moment of the journey to scale insurgency. For many, this moment comes at a critical time—the prevailing paradigm that has underpinned business is quickly shifting. We're moving into the era of scale insurgents (see "The Firm of the Future" in the Appendix). We're already witnessing the rise of companies that compete on the basis of scale *and* speed. The new, faster and more adaptable competitors in your industry are likely to be founder-led insurgents. While we are still in the early days, the journey to scale insurgency will ensure that you are fit to win tomorrow.

We hope these closing thoughts make you eager for the journey to come. We're excited to be there alongside you.

The Bain Micro-battles SystemSM



Broadening the *Micro-battles*
Portfolio

You're going to focus ruthlessly on creating momentum behind micro-battles. In doing so, you can use the micro-battle portfolio to help you learn and to develop your people.

We've written previously on how to select your first set of micro-battles. In the first wave of micro-battles, we emphasized that you should select battles that are material, winnable, address big sources of organizational dysfunction and involve the stars of your business. But, of course, you want to launch more than one wave of micro-battles. So that raises the question: After the first wave of micro-battles, how should you begin choosing the full portfolio of micro-battles? This blog focuses on that issue. We'll review three topics.

1. How do you scale the first wave of micro-battles to a full portfolio?
2. How do the criteria for choosing the right micro-battles change over time, if at all?
3. What are best practices in managing the full portfolio?

Topic 1: How do you scale the first wave of micro-battles to a full portfolio?

Before we get started, we want to emphasize one thing. Throughout your micro-battles journey, you'll constantly be asking yourself, "Should I devote incremental resources to scaling an existing micro-battle or to launching a new one?" We're assuming you've properly resourced existing micro-battles and you're ready to launch more. But, in our experience, there's always more you can do to scale an existing micro-battle. So don't assume that the best use of resources is to increase the quantity of micro-battles.

If your current battles are properly resourced, we believe scaling your first 25 micro-battles is best done through what we call the "four doublings." You should start with three micro-battles and run them through three to four cycles (a cycle refers to the time between Leadership sessions and lasts roughly three to four weeks). This gives you nine to 16 weeks to get used to running micro-battles and work out the kinks. Then you launch three new battles, doubling the number of micro-battles to six. You double again after four cycles. After you do this twice more, you'll end up with a port-

Figure 1: Four waves are required to scale micro-battles

Scenario	Key assumptions	Wave I	Wave II	Wave III	Wave IV
Number of micro-battles		3	6	12	24 to 25
Minimum time to reach scale	Cycles per wave	3	3	3	3
	Weeks per cycle	3	3	3	3
	Accumulated weeks	9	18	27	
	Accumulated days	63	126	189	
Maximum time to reach scale	Cycles per wave	4	4	4	
	Weeks per cycle	4	4	4	
	Accumulated weeks	16	32	48	
	Accumulated days	112	224	336	

Source: Bain & Company

Broadening the Micro-battles Portfolio

folio of 24 to 25 micro-battles. Scaling to about 25 micro-battles takes roughly 200 to 300 days, depending on how long your cycles are and how many cycles you run with each wave (see Figure 1).

We typically recommend the longer time frame, running four full cycles of four weeks each before you launch the next wave. You need time to properly re-source each micro-battle and to train teams.

Topic 2: How do the criteria for choosing the right micro-battles change over time, if at all?

In short, we do believe that the criteria for choosing micro-battles will change over time. You'll begin to choose much more challenging micro-battles (where it's increasingly less clear if they are winnable) and focus much more intently on the "secondary benefits" of winning a specific micro-battle (most notably, people development, new capabilities and scaling skills.) This shift over time is represented in Figure 2.

Let's take a moment to explore the secondary benefits of micro-battles, which will become increasingly important as you launch each new wave.

- **Develop people.** In wave I, you're asking the established stars of your business to lead micro-battles and influence others to support the initiatives. But over time, you'll also want to use micro-battles to help develop your people—in particular, to help them build their skills. There are three great conflicts in business: scale vs. intimacy, routine vs. disruption, and short vs. long term. In early waves, you'll find established stars with strengths on each side of the conflict to join micro-battle teams. But over time, you might want to bring people onto micro-battle teams to help them hone these skills. As you think through these issues, you might choose one micro-battle over another based on the criterion of developing your key people.
- **Build new capabilities.** As you run Leadership sessions in the first waves, you'll begin to see common

Figure 2: Primary and secondary criteria for micro-battles will change over time

Benefits	Key criteria for micro-battles	Wave I	Wave II	Wave III	Wave IV
		16 weeks	32 weeks	48 weeks	
Primary	1. Materially impact company value	✓	✓	✓	✓
	2. Winnable (risk adjusted value)	✓	✓		
	3. Address key source of organizational dysfunctionality	✓	✓		
	4. Engage the stars who will influence others	✓	✓	✓	✓
Secondary	5. Develop people			✓	✓
	6. Build new capabilities			✓	✓
	7. Build scaling skills and scaling community			✓	✓
	8. Focus on a critical building block				✓
	9. Will help inform a major "horizontal" initiative				✓

Source: Bain & Company

patterns in micro-battles. One pattern is missing capabilities—the portfolio of micro-battles reveals that you’re missing key skills. This might be direct-to-consumer engagement. This might be the ability to deploy technology with the front line so it can serve customers better. It’s quite common to pick a single capability and select micro-battles that require you to build this capability as you win and scale.

- **Build scaling skills and the scaling community.** Another common pattern our Leadership teams discover is that the company isn’t very good at scaling innovations (we’ve written separately on 10 lessons for scaling). It’s very common to find teams selecting new micro-battles on the basis of the question: “Will running this micro-battle help us build scaling skills or further develop our scaling community?”
- **Focus on critical building blocks.** Separately, we’ve distinguished that six building blocks set out the *what* of becoming a scale insurgent, while micro-battles set out the *how*. We covered these building blocks in detail elsewhere. As you move to the later waves of choosing micro-battles, you might select those that help you address one of these building blocks.
 - Insurgent mission and critical capability spikes that help you deliver that mission to customers.
 - Engine 2, a second engine of growth outside your core business (Engine 1).
 - Operating model focused on your franchise players.
 - Learning systems built on specific feedback.
 - Fuel for growth. Freeing up resources can pay for growth programs that might entail massive reductions in cost and complexity.
 - A company of insurgents who can drive behavioral change throughout the organization.
- **Inform a major “horizontal” initiative.** Micro-battles are vertical initiatives, connecting the senior lead-

ership team with the frontline teams and the customers they serve. They’re surgical strikes. But micro-battles will also lead to insights about horizontal initiatives that you’ll need to launch—this might be a re-org, a change in your portfolio, a major complexity-reduction program, and so on. In early waves, you might identify one or two horizontal initiatives that are critically important and use your selected micro-battles to bring more insights to those two initiatives.

At its simplest, as you move through each wave, you’re going to focus ruthlessly on creating momentum behind micro-battles. In doing so, you can use the micro-battle portfolio to help you learn and to develop your people.

Topic 3: What are best practices in managing the full portfolio?

As we’ve worked with management teams picking each wave of micro-battles, we’ve pulled together some common best practices. Here are our top five.

1. **Recognize that criteria will change over each wave.** It’s right to talk about how criteria will change after each wave. We recognize that you post some versions of Figures 1 and 2 on your mindset wall in the learning center. Be prepared to talk about reviewing the criteria themselves before choosing the next wave of micro-battles.
2. **Be open to consider secondary benefits in waves III and IV.** We believe the notion of primary and secondary benefits is a useful one. We also believe that it’s important to consider secondary benefits, especially in waves III and IV. We’ve listed five examples of secondary benefits above, but you’ll discover more on your journey.
3. **But don’t choose a micro-battle based on secondary benefits alone.** Two primary benefits are critical to all micro-battles: a material impact on the value of your company and the engagement of the stars of your business. To us, these are nonnegotiables. But as Figure 2 suggests, in later waves, you can trade off the winnable criteria (likely outcome

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of success) and address key sources of organizational dysfunction to gain other secondary benefits.

4. **Understand that momentum matters throughout.**

We argue that in waves I and II, a major goal is to create momentum for the idea of micro-battles across the company. This explains why the winnable criteria are so important early on. But we don't want to suggest that momentum doesn't matter in waves III and IV. In fact, building momentum for micro-battles is critical at every stage. Here's a rule of thumb: If you can't identify specific actions that are building momentum this month, you're losing momentum. But you must also understand that over time, you'll build momentum in different ways.

5. **Accept that a twinkle of cynicism isn't a bad thing.**

It's right and proper that you talk quite realistically—and dare we say it, cynically—about how to maintain momentum for the program. If you have an initiative that you know is a slam dunk and is likely to succeed outside the micro-battle process, it isn't a bad thing to call it a micro-battle and claim an early victory. If you have two good micro-battles, but one

can be led by a star that will influence huge numbers of people to get on board, then it's not a bad thing to favor that micro-battle. You have only so much good will in any broad initiative; use it wisely—and occasionally with a healthy dose of cynicism.

As previously mentioned, this discussion assumes that you're ready to launch new micro-battles. But we want to end as we started—with a reminder that you're often better off investing in the scalability of current micro-battles than launching new ones. So, please, as you think about launching new battles, ask yourself:

1. Are our current micro-battles on track to scale across the enterprise?
2. If not, is this a resource problem?
3. If this is a resource issue, should we hold off on launching more micro-battles until we resolve the resource bottlenecks of our current battles?

Sometimes, the new micro-battles draw on different resources, but not always. Best to have the discussion. 



Managing the Micro-battles
Portfolio



To effectively reshape the entire organization's ways of working, firms should eventually build up a full portfolio of around 25 micro-battles through several "waves" of launches.

Micro-battles—those discrete, time-boxed initiatives that rapidly bring strategic choices to action and formulate ways to scale the results—guide organizations on the journey to scale insurgency. In order to act with speed and responsiveness, large companies use micro-battles to transform their most bureaucratic behaviors. Micro-battles teach an organization’s key players to develop solutions that will scale, while engaging the executive committee (Exco)—or the “Amplify” team—to sponsor the greatest efforts. We recommend that companies start with just three micro-battles linked to their most pressing strategic challenges. But to effectively reshape the entire organization’s ways of working, firms should eventually build up a full portfolio of around 25 micro-battles through several “waves” of launches.

Once a company has succeeded with its first set of micro-battles, how can it ramp up the newfound skills to tackle more than eight times as many? How can it scale the renewed energy and new ways of working

from the Exco and original micro-battle teams to the next level of leadership and beyond? As companies embed Bain Micro-battles SystemSM and start running a full portfolio, three areas will require increased focus: the micro-battles backlog, talent management and organizational engagement. When left unmanaged, these areas can generate organizational tensions around planning future micro-battles, distributing sufficient resources and transferring learnings to the entire company. As we’ve worked with companies on micro-battles and watched them successfully mitigate these tensions, we’ve collected an initial list of 10 best practices for managing the micro-battles portfolio (see *Figure 1*). But this list certainly isn’t exhaustive. In the spirit of micro-battles, we’re continuously learning about how the best companies run the system and are sharing our findings. Therefore, this is only the first version of our best practices for managing the portfolio; we’ll continue to update the list (and our micro-battles book) as we learn from the best.

Figure 1: Leading companies focus on 10 best practices when managing the micro-battles portfolio

The micro-battles backlog	①	Engage the organization in a continuous dialogue
	②	Launch, expand or deprioritize micro-battles programmatically
	③	Assign an owner of the backlog
	④	Integrate the backlog with the existing governance and operating model
Talent management	⑤	Create a new deal for talent
	⑥	Create a pipeline for your rising stars
	⑦	Give micro-battle teams direct access to the Exco
Organizational engagement	⑧	Share success stories with the whole organization
	⑨	Cascade scale insurgent behaviors through key leaders
	⑩	Use the center of excellence to champion new ways of working

Source: Bain & Company

The micro-battles backlog

No. 1: Engage the organization in a continuous dialogue. Strategy needs to be dynamic—and so does your micro-battles backlog. Companies should determine the right list by managing the tension between new disruption in the market and emerging lessons from other micro-battles. Successful organizations set up a process to build the backlog. They ask different regional or product market leaders to identify potential areas for improvement. They also rely on a clear set of criteria for what makes a good micro-battle (see “The Art of Choosing Micro-battles”). Once they have a set of viable options, leading companies employ a transparent process for the senior leadership team to prioritize micro-battles and provide feedback to market leaders.

It’s also important for leadership to consider the size of the portfolio. The optimal number of micro-battles depends on several factors, such as strategic and market complexity. It also depends on your organization’s complexity, capacity for change, available leadership and global scale. If your company is launching micro-battles to adapt a solution for several new markets, you can probably manage a larger number of initiatives. If each micro-battle addresses a different strategic priority, a smaller number may be more feasible. But in our experience thus far, most companies should diligently scale from 3 to 6 to 12 micro-battles. They will most likely never exceed 25 micro-battles at any one time (see “Broadening the Micro-battles Portfolio”).

Some CEOs cascade several sets of micro-battles throughout the organization. They select individuals who have proven themselves as micro-battle team leaders or Amplify team members and give them the opportunity to run a micro-battles program in their own division or market. This quickly expands the program far beyond 25 micro-battles. While we find this approach encouraging, we caution against cascading until you’ve truly mastered running a portfolio of 25. This will take time, so don’t rush it.

No. 2: Launch, expand or deprioritize micro-battles programmatically. Many companies ask if it’s better to

cast the net wide or cluster micro-battles in one business unit or function. When casting the net wide, a company launches micro-battles across all functions in order to reach a greater number of people. When clustering micro-battles, a company launches new micro-battles or expands existing ones in a single function to accelerate momentum and behavior change in that area. The best option depends on the organization. Casting the net wide works well if you have strong leadership across the business. Your Exco and micro-battle leaders can build momentum relatively quickly from one or two micro-battles. If you need a lot of behavior change, a more focused and clustered approach may be necessary. It can help you achieve the desired results and create an internal buzz that will eventually spread from function to function. A clear focus and strong results are key to success in this approach, so leaders will need to balance their speed with the overall impact of the micro-battles. If you exhaust your resources too quickly, you won’t create sustainable results in the long run.

Leaders also commonly ask how they should broaden the scope of an individual micro-battle. Should they expand the current micro-battle or launch a new one? Once again, our answer is simple: It depends on the context of the micro-battle and the team. If the existing team can handle the new scope, expand the existing micro-battle. If you need a new team to handle the scope, launch a new micro-battle.

In addition to their launch and expansion approach, companies should consider the potential of each micro-battle when managing their backlog. Some micro-battles will have 10 times, or even 100 times, the business impact of others. The most successful companies escalate micro-battles with the highest potential and actively deprioritize those with less impact. Leaders want the organization to associate micro-battles with great successes.

A programmatic approach to micro-battles can increase your odds of success and boost support for the system throughout the company. This is exactly what you want. But as organizational backing grows, leaders

should be mindful to protect the “micro-battles” name. A micro-battle can quickly become the hottest new thing in the company. Soon enough, any new project is called a micro-battle. However, these projects aren’t always set up as micro-battles. They aren’t linked to key strategic priorities, properly resourced, or sponsored by senior leadership. Beware of diluting the micro-battles system in this way—course correction may be impossible downstream.

No. 3: Assign an owner of the backlog. Companies often incorrectly assume that the micro-battles backlog will look after itself. A backlog owner should manage the process to update and prioritize it with each wave. The owner can improve the list by challenging suggested micro-battles and assessing each one for potential value and ease of implementation. The owner also helps the senior leadership team make informed decisions to accelerate funding or pivot on specific micro-battles.

Some companies choose to recruit a micro-battles director and establish a center of excellence. With a

center of excellence, there’s often a struggle to balance the tension between creating a bureaucratic central team and spreading accountability too thin. The approach can work, but only if the center is lean. It should avoid the bureaucratic milestone-tracking and paperwork exercises that plague many project management offices. We always caution companies that if they want to be less bureaucratic, they should avoid a bureaucracy managing the process. Some companies find it helpful to assign the ownership of each task to specific functions (*see Figure 2*). For example, the Exco might select new micro-battles, while the finance team supports funding decisions.

No. 4: Integrate the backlog with the existing governance and operating model. If you have an annual planning process to determine resource allocation for new strategic initiatives and projects, include the micro-battles backlog. You don’t want micro-battles to end up in the “special projects graveyard.” You don’t want the company reverting to old ways of working. Over

Figure 2: Some organizations manage micro-battles by identifying the functional groups that are best suited to perform specific roles

Role	Functional group			
Suggest new micro-battles	Executive committee	Micro-battle center of excellence	Finance	General managers/ other employees
Own the backlog and assess opportunities	Executive committee	Micro-battle center of excellence	Finance	General managers
Select micro-battles from backlog	Executive committee	Micro-battle center of excellence	Finance	General managers
Reallocate funding	Executive committee	Micro-battle center of excellence	Finance	General managers

Source: Bain & Company

Managing the Micro-battles Portfolio

time, micro-battles should become the normal way of running projects. The most successful organizations replace their traditional project-planning processes with micro-battles governance. They run other special projects—those that don't fit the micro-battles approach, such M&A or organizational restructuring—under the same governance system.

For companies that are well versed in Agile, especially those on the journey to become fully Agile enterprises, the micro-battles system can complement the new operating model. Micro-battles can be a small subset of dynamic teams that focus on the biggest strategic priorities and adopt Agile ways of working. They still demand Exco attention and require winning, scaling and amplifying solutions for the unknowns in a company's strategy. Separate from the micro-battles portfolio, the company can continue relying on Agile teams to run the rest of the organization's execution.

Talent management

No. 5: Create a new deal for talent. Companies with the most successful micro-battle portfolios rethink their talent policies. Micro-battles are a great professional development opportunity, allowing your people to work on a strategic priority with direct access and exposure to senior leaders. The “new deal for talent” should enable an organization's best people to be temporarily released from their day-to-day roles to focus on a micro-battle. It can include details on the duration of the engagement, expenses and performance management. But it will work only if all department heads agree to release their people.

The new deal for talent is a huge topic that extends far beyond micro-battles. For firms of the future to compete and win in the next era of business, they'll need to reassess their people and talent management approach. The good news is that we're already seeing companies find new solutions for talent through their work on micro-battles. For one company, the new deal for talent was critical to breaking down regional siloes and quickly scaling new innovations across geographies. Leadership introduced a short-term assignment policy, enabling employees to work on a prototype in another

market for three to four months before returning to their home geography. Back at their home office, the same employees launched a scaling micro-battle to adapt the prototype from the other market. Each country head agreed to the policy, which directly outlined the three- to four-month duration of engagement, the division of expenses, and peer-to-peer performance reviews (*see Figure 3*). Without development and alignment on the new policy, the micro-battle teams wouldn't have been able to transfer their initial scaling success to other markets.

No. 6: Create a pipeline for your rising stars. Talent and leadership resources can quickly become a significant roadblock to micro-battles. We've seen successful companies create a talent pipeline to identify the next micro-battle leaders and teams. Their HR departments compile a database of potential micro-battle leaders and team members from each market and update it regularly. Once the next wave is selected, they use the database to identify the right people for each micro-battle. Every micro-battle team will need three types of people: the disruptors, who generate ideas; the scalers, who institutionalize ideas; and the executors, who turn those ideas into business results. HR can also be responsible for ensuring that each team has the right balance (*see “How to Identify Great Scalers” for details on how to find these individuals in an organization*).

Beyond building teams, many companies will have the more fundamental talent issues of limited availability and resources. It's imperative that they recognize and address these issues early on. Companies should consider reforming their recruitment process and seeking talent with the right commercial experience to fill critical roles. This is much easier said than done, but micro-battles can provide the catalyst to get started.

No. 7: Give micro-battle teams direct access to the Exco. One of the key draws of micro-battles is the opportunity to be coached directly by the senior leadership team. Micro-battles also provide a great opportunity for the Exco to reconnect to the front line and the rising stars in their business. The micro-battles system is designed to have individual Exco members sponsor each micro-battle. A part of their role is to mentor the

Figure 3: One company created a new deal for talent to assign top performers to micro-battles

 Duration and engagement	 Expenses	 Performance tracking
<ul style="list-style-type: none"> • Participants dedicate three to four months per micro-battle • Participants dedicate at least three consecutive full days per week to micro-battles • Participants travel to work with teams in other markets 	<ul style="list-style-type: none"> • Home office covers employment costs • Home office charges travel and living expenses to the other market • Participants' compensation is not affected 	<ul style="list-style-type: none"> • Micro-battles are learning opportunities and considered a form of professional development • Participants receive peer-to-peer feedback from their micro-battle team • Manager from the home office reviews learning and performance

Source: Bain & Company

micro-battle team members. But beyond individual sponsorships, the entire Exco should communicate with micro-battle teams. Likewise, the teams should feel empowered to communicate directly with each Exco member. Through review sessions, micro-battle teams gain direct access to the Exco, enabling them to share new ideas and give feedback. These meetings can create a mutually beneficial two-way dialogue and foster mentoring relationships between senior leaders and high-potential talent in the organization.

Organizational engagement

No. 8: Share success stories with the whole organization. At the embedding stage of a micro-battles journey, only a small fraction of the organization will have experienced new ways of working and developed the behaviors of a scale insurgent. As the portfolio grows, the most successful companies engage the remainder of the organization. One great way is to communicate results and success stories. Some companies create

videos showcasing the best results and celebrating heroes from micro-battle teams. The videos can be shared through town halls or digital collaboration platforms such as an intranet, Facebook Workplace or Microsoft Teams.

No. 9: Cascade scale insurgent behaviors through key leaders. Micro-battles aim to change the behaviors of senior leaders. This can have an amplified effect, with leaders serving as a role model to their direct reports. Companies can use a training program for their top 100 leaders to introduce them to the micro-battles system and the fundamental behaviors of a scale insurgent. This training often uses what we call a “field and forum approach.” The forums are workshops that train and align leaders on new ways of working. The field-work enables leaders to take lessons from the forums and apply them to real-life situations, such as micro-battle review sessions and one-on-one mentorship meetings with micro-battle leaders. Through trainings, we’ve seen great behavioral shifts, as leaders move

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from a command-and-control mindset to one of empowerment and trust. They rapidly learn how to become better exemplars for the organization.

Along with training, some companies have tracked their progress on the journey to scale insurgency through our Founder's Mentality® diagnostic. Many organizations kick off their micro-battles program by running the diagnostic, which examines where the company stands on the journey and which forces are most responsible for their standing. But a few companies rerun the diagnostic 8 to 12 months later to check their progress. Results in hand, they discuss the required behavioral changes to act more like a scale insurgent.

No. 10: Use the center of excellence to champion new ways of working. As Amplify teams manage the portfolio of micro-battles, they collect and distribute their learnings to all micro-battle teams, and when appropriate, the organization as a whole. The micro-battles learning center puts these lessons on display—quite literally, on the walls—and makes them available to all.

But we've seen leading companies take the learning center a step further with their center of excellence. The team uses the learning center to provide training and onboard new micro-battle team members. They coach their talent in new ways of working, such as Agile, human-centered design and scaling approaches. They help update the learning center walls and often provide additional support for micro-battle teams in the initial stages or at critical scaling points.

As we work with organizations to co-create new approaches for successfully managing the micro-battles portfolio, we'll continue to update our list of best practices. For now, by focusing their approach on the backlog, talent management and organizational engagement, companies can smooth the transition of scaling and embedding the micro-battles system. They can ensure that behavior change and new ways of working cascade beyond the Exco, micro-battle leaders and their teams, and in the long run sustainably transform the entire organization. 

A graphic featuring a large puzzle piece with a missing center, set against a background of other puzzle pieces. The missing piece is a light gray color, while the surrounding pieces are white with black outlines. A red trapezoidal shape is overlaid at the bottom, containing the text.

The Embedding Challenge

As you develop a track record for co-creation with customers, they will bring you more and more issues so that you can work together for solutions. The more you're seen as a good partner of choice with external parties, the better your dance partners will be.

Congratulations. You're running a number of micro-battles and beginning to address some tough scaling issues, where you've had to:

1. Convert individual prototypes into Repeatable Models® that can be rolled out across the company.
2. Amplify the impact of the portfolio of micro-battles to help you achieve full potential for the business as a whole.

These are the core scaling skills demanded of the scale insurgent. We're assuming you're not a master, but you're a lot better at these two skills than you were a year ago (please read "Scaling as a Capability: 10 Lessons from the Masters"). In our language, you're beginning to approach Stage 4 of micro-battles, asking yourself, "How do I embed the micro-battle approach into the normal ways of working?" This blog sets out the challenges you'll face. We'll work through five common questions:

1. When should I start thinking about embedding micro-battles into my normal ways of working?

The short answer is: Once you're running micro-battles at scale. We define this as the moment when (1) you've taken 5 to 10 individual micro-battles from prototype, to repeatable model, to enterprise results, and (2) greater than 50% of your executive agenda is focused on managing the portfolio of micro-battles. The long answer is: Don't rush it. Starting and running micro-battles is an "unnatural act" that will create tension with your management team and shake things up. Don't rush to normalize. Enjoy the chaos and the uncomfortable ride. Take advantage of the tensions micro-battles will create in your normal ways of doing things and embrace the conflict.

2. What are the biggest benefits from embedding micro-battles into normal ways of working?

We see four major benefits of moving to Stage 4. First, you signal to your direct reports that micro-battles aren't going away, and you expect most initiatives will

be run through micro-battles. Everyone will understand this is not a fad, an idea *du jour*, but how you will manage things going forward. Second, you signal to the fuller organization that this is a new way of working. They'll see that being on a winning micro-battle team is a great way to work directly with senior leaders and get results. This encourages more flexibility in your team and less concern about climbing the hierarchy in their individual siloes. Third, you'll get better at it. Running micro-battles is a skill. You'll improve with time. Scaling is an absolutely critical skill, and you'll get better at it as well. Over time, you'll develop and nurture the scaling community. Fourth, third parties, including your customers, will see you're sticking with micro-battles and will want to join the fun. As you develop a track record for co-creation with customers, they will bring you more and more issues so that you can work together for solutions. The more you're seen as a good partner of choice with external parties, the better your dance partners will be.

3. What are the biggest challenges?

There are two big challenges. First, you'll need to stop a lot of stuff if you're going to *add* micro-battles to the corporate checklist. In particular, you'll have to adapt and simplify the way you do performance management, budgeting and planning. There are simply not enough hours in the day to do all the old stuff in the normal way *and* add all the hours required to run a portfolio of micro-battles. Second, you'll have to create a "new deal for talent" if you're going to run micro-battles at scale for the long term. Your current systems of rewards and review are not robust enough to manage teams of people working on micro-battles over multiple years. Change is a good thing, because it will force you to figure out how to operate as a "firm of the future" where your people are working in a far more dynamic way. But you'll have to change, and change is never easy.

4. Is there a checklist of questions to address?

Yes. There are 10 key issues within your strategy, operating model and performance management process that need to be addressed (*see Figure 1*).

The Embedding Challenge

Figure 1: The top 10 issues of embedding micro-battles in your organization

Topics	Specific issues
Strategy, including the role of Engine 2	<ol style="list-style-type: none"> 1. How do I think of my portfolio of micro-battles in the context of all my strategic initiatives? 2. How do I communicate the whole strategy and not just those initiatives that I run as micro-battles? 3. How do I think about the right blend of micro-battles across Engine 1 and Engine 2? 4. How can I use micro-battles to become more active with external partners? 5. How can I radically simplify my organization to fund winning micro-battles at 10x?
Operating model, including new capabilities	<ol style="list-style-type: none"> 6. To operate micro-battles at full potential, what changes do I need to make to my operating model? 7. How can I use micro-battles to build new capabilities? 8. How can I use micro-battles to test and learn across other organizational issues?
Performance management processes	<ol style="list-style-type: none"> 9. Given that micro-battles can produce dynamic outcomes on those initiatives, how can I massively simplify my performance management systems for more “stable” parts of the business? 10. What is my “new deal for talent?”

Source: Bain & Company

5. Who takes this on, the CEO or someone else?

The short answer is the CEO. Embedding micro-battles is the CEO’s job. The long answer is that a CEO should appoint an existing direct report or head of a transformation office to integrate micro-battles into the same process where all transformational initiatives are housed. Not to be too blunt here, but we have a simple

rule. If your transformation office is viewed as the voice of the customer, the voice of the front line, then put all micro-battle initiatives there. Good home. If your transformation office is seen as a staff role, filled with compliance matrices and people that gather no smiles on elevators, keep micro-battles away. There’s a separate question about what went wrong with your transformation office, but for our purposes in this blog, we’re out to protect the brand of micro-battles. 



Transformation Through
Technology: A Vision for
Embedding Micro-battles

The act of embedding micro-battles into daily ways of working will fundamentally challenge your current operating model. And that's a great thing.

We've talked to roughly 800 companies about the Founder's Mentality® and micro-battles. We've also been involved in hundreds of micro-battles ourselves. Patterns emerge. We've used these blogs to discuss those patterns in detail. Now we want to step back and give you our latest views on how the journey of micro-battles will transform your organization over time. As you embed micro-battles into your ways of working, you'll begin to challenge your operating model. This will occur in a series of steps, based on four big themes.

The micro-battles journey consists of your point of departure, your point of arrival and the journey to get there. It's simple, but let's briefly reacquaint ourselves with each part.

- **Point of departure**, or the urgent need to recover your Founder's Mentality to compete against new insurgents. You're reading this because you're worried that you've lost your Founder's Mentality. You've probably taken the Founder's Mentality diagnostic, and you've identified which of the six building blocks matter to you most. You recognize that to transform, you'll need to address fundamental behavioral issues and capability gaps. You see the deployment of micro-battles as a way to bring about this change.
- **Point of arrival**, or the desire to become the scale insurgent in your industry. You understand the six design principles of the scale insurgent. This demands that you give customers the benefits of your growing scale *and* the benefits of a strong Founder's Mentality. This will require you to resolve the three great conflicts as close to the customer as possible (read, close to the front line). These three conflicts are:
 - Scale vs. intimacy
 - Routine vs. disruption
 - Short term vs. long term

You'll resolve these conflicts by creating fully dedicated micro-battle teams that include both sides

of each conflict. They'll resolve them within the team or quickly escalate to the Leadership team if issues arise. You'll manage all this through the Win-Scale-Amplify framework, or the Bain Micro-battles SystemSM. You'll use the system to get results from individual micro-battles. You'll also use the system to drive learning and behavior change across the entire portfolio.

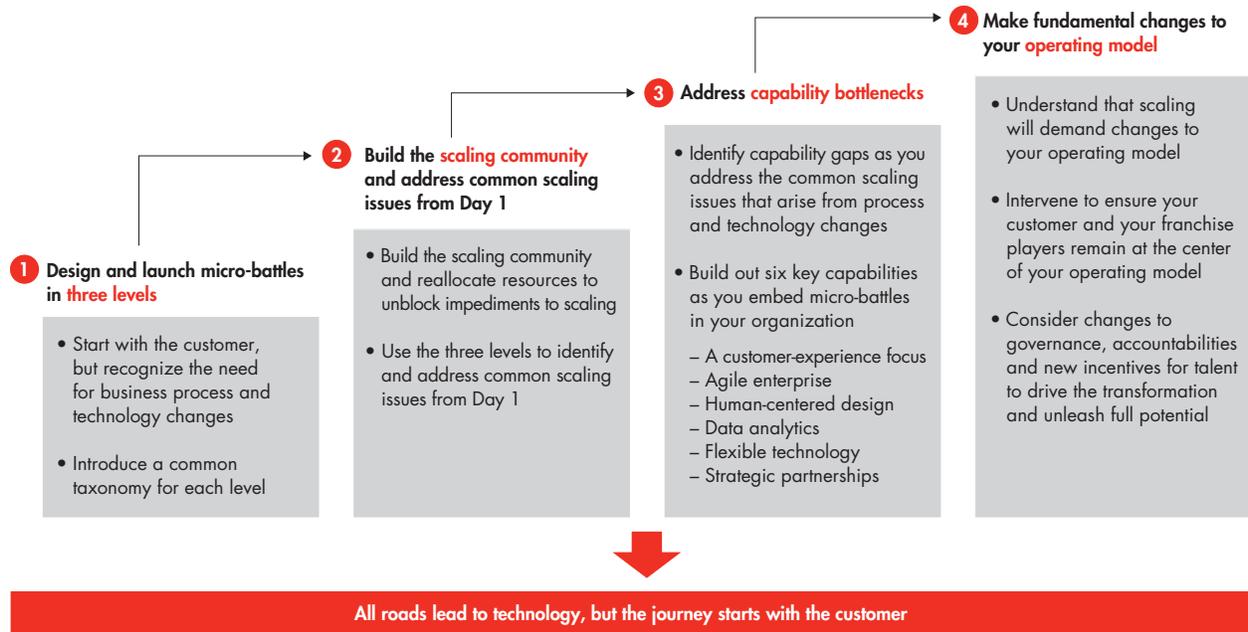
- **The journey to get there**, or the fundamental transformation of your operating model. We've applied multiple lenses to describe the micro-battles journey. We've talked about how to go from three micro-battles to 25. We've talked about some of the hardest challenges you'll face and the interventions you'll need to make along the way. We've talked about how to communicate the journey and how to consider the journey in the context of broader change. We've talked about the profound behavioral and capability changes that your core executive committee will undergo through its five roles within Amplify.

A new lens: The four steps toward "transformation through technology"

But let's apply a new lens—how will the journey change the way you fundamentally think about your operating model? In particular, how will it begin to challenge the way you organize and build capabilities? In Figure 1, we set out the major steps of this journey. Each step builds on a theme we've already raised, but now we can put them together as a whole. Let's briefly review the steps.

- I. **Design and launch micro-battles in three levels**, introducing a common taxonomy for each level. As you get better at running micro-battles and begin to embed the approach into your daily ways of working, you'll start to think of a micro-battle on three levels—customer experience, business process and technology. Your first goal is to fundamentally improve the customer experience. So you begin prototyping those changes and understanding how to scale them (Win-Scale). As you amplify the impact of individual micro-battles, you'll see

Figure 1: By taking the four steps toward “transformation through technology,” leaders can unleash full potential



Source: Bain & Company

patterns. To improve an element of the customer experience, you’ll need to improve a few key business processes. To change these business processes at scale, you’ll need a technology fix. All roads lead to technology, but the journey starts with the customer.

- **Build the scaling community and address common scaling issues from Day 1.** One of our fundamental insights in developing micro-battles is that companies need to build scaling communities. Yet no one is talking about how to identify and nurture their members. We emphasized that 85% or more of the firm’s activities are built around flawless execution. You assemble great experts who execute a playbook, and your customers benefit from your routines. The executors are the heroes of the company. But, of course you must innovate and disrupt, so you create Agile communities to prototype new innovations. But who takes innovation and translates it into routine? This is the role of the scaling community. Give this community a focused agen-

da to manage the three levels of micro-battles. The members of this community will make sure that you’re thinking about each level. They’ll begin to scale a winning prototype by understanding the business process changes needed. They’ll also consider the technology fixes that will make those process changes happen.

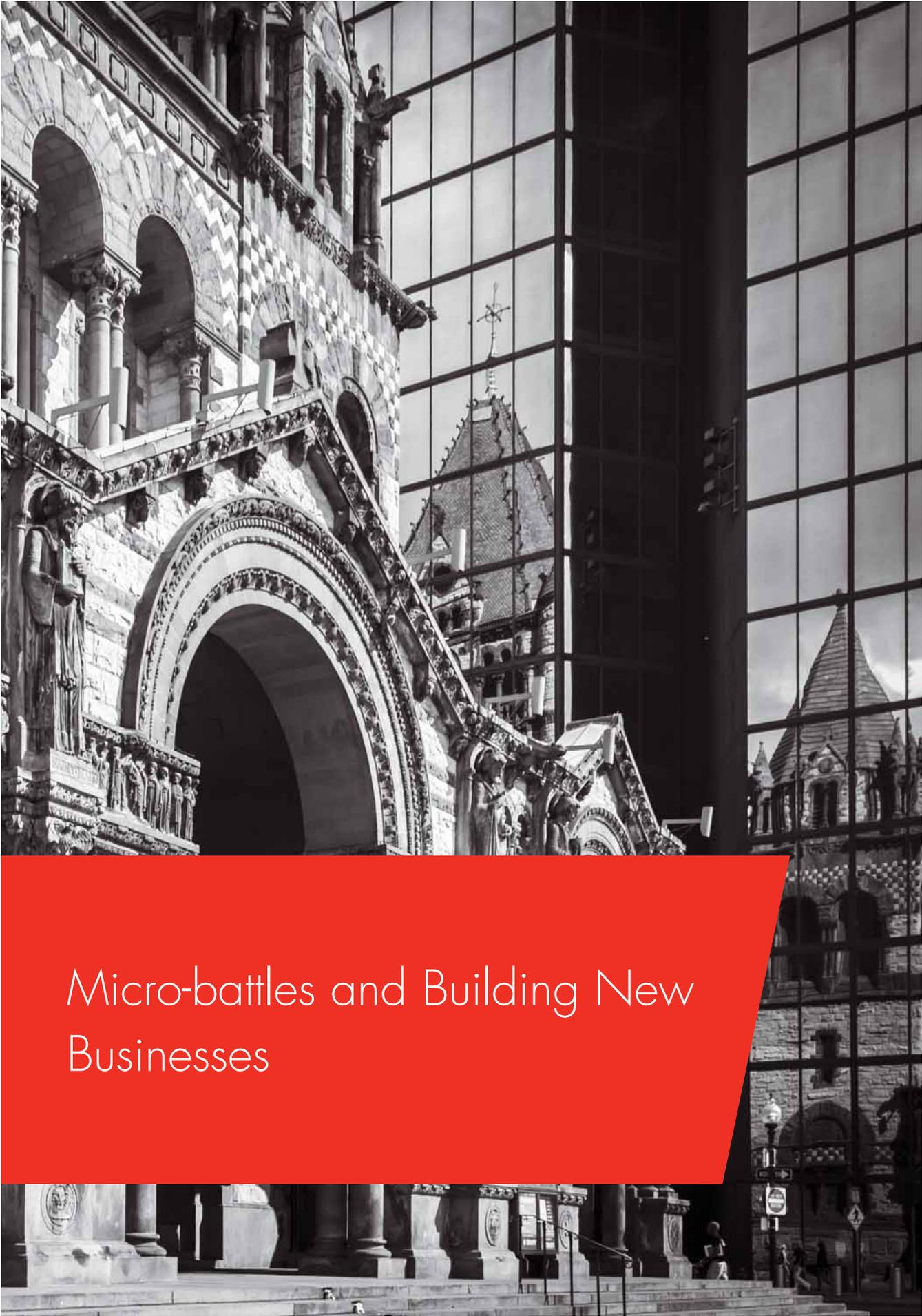
- **Address capability bottlenecks.** The scaling community will sort through the business process and technology changes required to scale. But companies that are embedding micro-battles see a set of common bottlenecks start to emerge in this step. Elsewhere, we talk about six common capability gaps. Here are two examples. You’ll discover that you don’t have enough world-class talent in house to design great customer experiences. It stands to reason that this new focus on transforming customer experiences will overload your current resources, from both a quantity and quality standpoint. The same goes for coding. You’ll need world-class coders—folks who can make fast changes to

your tech platforms, but also create ongoing plug-and-play add-ons. This isn't easy. Scale insurgents put elegant IT architecture at the heart of their scaling model. Incumbents don't. Technology expertise often means managing large outsourced technology contracts.

- **Make fundamental changes to your operating model.** Put the customer, and the franchise players who deliver outstanding customer experiences, at its center. If all micro-battles start with the customer experience, the customer should be at the heart of everything you do. If micro-battle teams

are led by franchise players, then you must focus your operating model on empowering and supporting them. If scaling a micro-battle demands fast solutions to business process and technology bottlenecks, then the scaling community must provide these solutions. If this work uncovers six major capability gaps, then you must reorient your operating model. Focus on the people and skills you'll need in the future, pulling resources from the traditional model. The act of embedding micro-battles into daily ways of working will fundamentally challenge your current operating model. And that's a great thing. 

Transformation Through Technology: A Vision for Embedding Micro-battles



Micro-battles and Building New
Businesses

In order to compete with the fast and fearless firms of the future, companies will need to rediscover the importance of business building and launch efforts to institutionalize this critical skill.

As we've worked with companies on micro-battles, we've recognized a common pattern: Most large firms have lost the art of business building. What do we mean by business building? Business building is the act of taking an innovative new product or service and determining a go-to-market strategy and ecosystem position that will create a sustainable competitive advantage. The overall health of that ecosystem, or the ability for all industry players to make money, is a critical factor.

The drift away from business building has been a long-standing issue for incumbents. Yet many multinational companies only recently realized that they had a problem. When these CEOs started to prioritize China in their growth strategies, they discovered that it's like a secondary domestic market—a huge place to play with huge local players. China is full of nimble scale insurgents, or firms that compete on the basis of both scale and speed. They are large, fast and disruptive. In order to win in China, CEOs needed more than an extension of their existing business model; they needed a new business. But they found out that their organizations weren't very good at building them.

Your China problem isn't just about China; it is a proxy for your lost art. As the nature of strategy continues to evolve, it is increasingly about building new businesses rather than running existing businesses. In order to compete with the fast and fearless firms of the future, companies will need to rediscover the importance of business building and launch efforts to institutionalize this critical skill. CEOs can engage the organization in these efforts by taking four courses of action.

No. 1: Develop a robust scaling community

The most effective business builders recognize and nurture three communities. To innovate, you rely on your Agile/disruptive/innovator community. The members of this community focus on disrupting your current company. They are your key to creating a new business model. To deliver innovation to customers through the right route to market, you need your expert/

execution community. They execute flawlessly through daily routines. The scaling community is the critical link between these two groups. Scalers translate disruptive ideas into something that can exist in the world of routines. Establishing a robust scaling community is a crucial first step in relearning how to build businesses. Without scalers, your innovations are likely to stall or remain regionally confined, deprived of scale benefits. In our profiling work with The Chemistry Group, a London-based research firm that helps organizations get the most out of their people, we found that scalers are built, not born. Companies can build their scaling communities by presenting the right opportunities for members to learn and grow. Micro-battles are one way to create these experiences.

No. 2: Launch micro-battles

These fast-moving, cross-functional initiatives provide a structured way to flex your business-building muscles and grow your scaling community. Micro-battles require organizations to hone three necessary skills.

- **Scaling:** In micro-battles, teams translate bold strategic initiatives into prototypes that customers can assess. They also learn how to scale a winning prototype into a business that creates a competitive advantage. Ultimately, by running micro-battles, teams learn how to scale ideas. They help their organization think beyond innovation. They not only think about *what* the new product or service is but also *how* to build a business that delivers the product or service across multiple markets.
- **Learning:** Companies that engage in micro-battles also rediscover the experience curve in their businesses by reintroducing a learning agenda. Several authors have focused on business learning recently—most notably, Cal Newport, with his notion of “deep work”; Matthew Syed, with his notion of “purposeful practice”; and Malcolm Gladwell, with his notion of “10,000 hours.” Through micro-battles, we want companies to learn by focusing their best people on deep work, those cognitively

demanding tasks that contribute to the organization's insurgent mission. Micro-battle teams can develop skills (particularly scaling) through experience, or purposeful practice. Senior leaders can dedicate at least 10,000 hours to master business building.

Leading: Senior leaders must also learn how to amplify the impact of each individual micro-battle. Our micro-battles approach incorporates a founder's mindset—that is, the desire to constantly improve and grow an idea with each round of test and learn. Through micro-battles, senior leaders gradually shift their behaviors. They refrain from shutting down ideas and adopt the more insurgent attitudes of business builders.

No. 3: Build Engine 2

The goal of micro-battles is to pursue the foundational building blocks of a scale insurgent. Large incumbent companies that have lost their sense of insurgency can focus on building what we call Engine 2. Engine 1 is your core business and your primary source of cash. It's often a mature business. Profitable growth depends on everyone working hard to sweat the assets, pulling every benefit of scale. Engine 2 is your newer growth businesses. It has great potential, but it won't generate cash for years to come. It is an ideal platform for rediscovering business building.

This isn't to say that innovation doesn't matter in Engine 1. In fact, you can't be a leader in Engine 1 without constant renewal. You're always innovating with new products and services. But you're offering them through an existing business, in which you understand how to go to market and know your role in the ecosystem. As a result, all of your financial models around innovation bank on gross margin or operating margin economics. Your teams must predict the price of the product and compare it with the cost of goods sold (gross margin). They must sort out selling costs (operating margin), forecast forward and discount back to determine a positive or negative net present value for the investment. The Engine 1 team must engage in endless iterations

of pricing predictions over three to five years. They want to control variance. They want a predictable pattern before they approve a business model.

Engine 2, on the other hand, is about building new businesses. In business building, predicting gross margin and operating margin is often less than 10% of the value that will be created. The modeling of gross margin assumptions perpetuates false predictability and distracts you from the critical task of creating a new market. It is far more important to determine a go-to-market strategy and ecosystem position (*see Figure 1*). Both of these factors help companies create a sustainable competitive advantage and command a significant share of the market profit pool.

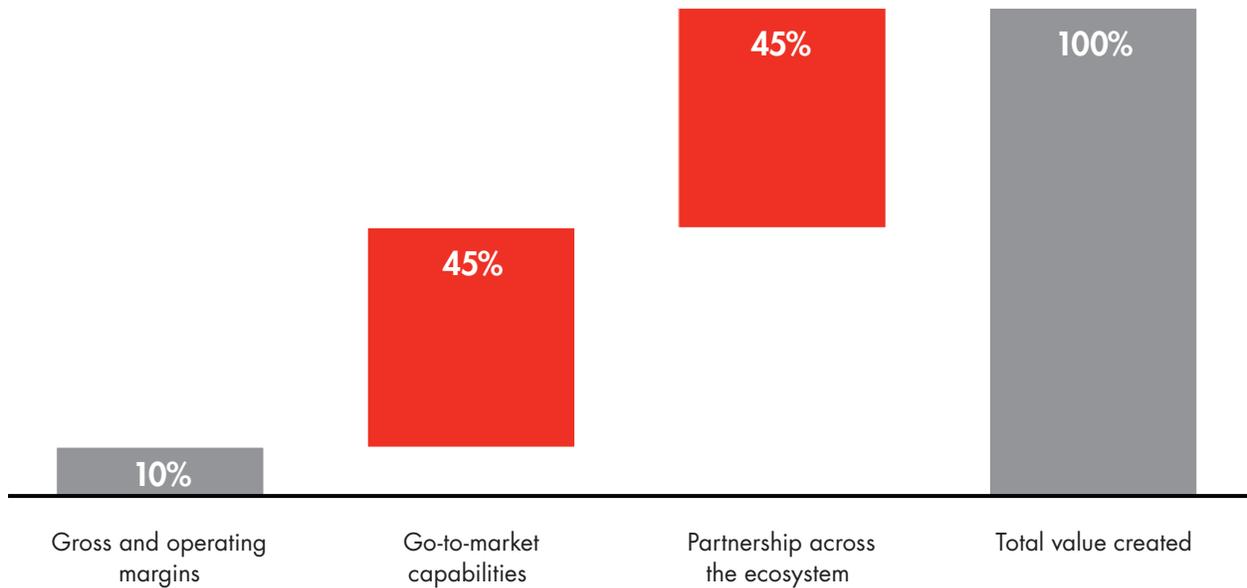
Nurturing Engine 2 is critical for sustainable, profitable growth. As CEOs rediscover the importance of business building, Engine 2 can be a place to experiment and reinvent ways of learning. It can generate new ideas that can apply to Engine 1. The CEO becomes a portfolio manager between the two engines. We have found that this idea helps CEOs realize the need to liberate time from delivering today's business and devote it to helping develop tomorrow's business.

No. 4: Balance your delivery and development agendas

To build new businesses, firms need to tackle the unknowns in their long-term planning, or their development agenda. The capabilities built in Engine 2 are all about development. In Engine 1, however, you primarily focus on what the current business can deliver, or the delivery agenda. This agenda takes a huge amount of time and energy from Engine 1. It also comes at a cost. The leaders of Engine 1 spend significantly less time on the development agenda—namely, building new businesses.

But you absolutely need business-building capabilities in Engine 1 because you have to manage the unknowns. Conversely, as Engine 2 matures, it will require delivery capabilities. Engine 2 is a terrific place to exercise your

Figure 1: The value created by business building depends largely on new markets and ecosystem roles



Source: Bain & Company

business-building mojo and hardwire it into your everyday processes. Once mastered, these business-building capabilities can board the mother ship, Engine 1.

As we discuss in our book, *The Founder's Mentality*, when you rediscover the art of business building, you're often going back to the first generation of your

company. You're returning to a time when your leaders were incredibly disruptive and committed to building a new and varied business. Business building is in your DNA—or you would never have become a large successful company. You simply need to rediscover and embed the skill set. 

Micro-battles and Building New Businesses

Appendix

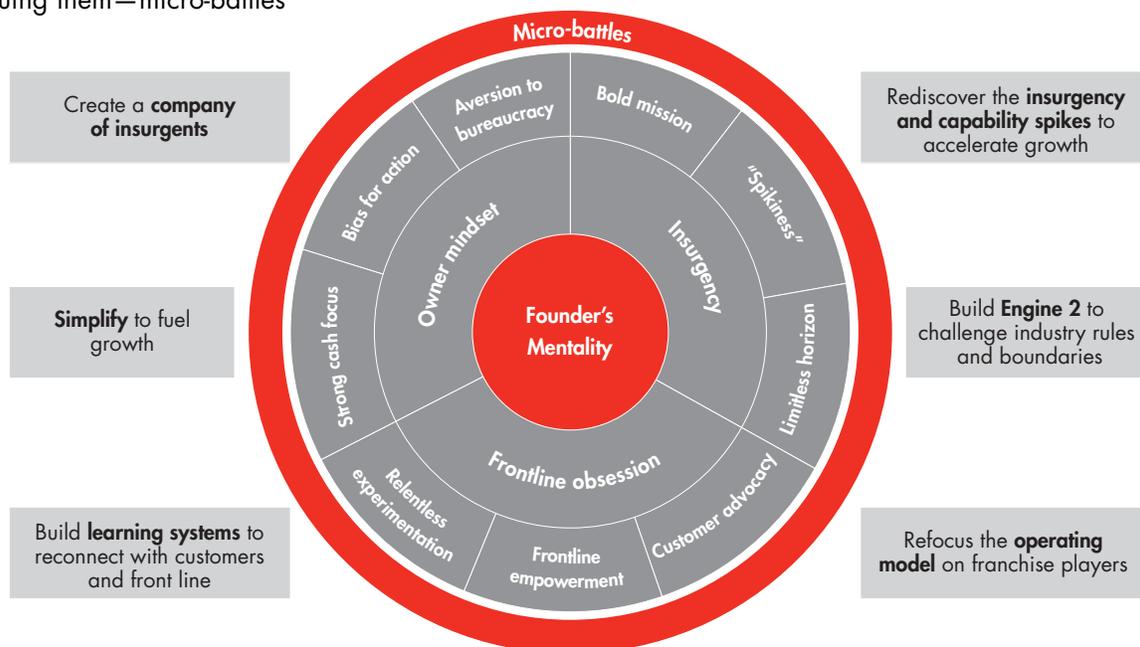
The Bain Micro-battles SystemSM

Preface: Appendix

Welcome to the appendix, and thanks for your diligence. We love it when folks get this far, and we hope you enjoy this section. Our appendix is actually quite important. We have two goals in this section:

1. **To discuss in detail the “what” of the journey to become a scale insurgent.** If your goal is to be a scale insurgent, you start by rediscovering your sense of Founder’s Mentality.[®] We have developed six building blocks that help you do that, depending on your issues (*see Figure 1*). We call this the “what.” We call micro-battles the “how.” The “what” really matters. We encourage you to read through each of the six blogs to decide which blocks are most important to your company.
2. **To introduce you to our work on the Firm of the Future.** Elsewhere in this guide, we discuss the six design principles of the scale insurgent. That blog directly builds off Bain’s work on the Firm of the Future. If you were intrigued by the idea of scale insurgency, you can read more on the topic here.

Figure 1: There are six building blocks for restoring Founder’s Mentality and one distinct system for pursuing them—micro-battles



Source: Bain & Company

The Bain Micro-battles SystemSM



Rediscover the Insurgency and
Capability Spikes to Accelerate
Growth

For insurgent companies, strategy is simple—and your hand is an effective tool for testing how simple yours is. Your thumb represents a succinct statement of the insurgent mission, and your four fingers sum up the critical capabilities required to deliver the mission.

People who work for insurgent companies are on a mission to redefine their industries. They know what their company stands for, and they believe its offerings can transform an underserved customer segment. They have a clear bias for action and a loathing of bureaucracy.

But as these same companies evolve into industry leaders, the sense of insurgency that fueled their growth often wanes. People begin to define themselves by the timeworn rules of their industry and start defending the status quo rather than continuously reimagining it.

The first building block on the path to scale insurgency, then, is to rediscover the insurgency and lock it in with the key people who must deliver it. Think about three things here.

- **Articulate your “insurgency on a hand.”** For insurgent companies, strategy is simple—and your hand is an effective (biologically constrained) tool for testing how simple yours is. Your thumb represents a succinct statement of the insurgent mission, and your four fingers sum up the critical capabilities required to deliver the mission. That’s it.

There isn’t room for anything else. This exercise accomplishes two things. First, it forces you to answer the question that bedevils incumbents: *Why do we exist?* Many incumbents can reel off an answer, but as the company becomes more complex, the mission becomes increasingly bloodless—to increase shareholder returns, for instance, or to take share from a rival. Insurgents answer from the gut. Anyone at CavinKare, the Indian consumer products company, would say, “Whatever a rich man enjoys, the common man should be able to afford, and our job is to find a way to solve this.” It is a noble mission and one that energizes the company. The second thing insurgency on a hand forces you to do is to decide which critical capabilities you need to spike on to deliver this insurgent mission. Scale insurgents aren’t good at everything; they *spike*. They are exceptional at a couple of things and average at the rest. This rejects the notion of a balanced scorecard: Competitiveness

comes from sticking to what the company is great at and focusing resources ruthlessly on these few spiky capabilities.

- **Identify your “franchise players,” and directly connect with them.** It is not enough to simply define the strategy so that the entire organization can understand it; leaders also need to identify and empower the key people involved in *delivering* the strategy. In this context, we’ve found it very helpful to identify the franchise players within the organization. These are the people accountable for delivering the product and services that define the insurgent mission, either by providing the benefits of intimacy (roles devoted to local, close customer contact) or size (roles that focus on lowering costs through global scale). Franchise players are oriented around the front line, but they can also be found in the critical functions that deliver spiky capabilities through scale.

A major problem in many companies is that the growing bureaucracy begins to muffle these franchise players or distance them from customers. Part of acting like an insurgent is to elevate them, empower them and bring them together to talk about strategy. It matters that John Vincent, a co-founder of Leon Restaurants, reaches out every morning to the managers of his stores when they get good customer feedback the day before. It matters that the leader of one of India’s fastest-growing construction firms spends 90% of his time in the field working with his site managers. The best leaders embrace their franchise players and directly connect with them by getting out from behind their desks. They focus on the customer by focusing on the people who work most with the customer.

- **Co-create a compass of “nonnegotiables.”** A key element of supporting and empowering these franchise players is to work in concert with them to restate strategy in their own words. Specifically, they should help define the nonnegotiables (or the must-dos) that will determine their essential behaviors and activities. What’s an example of

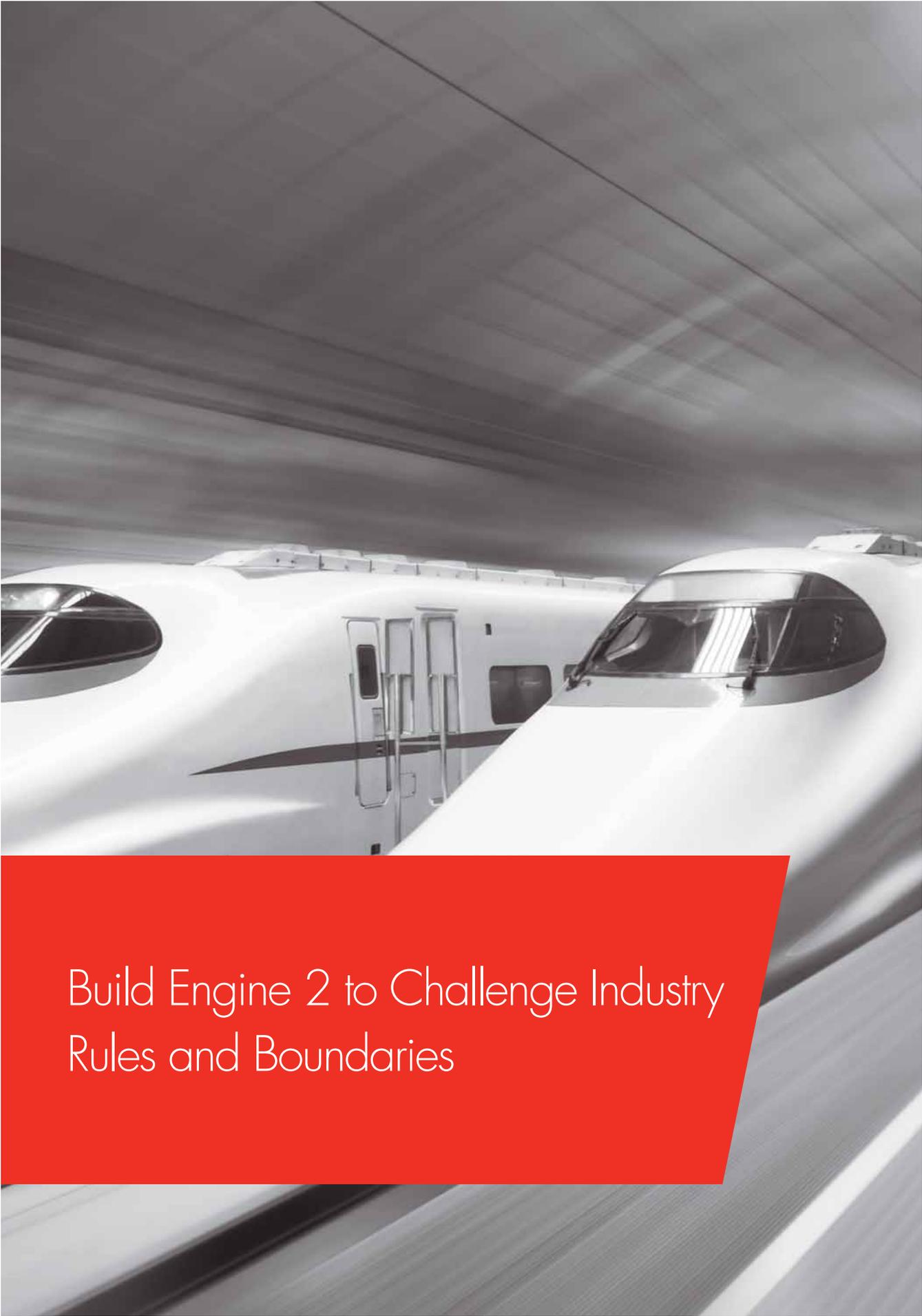
Rediscover the Insurgency and Capability Spikes to Accelerate Growth

a nonnegotiable? Let's assume part of the strategy demands that the company is the industry leader in customer care. What does that actually mean? Well, a nonnegotiable might be: "We will solve any customer complaint within 24 hours—or if resolution must take longer, we will create a plan within 24 hours to solve it." This is an example of the franchise players deciding what first-class customer care means to them. They set their own standards. They aren't sitting passively waiting for you to allocate part of the strategy to them. You've invited them to be active participants in the process.

These nonnegotiables become the company's compass. They serve as the basis for your coaching agenda when you are in the field. That agenda should focus on three questions: First, you should ask the franchise players how they are doing on implementing each nonnegotiable. This isn't about an output metric; it's about an input metric. In our example above, the specific question would be: "How are you doing in your quest to respond to customers within 24 hours?" Then, the second question should be: "How can I personally help you to respond faster?" This isn't someone from the center asking about how the front line is doing

against goals that the center itself defined; this is the leader of the business asking how he or she can personally help those responsible for delivering the strategy to achieve the goals that they have set for themselves. The third and final question should be: "What issues should I be taking back to the leadership team so that we can solve them to make your job easier or more effective?" This makes it clear that the center's agenda is defined by what the franchise players need, not what the center wants from them.

Co-creating and embedding nonnegotiables across the entire company takes months and requires a systematic approach to cascading the related concepts and details to each level of the organization. But that doesn't mean you can't make early progress. We have seen many founders and entrepreneurial CEOs kick off the co-creation of the company's compass by sharing their own perspectives on which core leadership principles lie at the foundation of the company's success. Articulating these principles up-front jump-starts the discussion and can energize the organization. It accelerates both current initiatives and the compass co-creation process. 



Build Engine 2 to Challenge Industry
Rules and Boundaries

Large companies have to look at the innovation challenge through a new set of lenses. They have to upend an incumbent's propensity to fight the future and must encourage people to imagine how they can use the company's biggest assets—scale and accumulated experience—to disrupt markets rather than defend them.

Incumbent companies are notably bad at strategic adaptation and will always find it difficult to respond to the threat posed by insurgents in their industries. Yet sustainable growth often demands the ability to explore and commit to new revenue streams to offset the natural slowing of a mature core business. Leadership's first priority has to be giving the core business model more room to run by reviving the Founder's Mentality® and dialing in growth led by the front line. But leadership also has to entertain the notion of working on a new business model in parallel.

These things don't have to be mutually exclusive—scale insurgents focus on optimization and innovation at the same time. The challenge involves mindsets. Most large companies have to force themselves to adapt their strategy-development process to cope with the chronic turbulence and uncertainty of global markets. This rarely comes naturally to an organization vested in the status quo. Large companies also have to look at the innovation challenge through a new set of lenses. They have to upend an incumbent's propensity to fight the future and must encourage people to imagine how they can use the company's biggest assets—scale and accumulated experience—to disrupt markets rather than defend them.

This leads to what we've coined the Engine 1 vs. Engine 2 problem. Engine 1 is the current core business, supplying 80% of profits and near-term growth. Engine 2 is the full set of adjacent businesses that the company might pursue as it searches for new models capable of taking over when Engine 1 eventually declines. Here's how to think about addressing both simultaneously:

1. **Commit to being a “future maker” and create your own Brocket Hall process.** In your early days as an insurgent, you capitalized on turbulence to identify unmet customer needs and create new business models to serve them. You were a future maker. Now you have an established core business and with it comes the risk that you become a “future taker,” more concerned with protecting today's profit pool than exploiting turbulence to identify the next growth opportunity.

Sir Christopher Gent, the former chief executive of Vodafone, recognized early on that a company's leadership team needs formal time to debate the future. So he and his team spent almost a week each year at Brocket Hall, an estate near London, where they discussed the new developments in the mobile ecosystem and what Vodafone needed to do differently (if anything) to win. The sessions forced individuals to take off their divisional hats and think like owners of Vodafone—facing down difficult issues, suspending parochial concerns and focusing on this key question: “What business are we in?” That kept the company centered on its core strengths, but also opened up the debate to challenges of the status quo and ideas for new businesses to launch.

Getting a clear understanding of where Engines 1 and 2 stood each year enabled Gent's team to rethink how to organize to allow both to achieve full potential. The process also insured that the rest of the year was spent executing ruthlessly. If during the year someone raised a big strategic issue in an execution meeting, Gent would say something to the effect of: “Got it. Let's put that on the agenda for Brocket Hall. Now, let's return to today's execution issue.”

At the same time, a Brocket Hall-type meeting encourages the company to develop the skills that will be increasingly vital as firms evolve in the decades ahead. Corporate leadership teams will increasingly borrow from the venture capital model, allowing a 5- to 10-year payback for Engine 2 and other investments, but also expecting a chance to create a completely new market or disrupt the industry with startling new products. Planning for Engine 2, allowing it to thrive, and, ultimately, learning from it, can transform Engine 1 over time. Top leadership's role is to get out of the way and let it happen.

2. **Debate the roadmap—stepping-stones vs. leap and learn.** By definition, a commitment to Engine 2 is a departure into the unknown—new markets, new

Build Engine 2 to Challenge Industry Rules and Boundaries

customers, new capabilities and so on. Many incumbents today are facing this dilemma as they debate their digital strategy. While it's clear that the strategy must address an increasingly digital future, almost everything else is unclear. How technology will evolve, its impact on market structure, the implication for winners and losers, the resulting imperatives for the business—all of this is hard to pin down in an era of rapid digital disruption.

One pragmatic way to address the planning challenge is to take a “stepping-stone” approach that prioritizes a few directions for exploration and commits to a first step in these areas—while also acknowledging that the second step will come into focus only as you build capabilities and learn about the market. Many great adjacency growth stories were built this way.

Yet sometimes building Engine 2 demands an entirely new set of capabilities and assets that cannot be developed fast enough organically. That's when a “leap and learn” approach to build scale quickly through M&A may make more sense. The Publicis Groupe's acquisition of Sapient in 2014 is an example of scale M&A playing a key role in building a digital Engine 2.

3. **Follow the three Engine 2 design principles.** Engine 2 will feel alien to many in your organization and may threaten others. So it is important to carefully spell out the relationship between Engine 1 and Engine 2, including the rules of engagement:

- Engine 2 must be free to do anything it wants to thrive and beat the next wave of insurgents—including cannibalizing all of Engine 1's revenues. It is a start-up, with hundreds of ideas, lots of experimentation, lots of failure and fast adaptation. It is open to different partners and willing to try “wild things” to support the customer.
- Engine 1 can borrow any great idea from Engine 2 and bring it back to the core. Engine 1

is all about discipline, repeatability, small continuous improvements, careful risk assessment and conventional financial analysis. But its leaders can do anything they want to thrive and beat the next wave of insurgents (including Engine 2) and should be encouraged to freely adopt the best ideas from Engine 2 if they will enhance the core value proposition.

- There is no perfect organizational model for how close or how far to build Engine 2 from Engine 1. Just decide. Whatever decision you make, however, will have organizational consequences, and you'll need to allocate equal time to mitigating them. Positioning Engine 2 close to Engine 1 in the organization, for instance, will help Engine 2 take advantage of the parent's capabilities and assets. But close proximity may also feed the impression that Engine 2 is a corporate hobby, scaring off the talent and partners it needs to win. Isolating it from Engine 1, on the other hand, could leave Engine 2 in limbo, unable to take advantage of Engine 1's resources but not really independent enough to raise venture capital. These problems are surmountable, but they must be managed.

4. **Consider the sage advice of those who have gone before.** Leaders who have successfully negotiated the transition from Engine 1 to Engine 2 tend to emphasize a few key points:

- First, building Engine 2 will take a lot longer and demand far more resources than you think.
- Second, you are probably not getting the growth you need from all the resources and complexity locked into Engine 1.
- That means you have to get on with radically simplifying Engine 1. You have to stop budgeting against last year's revenue and start allocating resources to future growth.

- Scale insurgents budget for where they think growth will come from over the next decade. If you are aggressive about simplifying Engine 1 and building a culture that habitually does more with less by zero-basing activities, finding resources for Engine 2 shouldn't be a problem.
 - But it will get noses out of joint, so it is critical to communicate the “journey” to those in both camps to avoid the perception of winners and losers.
5. **Set up a strong founding team.** Creating an Engine 2 requires a committed founding team that is willing to take the risks required to achieve a bold ambition. You can start by looking for the right talent within the current core business, but you have to be selective. Senior leaders with large salaries and

company stock options are unlikely to bring sufficient entrepreneurial fire to building the new business from the ground up. A bitter fit will be the “frustrated entrepreneurs” who are trapped in the various functional and business silos of most large corporations. These individuals can be an essential part of the new team, bringing entrepreneurial energy, but also linking back to the core business.

Typically, however, you need to complement them with battle-tested entrepreneurs brought in from outside the business. Assembling the right team will also require designing compensation and incentive plans that ensure the risk/reward trade-off for the mission-critical talent in Engine 2 is aligned with the risk/reward trade-off for the corporation. The founding team needs skin in the game. Too often, HR policies adopted from Engine 1 prevent Engine 2 from really starting to fire. 

Build Engine 2 to Challenge Industry Rules and Boundaries



Refocus the Operating Model on
Your Franchise Players

You're searching for the team that best delivers the benefits of scale and intimacy. Listen to them. Talk to the customer through them. Nobody knows better than they do where your company's customer journey needs help.

Refocus the Operating Model on Your Franchise Players

As they drift along the default path toward struggling bureaucracy, companies very often lose focus on the employees who really matter—those in mission-critical roles. We refer to these employees as “franchise players.” They are the people who deliver the insurgent mission to customers.

Imagine, for instance, I’m a big box specialty retailer of kitchen and bathroom plumbing fixtures. My insurgent mission is to deliver “well-designed, contemporary kitchen and bath fixtures at wholesale prices.” Now imagine I’m a consumer attracted by that mission and I head into the store to buy a modern rain shower-type shower head. Who delivers that insurgent promise to me?

Well, first it must be the store category manager who is responsible for the shower head aisle. She has arranged the aisle, kept it clean, and made sure the right choices are easy to find. She’s also probably walking the aisle ready to advise me. All in all, she’s delivering the benefit of customer intimacy that is part of any great insurgent mission.

But, she isn’t alone in helping me. The other critical player in delivering the mission is the global buyer for shower heads, who delivers the benefits of scale. Based on the company’s size and deep consumer insight built over years of learning, he has found me the best range of products at the best prices. Together, these two franchise players deliver what I came in for—a broad range of attractive products at great prices. Now let’s make several observations:

- It’s tempting to define franchise players as all frontline employees, but that isn’t always the case. First of all, one of the franchise players in our example—the global buyer of shower heads—is nowhere near the front line. But there are also lots of other frontline folks in that store, including the cashiers and store greeters. While they are important to delivering the mission, they aren’t vital. I could have a bad cashier experience and still walk away happy if the product lived up to the promise of “well-designed and contemporary at wholesale prices.” The store manager is

also important, but she’s actually a span breaker for the CEO, providing a managerial layer to coach all those category managers.

- Chances are, this organization isn’t designed around these franchise players in the slightest. There are typically layers and layers of folks between the CEO and the category heads in the stores. And the category heads probably sit time zones away from the global buyer. In fact, it’s very likely they’ve never met.
- It’s also likely that these two critical employees have been taught not to like each other very much. As the frontline folks struggle to give customers exactly what they want, they fight for the broadest range of products and find their voices ignored by the center. The global buyer, meanwhile, is constantly working to deliver purchasing scale and synergies across the widest possible assortment, but the stores are never happy. These natural biases can turn into momentum-killing conflicts if these franchise players are locked in separate silos. When their contact is limited, the healthy conflict between scale and intimacy is never resolved quickly, and that hurts the customer.
- At the same time, all the folks who should be supporting these two franchise players don’t consider that part of their job description. In many companies, if you ask finance, HR, legal and so on what their day job is, they’ll talk about dozens of staff activities, but they never say, “My job is to support our franchise players as they struggle to deliver our insurgent mission to our customers.” Typically, they don’t know who the franchise players are and aren’t sure what support is needed. Very often, they can’t even articulate the insurgent mission.
- Worse yet, as companies drift toward stagnation, execution frequently becomes less important than thinking. The franchise player’s job of delivering the insurgent mission is ultimately about executing and getting things done. But often, these doers are no longer seen as the heroes of the company. That distinction increasingly falls to the profes-

Refocus the Operating Model on Your Franchise Players

sional managerial class—the “thinkers” who manage these doers. Execution becomes something to do when you’re junior, and HR departments are encouraged to promote you out of those execution roles as fast as possible. Instead of rewarding you for serving the customer, they reward you by distancing you from the customer.

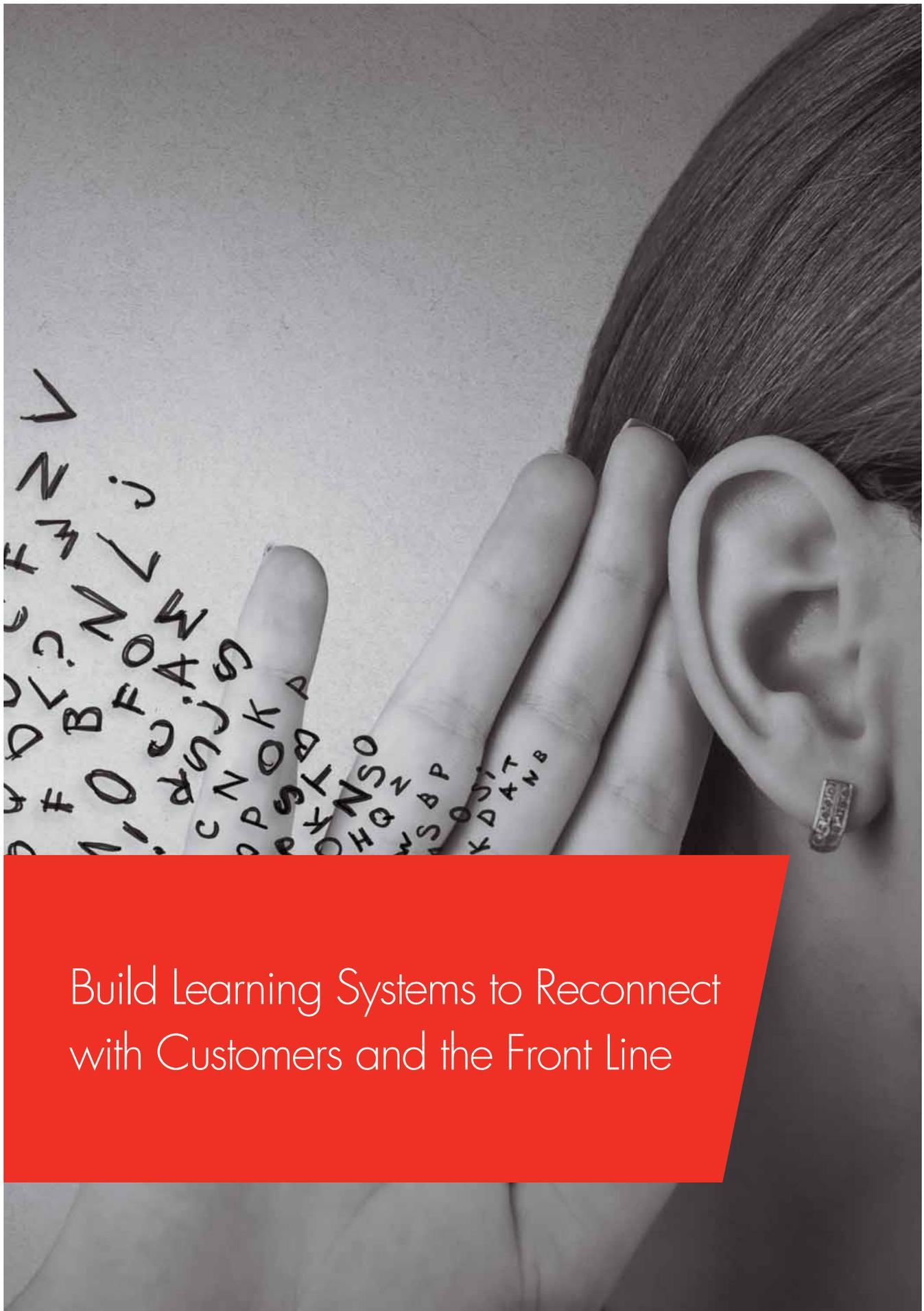
And there’s the problem. To deliver both scale and intimacy requires a team of franchise players, supported every day by a group of folks who value execution. But many organizations have lost sight of their franchise players, discourage teamwork and drown them with the shallow work dreamed up by staff people. To rediscover your Founder’s Mentality®, you need to identify, empower and support your franchise players. This demands you rethink your model, which generally involves three distinct steps:

1. Identify your franchise players and invest time in understanding both how to support them and how to get out of their way. Remember, the language of “front line vs. staff” or “local vs. global” doesn’t help here. You’re searching for the team that best delivers the benefits of scale *and* intimacy, period. Listen to them. Talk to the customer through them. Nobody knows better than they do where your company’s customer journey needs help.
2. Identify the most important members of the team that supports the franchise players and rewire their jobs so they are truly supportive. Find the trade-offs that must be debated, and create a conflict-resolution process to work through these trade-offs quickly. This requires a rethink of struc-

ture, accountabilities, governance and ways of working. And it’s critical to view this process through the lens of the franchise player.

3. Finally, try to get everyone else out of the way. Cal Newport has written a book called *Deep Work*, and in our context, deep work defines the six focused hours each day when an employee works on the specific tasks that make the best use of his or her talent and, ultimately, move the bottom line. Shallow work is everything else. Cal argues that modern technologies, social norms and organizational activity all conspire to drown us in shallow work, preventing the company from getting the most from its people. Deep work delivers the insurgent mission to customers. It happens directly through franchise players and indirectly via the team that supports them. This third step is about minimizing everything else—the shallow work that keeps both individuals and the enterprise from delivering to their full potential.

In their book *Time, Talent, Energy*, my Bain colleagues Michael Mankins and Eric Garton argue that the scarcest resource in a company isn’t capital, but the time, talent and energy of its people—resources that are too often squandered. Refocusing your operating model on your franchise players is all about managing TTE as carefully as you manage your capital—maybe more so. As CEO of Intel, Andy Grove understood this well and once said famously: “Just as you would not permit a fellow employee to steal a piece of office equipment worth \$2,000, you shouldn’t let anyone walk away with the time of his fellow managers.” 



Build Learning Systems to Reconnect
with Customers and the Front Line

Companies with a true learning culture create learning systems that gather and analyze insights regarding customer, employee and competitive trends that together add up to a “single version of the truth” —not several versions.

For many people in business, the “experience curve” has become an artifact of the manufacturing age. While it explained a lot about market supremacy when huge, stable producers like General Motors and Caterpillar led the economy, it is less useful as a predictor of dominance in the digital world.

The concept is simple: The more a company does of something, the more it learns and the better it should get at doing it. The resulting efficiency becomes a major competitive advantage, which only increases as the company gets bigger and gains more experience. In modern industries characterized by turbulence and technological disruption, however, a feisty insurgent can very quickly render a company’s accumulated experience irrelevant. And with the global shift to services, where unit costs are less of an issue, the relationship between experience and efficiency is not so clear.

So does that mean experience or learning are any less important? Hardly. Learning as you grow is the one benefit of scale that comes without all the negative baggage. Adding people, customers, systems and channels creates complexity. But building the appropriate learning systems only improves the company’s speed, efficiency and responsiveness, helping it beat back complexity and maintain the insurgency even as it scales. Despite this, too many companies have shifted their focus to other priorities. Here are five ways to regain the power of learning:

1. **Amplify the voices of the customer and the front line.** Companies with a strong Founder’s Mentality® obsess over the front line and the customer. But as we’ve noted, these voices are all too frequently drowned out as the company grows. The front line is no longer around the table at senior meetings. The customer’s experience with your company is fragmented across too many touchpoints. Learning from these all-important voices requires amplifying them. That starts with realigning the organization so the agenda of the franchise players, or “kings,” is preeminent and the rest of the company is aligned to support it. But it also requires proactive exercises like starting meetings with lessons from *real* customers (not reports on average cus-

tomers’ views) and getting away from the desk and back into the field. The best way to know what’s going on in your market is to learn from your customers and the frontline people who serve them. So turn up the volume.

2. **Role model the importance of seeking customer insight and don’t give marketing the monopoly.** Everyone owns customer insights; it is not the purview of one department or hub. Large organizations tend to assign managing “customer insights” to marketing. Marketing is then supposed to gather feedback from customers so the rest of the organization can use it. But marketing tends to gather insights for its own purposes—i.e., how to market existing products and come up with new features to excite customers. What gets lost are any customer insights around the delivery of the product, the use of the product, repurchase decisions and so on.

Companies with a true learning culture create learning systems that gather and analyze insights regarding customer, employee and competitive trends that together add up to a “single version of the truth”—not several versions, depending on whom you’re talking to. If marketing or customer service are the only departments listening to customer feedback, then product development or engineering may be missing critical insights. A developing trend in supply chain transparency may never get to operations. There are ways to address these issues as an organization, but it’s really a leadership issue. As a leader, you need to create a learning organization and you must make it clear through role modeling that everyone is responsible for listening to the customer and creating a deep understanding of what’s going on in the marketplace. One department might “hold the microphone,” but it’s everyone’s job to listen to what is being said.

3. **For each major capability required by your strategy, build the right feedback loops.** We talk a lot about capability spikes and how critical it is to excel at the few things that really matter to your business. But knowing whether you are, indeed, excel-

Build Learning Systems to Reconnect with Customers and the Front Line

ling requires creating the right feedback loops for each capability. A few years back, the leader of a large technology company related this remarkable story about a flaw in the company's strategy, which emphasized cost leadership. "When we wrote our strategy we did a massive benchmarking exercise to establish our relative cost position—and we were the leader," he said. "But we never again looked to see if we were still leading—and gradually we weren't! We never built in a feedback loop to check our position over time."

What this example highlights is how important it is to create feedback loops with customers as well as your own people. Learning based on the Net Promoter System and employee Net Promoter Scores allows the company to gather customer, employee and market insights on a consistent basis to better understand how well your company is using its capabilities to deliver on its insurgent mission. If your strategy demands you're world class at something, then put in the right feedback mechanism to monitor how you're doing over time so you can stay ahead.

4. **Make the idea of continuous improvement a cultural norm.** The data flowing from these feedback loops is all about creating a culture of improvement. You need to constantly search for new ideas and strike up conversations with those around you to understand how your company can improve. A company without a cultural expectation for continuous improvement is almost never a learning company. You and your people need to care passionately about doing what you do a little better every day.
5. **Build a common language for best-practice sharing and encourage peer-to-peer learning.** As we talk to companies about feedback loops, it becomes immediately clear that you must also create a common language to encourage the sharing of best practices. If you want your people to learn about how best to work with customers, for instance, you need to create a common vocabulary to discuss different customer segments. If you want to compare lessons from different levels of service, you need

to codify and define those service levels. While this has the whiff of complexity, we've learned that without a common syntax and set of measures for the few things that really matter, it's very difficult for the organization to share information and learn from it.

A common syntax also encourages peer-to-peer learning. In most large organizations, the learning systems are "hub-and-spoke." Someone is appointed to a hub position and sends emails out in a 360-degree arc to people at the end of all the spokes (those doing stuff out in the field). Gradually, he or she emerges with a rulebook or set of best practices. On the face of it, there's nothing wrong with that—without a focal point, how do you create a center of excellence, where spoke learning can be collected? But if you probe deeper, many hub-and-spoke systems don't encourage the spokes to talk to each other. Too often, the hub becomes the oracle, the fountain of wisdom, the holder of the "way things get done."

Consider the marketing departments at many companies. Typically, they have a fixed way of doing things, and the marketing heads see their job as telling those lower down (read, closer to customer) how things should be done. One company we worked closely with to restore a sense of insurgency recognized this as a major problem. The leaders had a simple strategy and a set of "nonnegotiables," co-created by the franchise players. But several aspects of the strategy demanded a huge jump-start in learning. Initially, they relied on their old hub-and-spoke system, but didn't get much traction. Then they brought the franchise players together to discuss how to crack one of the nonnegotiables. Various hub executives, such as the heads of marketing and sales, were invited, but the franchise players led the meetings. As the franchise players began to compare notes, there was suddenly a powerful new energy. Leadership realized that the hub loses the ability over time to ask the right questions; the spokes need to chat among themselves. 

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Simplify to Fuel Growth

To simplify is to ensure that your currency is always put to its next and highest use—that it is always invested in advancing strategy, not preserving bureaucracy.

Vocabulary matters in business. One of the problems many large companies face is that bureaucrats have won the vocabulary war. They want us to believe that the opposite of simple is advanced and that to simplify means to dumb down, to cut corners, to somehow be less advanced.

But for our purposes, the opposite of simple is complex. To simplify is to improve systems and processes by making them more straightforward. Importantly, simplification is also a way to redeploy. Streamlining something or making it easier to do allows you to free up resources and move them elsewhere to support other priorities.

This isn't to say that more complexity is always a burden. One CEO I worked with stopped me cold one day when I was hammering on the need to simplify. He argued that sometimes complexity is a good thing. "The longer debates lead to better decisions that help my customers," he said. And, of course, he's right. But my response then is the same as my response now: "Occasionally—and often by pure coincidence—the better process is the more complex process. But it is rare enough in my experience that we should still challenge everything and then make exceptions at the margin."

There are a number of ways scale insurgents simplify their business continuously and relentlessly to free up resources and redeploy them to fund growth. Here are four of the most effective.

- **Act like an owner, and teach the company that to simplify is to redeploy.** Simplification and redeployment don't happen naturally—in fact, the opposite is true in most companies. So it's up to leaders to communicate these imperatives and make sure the organization follows through. Owners of businesses get this. They're always short of cash and trying to figure out how to free up resources from activity X so that they can redeploy them to activity Y. This is the "owner mindset" and it's one of three aspects of the Founder's Mentality.[®] But unless it is nurtured, this idea gets lost. And that's when the bureaucrats take over.
- **Create a culture of continuous improvement and "zero-basing."** The next step a leader must take is to work with the organization to establish continuous improvement in all things as a nonnegotiable. All companies need to ride down the experience curve and constantly apply what they learn to get better in their core capabilities. They must zero-base everything they do. Zero-base is a bit of jargon that means you should regularly examine every process with a fresh eye and ask a simple question: "If we could start over, would we want to do it this way?" Zero-basing is, by definition, disruptive, and many employees will find it threatening. But it shouldn't be. The truth is that zero-bas-

As long as it generates the highest return, owners are indifferent to who controls a given resource at any one time. Bureaucrats don't own the business; they administer one part of someone else's business. So taking a resource from them is always a negative. To simplify gets redefined as to take resources from me. In our work with incumbents, it's often interesting to ask a group of midlevel executives the question: "If this were your business, what would you do?" Suddenly, new ideas for resource deployment emerge from everywhere because the manager is asked to wear an owner's hat for the first time.

The very idea of simplification starts with the notion that we're always looking for trapped resources to redeploy. We are trying to speed things up once we've mastered something so that more resources can go elsewhere. In this context, Eric Garton, the leader of Bain's Organization practice, has a great phrase: "G&A is your capability currency." What he means is that all of the money and resources that you have in your general and administrative budget are potentially available to build critical capabilities. If freed up by streamlining processes or eliminating redundant systems, for instance, this currency could be used to build competitive weapons. To simplify is to ensure that your currency is always put to its next and highest use—that it is always invested in advancing strategy, not preserving bureaucracy.

Simplify to Fuel Growth

ing creates opportunity. If the company can figure out how to do something smarter, it can move people to more difficult and interesting problems. It keeps everyone stretched.

- **Eliminate explicitly the things that get in the way of zero-basing, and penalize leaders who trap resources.** In his book, *Upside Down Management*, John Timpson, chair of the family-owned company Timpson in the UK, sets out an ideal of a company that is stripped down to its essence—a leader with a small team, helping lean teams in the field deliver great services. He then explores why that model is so hard to create and forms a list of reasons, to which we’ve added the idea of obstacles to zero-basing. As we explore this list, we see that all of us are part of the problem. We impose complex systems because we don’t trust people.

We introduce complexity because we can—the new IT systems can capture information on X, so we demand it is reported to us, regardless of

whether it helps or hinders the franchise players (those most responsible for delivering our strategy). We keep and protect resources in our departments because we measure our power by the number of resources we hold, and we use people as contingencies in case something goes wrong. Freeing up resources demands that you talk constantly about what gets in the way of zero-basing, what gets in the way of simplifying, and you try to eliminate root causes. This can and should be a core part of your Monday meeting.

- **Reward those who stop or simplify things, not just those who initiate and complicate.** Finally, leaders need to check their own reward systems. Rewards most often flow to those who say yes to things, who make ideas more complex and bigger, who demand more resources. It’s important that this is balanced by rewarding those who simplify, who say no, who try to make something smaller so that the organization can take those resources and re-deploy them elsewhere. 



Create a Company of Insurgents

Building a culture of insurgency is about generating speed, maintaining an owner mindset and obsessing over the front line and customers.

Insurgent companies thrive on a culture of speed, focus and a direct connection to customers. But as any leader of a large incumbent company can attest, those cultural attributes are often the first casualty of a growing bureaucracy. Meetings and deliberation swallow up speed. Process and systems muffle the voice of the front line and customers. The sheer complexity of the portfolio overwhelms the clarity of the insurgent mission.

As we discussed in the first building block, reviving growth and sustaining it starts with rediscovering the insurgency and locking it in with the people who need to deliver it. But inspiring your people to act like insurgents also involves a concerted effort to revive the insurgent culture that was so critical to the company's ability to win against larger competitors with deeper resources. The key is to reeducate the organization about what it means to act with speed and responsiveness. We've spent a lot of time thinking about how the most effective leaders do this, and what follows are several of the most effective approaches to the challenge.

Identify the “clever people” within the bureaucracy who are clogging up the works with too much analysis, too many PowerPoints and not enough action. These people, who we also sometimes call “energy vampires,” will slow down any initiative if you let them.

Enlist managers at all levels of the organization to run their piece of the company like a founder. The challenge for large company leaders is to instill a sense of insurgency within their teams. That means giving the team a clear mission (related to the overall strategy, of course) and encouraging individuals to take ownership of the team's results. It also means protecting the team from the negatives of a complex bureaucracy while taking advantage of the benefits of scale. Maintaining this balance isn't easy, but it separates great leaders from good ones.

Celebrate execution. We talk a lot about separating out the thinkers from the doers in an organization—and then celebrating the doers. We emphasize this because it's shocking how many company leaders inadvertently

signal to their people that execution isn't important. My best story illustrating this involves a global consumer goods company and what it learned from the founder of a company it acquired.

The acquiring company's CEO was smart and essentially said to the founder, “Look, I think we can learn more about your culture than you'll learn from ours, so I want to leave you as independent as possible. My rule will be that you can take any of our systems that you want but you also have the right to opt out. You're in charge.”

So during the first 18 months after the acquisition, people from the company's finance, supply chain and other departments all met with the founder and talked through their systems. The founder did, indeed, adopt some and opt out of others. It all went quite smoothly until someone from human resources met with the founder to talk through how the smaller company handled the professional development of its salesforce. Below is a pretty good approximation of their conversation.

Human resources: I'd love to understand who your top salespeople are and what you're doing to retain them.

Founder: Sure, here's the list. They are the highest paid employees in my organization. Two made double what I made last year.

HR: Fantastic. And which of them will you be promoting into a sales management position?

Founder: Absolutely none of them. Are you kidding? Why would I demote them to a manager job? I want them to get filthy rich as salespeople.

HR: That's a problem, and it is not our way. Why are you denying them the chance to develop and become leaders in the company?

Founder: Because I don't equate management and leadership. These are my leaders. They love our product and sell it every day. They are the com-

Create a Company of Insurgents

pany. If I need managers, I recruit them from competitors who are trained like you to believe that management is a step up.

HR: We need to talk to the CEO on this one. I worry that we are signaling radically different things to our people.

Founder: Indeed, we are.

So the founder met with the CEO, and here was his pitch:

Everything you are doing is signaling to your people that execution is something to escape from, something to pass through as fast as possible. You are signaling that the managers are the important people and that you must measure your career progress by getting away from the bottom of the company as fast as possible. You dress it up in fancy words about professional development, but at the end of the day, you assign no value to the doers, to the people who execute. I do the opposite. I signal every day that the doers are the heroes, that execution is the only thing that matters, that the people who make and sell our products are all that matters. The rest of us work hard to enable them, but we don't think we're more important or more valuable. The rewards don't flow up; they flow down to the heroes.

The next day, the CEO asked for a zero-basing of the global company's leadership development programs.

Hire to support the insurgency, not suppress it. The previous story is about the ways in which bureaucracy and protocol can strip a culture of its energy. A company's approach to hiring and integrating people can be its best defense. As we've said, growing companies inevitably need to add professional talent to build out the systems and processes that are required to manage greater scope and complexity. The challenge is to do so without undercutting the company's speed and responsiveness. A few key points here:

- Maintaining the insurgency requires balancing systems and heroes, and that means hiring talent that fits with the insurgent mission. This starts with clearly identifying the systems and resources required to deliver on your insurgent mission. You can then match people with the right "unit of experience" to the right mission-critical role. (Unit of experience is a piece of management jargon that means someone who has actually built the system or opened the market that is key to your ambition.) The objective is to match the top talent with the right skills and experience to your biggest jobs.
- Leaders too often look to hire the best and brightest from the blue-chip firms they're trying to emulate, so it should come as no surprise that these people often bring with them a big-company mindset that celebrates systems over heroes. We talk about the value of targeting the black sheep of the blue chips—those who have big-company expertise but found working in a big-company environment stifling and slow. There are rising stars out there who are frustrated with the big-company mindset and energized by a more dynamic, fluid and unpredictable environment. Their interest is in *creating* the right systems and capabilities, not simply *running* those that were already there.
- Effectively bringing new hires on board requires the full involvement of top management. It's the leader's job to help new recruits both understand the insurgent mission and find their place within it. We've written about the importance of telling founders' stories in this context. Stories of heroic feats from the past are one of the best ways for current leaders to draw on the company's history to highlight themes that are critical to today's customers and employees.
- What's important is that new hires understand and embrace the unique set of beliefs and activities—we call them nonnegotiables—that transform the insurgent mission into action on a daily basis. For Anheuser-Busch InBev, the world's largest brewer, this involves laying out a set of shared

“dreams” that link top management with the front line and define how everyone in the company should compete and behave. Matching talent to these cultural imperatives becomes an important part of AB InBev’s recruiting. For some companies, finding the right fit is an ongoing process—and sometimes it requires swift, decisive action to remedy a mistake. Companies such as Zappos have gone as far as offering significant bonuses to people who would rather leave the company. Why?

Because if they aren’t working out or fitting into the company’s rigorous, hard-driving culture, paying them to quit is worth the expense.

The key takeaway here is that building a culture of insurgency is about generating speed, maintaining an owner mindset and obsessing over the front line and customers. Not everybody is cut out for it. But finding and nurturing the ones who thrive in such an environment is a big part of the journey to scale insurgency. 

Create a Company of Insurgents



The Firm of the Future

The prevailing paradigm that has underpinned business for the past 50 years is under review. The simplest version of that paradigm is that firms exist first and foremost to deliver returns to their shareholders' capital—and the sooner they deliver it, the better.

In the world of the firm, something is changing. It's not that your local bookstore went out of business. Or that your taxi driver now rates you on a 5-point scale. Or that anything can now be outsourced, allowing even the smallest firms to rent capabilities on demand. It's more profound than these.

The prevailing paradigm that has underpinned business for the past 50 years is under review. The simplest version of that paradigm is that firms exist first and foremost to deliver returns to their shareholders' capital—and the sooner they deliver it, the better. We will describe the challenges confronting this paradigm. But the first question we asked as we observed the changes was this: Is such a shift unusual? Has the idea of the firm been consistent over time, or has it changed before?

What we learned from looking back was that, similar to other human endeavors, the idea of a business has evolved slowly but profoundly through a series of what we can now see as definable eras: periods when particular strategies, corporate forms and styles of management became the dominant norm. We have observed five distinct eras since the industrial revolution (see infographic). These eras include the current period, which we call the “shareholder primacy” era.

Transitions between eras play out over decades. The edges are fuzzy and often become clear only in hindsight. Some elements of the previous era remain in place, while others evolve into something quite different. The shareholder primacy era, for example, retained and enhanced several features of the previous period, including the importance of professional managers and the pursuit of scale to achieve leadership economics. But companies in the current period refocused on their core businesses, shed noncore assets, outsourced more and more functions, and made their remaining assets sweat harder. That focus, combined with a high rate of mergers and acquisitions, fostered increasing concentration within industries. CEOs and management teams, often holding significant equity stakes designed to align their interests with those of other shareholders, dedicated overwhelming attention to delivering shareholder returns. The ones who succeeded earned substantial rewards.

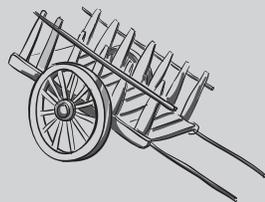
Today, the shareholder primacy era is under pressure from multiple sources. Technologies, markets and customer expectations are all changing rapidly. To cite just a few examples:

- As the economy has become more service-oriented and increasingly digital, the importance of speed has increased dramatically. Those who can't keep up fall by the wayside. For instance, five-year survival rates for newly listed firms have declined by 30% since the 1960s, according to new research from the Tuck School of Business at Dartmouth College.
- Capital is superabundant. Global financial assets are now 10 times global GDP, making talent and ideas rather than capital the binding constraint on growth in most large companies.
- Industries have become more winner-take-all. A Bain study of 315 global corporations found that just one or two players in each market earned (on average) 80% of the economic profit.
- The pursuit of shareholder value itself increasingly focuses on the short term, driven by shorter management horizons and greater pressures from activist investors. Leverage, buybacks and dividends are up, while long-term investments in growth have lagged.

Within the firm, it feels harder than ever to translate strategy into rapid and effective execution. In our conversations with CEOs, we consistently hear how difficult it is to free up trapped resources to mobilize against important challenges and opportunities, despite the obvious and growing need for speed. Many companies are stuck in a resource-allocation doom loop that, despite best intentions, allocates next year's resources more or less in line with this year's revenue. It's a formula for incremental improvement, not one for reacting to new competitive threats or new customer needs—or for proactively creating new demand.

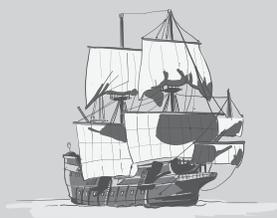
Meanwhile, many younger employees, who now form the largest generational cohort in the workforce, are increasingly skeptical about corporate career paths. Some prefer the gig economy of Uber, TaskRabbit or

A Brief History of Business



Precursors to the firm (800 BCE–1500 CE)

Businesses with at least some resemblance to the modern firm have been around a long time. Guild-like *shreni* played a central role in the trading and craft production sectors of India's economy between the eighth century BCE and the end of the first millennium. Song dynasty China had modern-sounding capital structures such as partnerships and joint stock companies. Merchant collectives grew in importance in medieval Europe.



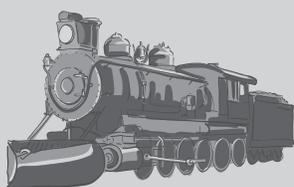
Trading empires (1500–1800)

As international trade became synonymous with geopolitical power during the 16th and 17th centuries, the holders of trading routes—capital-intensive, decentralized enterprises that were tightly connected to governments—began to organize themselves to trade their stocks and bonds on exchanges they created, and to appoint boards of directors. Organizations such as the Dutch and the British East India companies came to dominate the world economy.



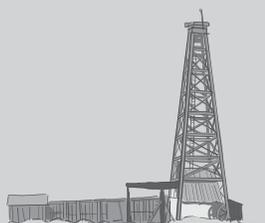
Scale apprenticeships (1790s–1830s)

Companies began to capture the advantages of mechanization, the power of steamboats to lower distribution costs and specialization of commercial activities (in finance and transport, for example). While some of their practices were unchanged from the trading empires, these firms were owned by partnerships, families and individuals such as Josiah Wedgwood. For the first time, the firm itself became the primary unit for value creation.



Early industrialists (1830s–1870s)

Companies responded to a world of accelerating production speed, urbanization and telegraph communication by growing ever larger. The US railroad companies may be the first truly modern management organizations, and their rise led to advances in accounting methods, the first large groups of salaried middle managers and more sophisticated capital markets to finance investments. Consumerism began to take off, as brands emerged and firms such as Singer and Marshall Field began to innovate around marketing.

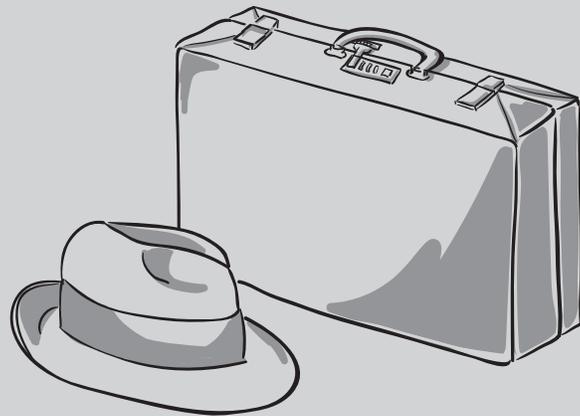


Trusts (1870s–1920s)

With continued reductions in the costs of moving goods (for example, ocean freight advances) and information (for example, the telephone), a new era emerged that was characterized by vertical and horizontal integration. These industry-spanning companies, often led by iconic founders such as John D. Rockefeller, came to monopolize production of oil, steel, rubber and many other commodities and services.

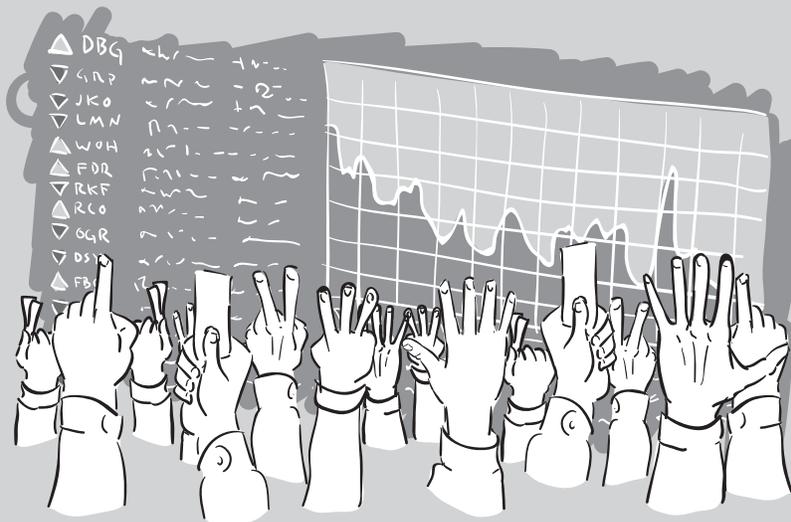
The professional management era (1920s–1970s)

As trusts were outlawed, the founder-led company gave way to professionally managed corporations such as Alfred P. Sloan's General Motors—large multidivisional enterprises owned by diversified retail investors and run by powerful executives. The age that these companies ushered in defined the idea of the firm in the world's developed economies for much of the 20th century. At its height, this innovative, quasiscientific management system encouraged the rise of management as a career, separate from ownership. The professional management era reached its zenith in the 1960s, as large conglomerates expanded rapidly, backed by a belief in executives' ability—with the right set of management tools—to allocate capital effectively across a diverse portfolio of businesses.



The shareholder primacy era (1970s–present)

The turmoil of the 1970s saw the rise of a new, more aggressive idea of the firm, led by thinkers such as Michael Jensen. The new theory attacked conglomerates and emphasized unlocking value from trapped assets. It argued that managers should be disciplined by debt and incented by the promise of huge rewards tied to shareholder interests. Combined with a host of regulatory and tax changes, the new thinking kicked off a boom in leveraged buyout activity, as the rush was on to find hidden sources of value within sleepy incumbents.



Amazon Mechanical Turk. Others join corporations but plan on staying for only a few years. Though we can't yet know how this generation's work lives will play out, many of its members today place a higher value on new learning and new experiences than on traditional incentives such as moving up the corporate hierarchy.

Many of these younger employees, along with many older ones, also want to work for a company that pursues a higher purpose in addition to profits. CEOs have become acutely sensitive to this concern; in conversation after conversation with leaders, we are struck by how quickly the talk moves to how a company can engage and inspire team members with a vision of making a difference in the world. Jack Ma, founder and executive chairman of Alibaba Group, puts it clearly: "Customers are No. 1, employees are No. 2, and shareholders are No. 3." Even Jack Welch, the shareholder primacy era's greatest maestro as CEO of General Electric, has more recently reflected, "Shareholder value is a result, not a strategy. ...Your main constituencies are your employees, your customers and your products." A growing number of CEOs see a higher purpose not as a side issue or fluffy topic but rather as a central element of their culture, people and customer strategies.

Externally, governments and public opinion have become more activist, whether through regulation, the courts or simply exerting pressure on CEOs. Critiques of inequality and the role of the modern corporation in feeding it have increased. Productivity in most developed countries is stagnant, as are most households' incomes, leading to a global backlash against trade and immigration. Large companies don't necessarily create new jobs in their home markets; job growth in the US and other developed nations comes almost entirely from young, small businesses, and the rate of new business formation has been steadily falling in recent years.

The cumulative impact of these pressures has already set in motion another profound shift in eras, which, over the next 10 years, will result in the biggest change in business since the 1970s. The fundamental goals of strategy will not change: Companies will still win by achieving a lower or better cost position, delivering superior customer experiences, or controlling an indus-

try standard. But virtually every element of how firms pursue these strategic goals will look quite different.

What will be different about the firm of the future?

Our experience with clients in many industries around the world points to five emerging themes for leadership teams: scale and customer intimacy; professional managers vs. mission-critical roles; assets vs. ecosystems; capital gets a reset; and Engine 1, Engine 2. In each area, we see many examples of change today, but we view these merely as green shoots compared with what may come next.

Scale and customer intimacy

Some companies become synonymous with an era and help to define its characteristics. General Motors—the first company to create a multidivisional structure—exemplified the "professional management" era. GE, with its stock price rising nearly fortyfold under Jack Welch, typified the shareholder primacy era. Today, it is tech-based disrupters such as Google, Facebook, Tencent, Tesla, Alibaba and Amazon—as well more established companies like Vanguard, Starbucks, Haier and LEGO—that symbolize the emerging era. In their own ways, they each exemplify a new firm objective: to compete using the benefits of scale and the benefits of customer intimacy.

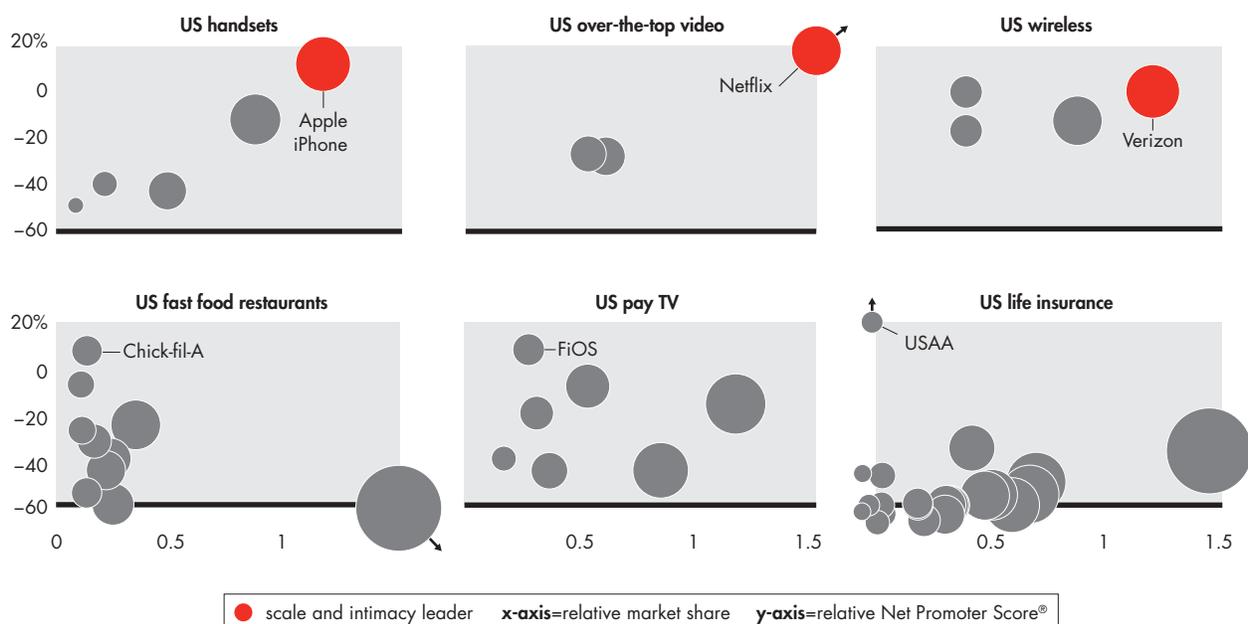
This is a change from the past. A long-held central belief of strategy has been that you can be big and low cost, or you can be focused and differentiated—but not both. We have studied dozens of industries and found practically no correlation between scale leadership and leadership in customer advocacy. In fact, sometimes it's an inverse relationship—that is, the bigger the firm is in its industry, the less likely it is to be the customer advocacy leader. But what if you could drive scale and experience and, at the same time, learn quickly what customers want and react to their changing preferences? Today, new technologies and analytic techniques are making it possible to minimize or eliminate the traditional trade-off.

Although it is enabled by technology, this change is not just about the tech sector. Nordstrom, the \$14 billion apparel retailer long famous for its strong customer advocacy, has grown its revenue by 50% over the past five years in part through a series of investments to get even closer to customers. These include software that allows store associates to communicate with customers via texts and the purchase of Trunk Club, a personal shopping service. Starbucks delivers intimacy through the baristas at the front line while investing in a superior mobile experience, personalization and value based on loyalty program insights. Vanguard, the mutual fund giant, has combined large scale with technology and a focused, repeatable business model to drive down the cost of direct and advised investing. Its industry-leading Net Promoter Score® is based on a rigorous customer insights system and increased investments in frontline service. Figure 1 shows three more examples of firms that enjoy high relative market share and high rates of customer advocacy. Green shoots such as these show that even established companies are learning to transcend the traditional split between scale and intimacy—and to master both.

Underlying the historic trade-off between scale and intimacy is another very real tension—this one between size and speed. A constant throughout all eras, especially the professional management and shareholder primacy eras, was that scale matters—particularly scale relative to your competition. Relative market share, properly defined, was highly correlated with profitability and return on capital in most industries.

For firms of the future, scale will still offer potential benefits. But the dynamics of scale are changing. First, it is now possible even for small firms to access the benefits of scale without owning assets or capabilities themselves. Amazon Web Services, Salesforce, Workday and ServiceNow are at the forefront of a new wave of cloud-based capabilities that others can rent for a price. Second, the importance of speed relative to scale has increased across multiple fronts: time to market, time to gather and learn from feedback, time to make and execute decisions. Speed is now essential to customer intimacy. If people in customer-facing roles can make quick decisions and continuously improve their products and services, they will outstrip competitors. Third,

Figure 1: The firm of the future will no longer need to choose between scale and intimacy, thanks to technology



Sources: Euromonitor; eMarketer; MoffettNathanson; Barclays; SNL Knowledge Center; Bain analysis

The Firm of the Future

just as digital technology and changing consumer expectations are pushing organizations to raise their metabolic rate, size often gets in the way. Bain studies of organizational fitness reveal that companies with more than \$25 billion in sales are more likely to be slower at decision making than their smaller competitors.

The experience curve was an essential tool for realizing the benefits of size: With more scale and experience comes the opportunity to decrease your costs. But firms of the future will have to develop a new kind of experience curve, one that takes speed as well as scale into account. They will need metrics that track their metabolic rate. They will need systems of operation that allow teams to work quickly on a specific problem, solve it and move on, rather than staying trapped inside annual planning and activity cycles. One sign of the pressure companies already feel to speed up is the rapid spread of Agile methods from IT departments to other parts of organizations. As our colleague Darrell Rigby and his coauthors have observed in *Harvard Business Review*, National Public Radio now employs Agile tools to create new programming, John Deere to develop new machines and Saab to produce new fighter jets. Agile burndown charts are a rough-and-ready metric that lets teams see how fast they are working. One John Deere unit using Agile techniques compressed innovation cycle times for its next-generation tractors by as much as 75%.

Achieving full potential from such methods requires robust organizational learning systems, and the best ones that we have seen are peer-to-peer. Enterprise Rent-A-Car is a good example. At Enterprise, the branch makes most of the key decisions that affect customer satisfaction; branch managers have great discretion to add or change features to improve the service experience, and they have the responsibility to follow up with dissatisfied customers. High-impact ideas are shared from branch to branch: Famously, a complimentary cold bottle of water in the shuttle bus, implemented independently by a driver in one airport branch, led to significant improvements in customer advocacy. News spread quickly via an all-branch phone call, and within 72 hours, every branch had made water bottles part of its service.

What this could look like in 2027: Firms will combine big data, which will be pervasive, with human intelligence from frontline interactions with customers, and the resulting information will all be instantly visible throughout the company. Transactional activity will be almost entirely automated; algorithms and machine learning will simultaneously reduce the need for routine interactions while opening up new avenues for customer engagement. Cloud-based service firms will become the default providers of back- and middle-office functions, dramatically shrinking the size of the average firm. Some firms will create enormous variety, with each offering carefully tailored to target customers—who may not even know they are dealing with the same large company. Products, services and experiences will blur.

Professional managers vs. mission-critical roles

The best companies have articulated not just a higher purpose but also a bold, insurgent mission around how they will serve customers. This, too, is a central element in their business, culture and people strategies.

Having defined a clear mission, a firm can then identify the roles that are most central to delivering it. We call these the mission-critical roles. At the home furnishings company IKEA, for example, the mission is to create well-designed products at breathtakingly low prices, which demands low initial product costs and relentless ongoing cost reduction. The mission-critical roles include purchasing and product design. At Yonghui, the supermarket chain, the mission is to provide safe food for Chinese families. That elevates supply chain teams working with Chinese farmers to a mission-critical role. Such roles should include people who deliver the benefits of both scale and customer intimacy—the two sides of the organizational matrix that typically come together only at the executive committee level. These roles will be at the heart of the firm of the future, and they will be integrated much closer to the customer to shorten feedback loops and increase speed and agility.

This is a pronounced shift from the shareholder primacy and the professional management eras, both of which viewed professional managers as central to a company's performance. The organizational goal was

to advance the best performers into management—to take expert bricklayers, so to speak, and make them managers of other bricklayers. Rewards and recognition flowed accordingly. In the coming era, the priority will be to create communities of expertise within the firm or within its ecosystem—think guilds of bricklayers—to reorient investment around the key roles that deliver the customer mission and to place the best talent in these roles. The payoff can be significant, as top talent can dramatically outperform average talent in these kinds of roles (see Figure 2).

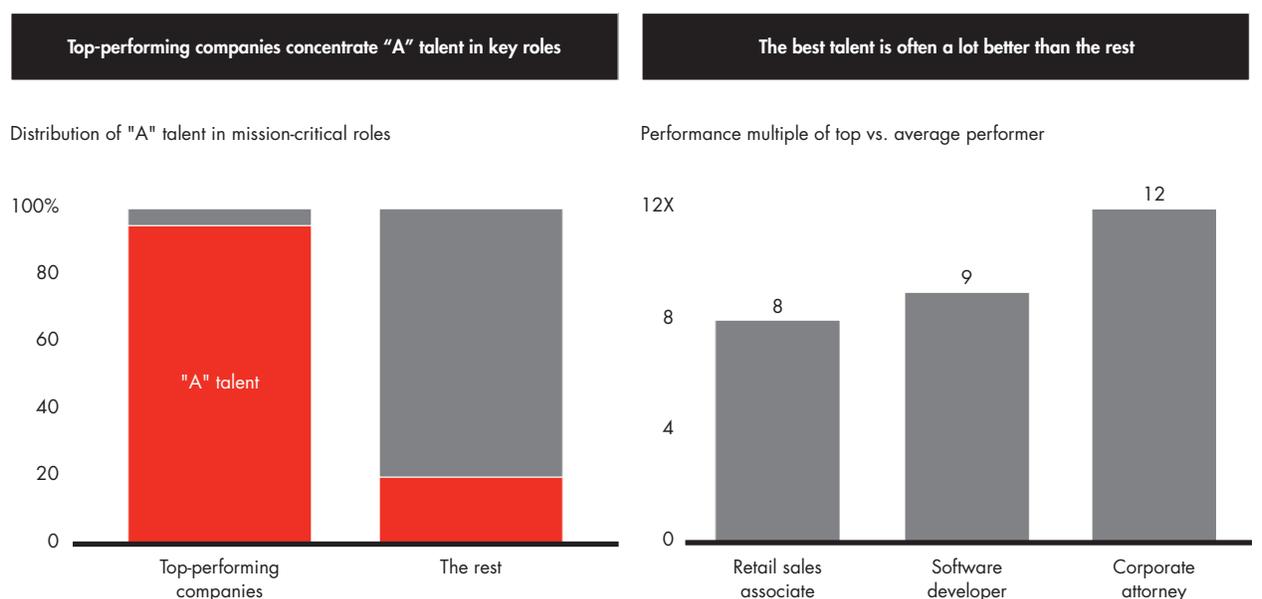
The green shoots that we have seen so far include the music streaming company Spotify, where the mission-critical roles are filled by software engineers. The company organizes its engineers into self-managing teams of no more than eight members, known as squads, each with end-to-end responsibility for a cluster of features. Squad members decide what to build, how to build it and who they need to work with to ensure interoperability. The game designer Valve uses an even more radical model, one without supervisors or structure,

where the team chooses what it wants to work on and gets publicly rated by other team members.

Here, too, the changes are not limited to Silicon Valley. At Haier, the \$30 billion Chinese white goods manufacturer with more than 70,000 employees, the core organizational units are self-organizing teams built around the mission-critical roles of marketing, design and manufacturing. Teams are fluid, focused on specific projects and staffed through an internal market for talent. Recently, Haier has further transformed this system by moving to eliminate most support teams, which historically played a coordination role, and opening up its teams to external partners through what it calls a “networking strategy.”

Properly designing and resourcing mission-critical roles will change the rest of the organization. Budgeting and planning will have to be revamped. Firms won’t need as many professional managers as they commonly have today. Managerial spans will widen considerably as more information flows become peer-to-peer (as at

Figure 2: The firm of the future will need to identify mission-critical roles and allocate the best people to fill them



Sources: *Time*, *Talent*, *Energy* (Harvard Business Review Press, 2017); Bain analysis

Enterprise Rent-A-Car) rather than hub-and-spoke. The definition of leadership will change, with multiple tracks available. Some tracks will recognize and reward the efficient management of routine processes, while others, just as highly prized, will value the coaching and development of apprentices as they migrate from one role to another. We will increasingly see continuous and public peer feedback and performance reviews, allowing internal and external markets for talent to clear fast. Already, firms such as GE, Microsoft and Adobe have dropped their formal performance-ranking systems.

What this could look like in 2027: With most activity automated or outsourced, almost all remaining roles will be mission-critical. Most work will be project-based, with Agile teams the dominant organizational unit; such teams will blend internal and external resources to provide the right skills as needed. Teams will be self-managed, leading to a vast reduction in the number of traditional managers. Employees will have no permanent bosses, but will instead have formal mentors who help guide their careers from project to project. Coaching and feedback will be real-time and continuous, with performance reviews transparent the way social media ratings are today.

Assets vs. ecosystems

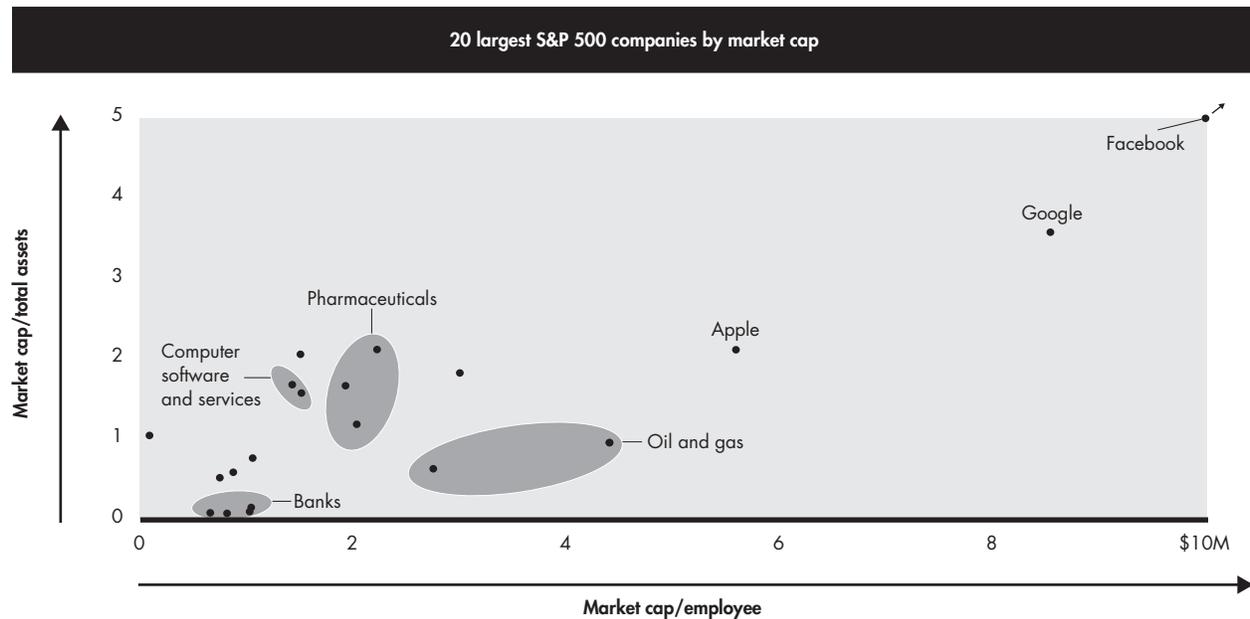
Turn the clock back a century, and you find that many leading firms were vertically integrated. Henry Ford famously owned the farms that raised the sheep that provided wool for automobile seat covers—plus the iron ore and coal freighters that fed Ford's sprawling River Rouge manufacturing complex. Firms such as Ford created an ecosystem under one corporate umbrella. Later, Japanese keiretsu and the Korean chaebol created ecosystems out of legally separate but affiliated companies cooperating strategically and financially. Today, the automotive industry is split vertically, but external collaboration is essential both across industry boundaries and among competitors. For example, BMW is teaming up with Intel and Mobileye to work on autonomous vehicles, and BMW and Toyota are collaborating on a new-generation sports car.

The shareholder primacy era accelerated the idea of industry ecosystems with its embrace of outsourcing. Starting with noncore activities, but eventually stretching through almost any aspect of a firm's value chain, many companies, large and small, took the opportunity to shed assets and rent the capabilities of other firms. Today, there is literally no part of a business value chain that cannot be outsourced. The successful outsourcers offer their customers scale, experience, methodologies and variable economics that they could not achieve on their own or that they simply prefer to hand off to others in the interest of staying ruthlessly focused on what they uniquely can do. The scale of investments required to win in outsourcing is staggering; Foxconn, for example, is planning to install tens of thousands of robots in its factories just in the next few years.

Increasingly, outsourcing can also be provided by individuals who want only a transactional relationship with a firm. According to the most recent estimates, as much as 40% of the US workforce engages in a variety of nontraditional employment arrangements, including part-time and independent contractor work, and employers are now able to access this labor in diverse fields, such as journalism, data analytics and even investment banking. At an extreme, technology-based platform companies such as Google, Apple and Facebook have earned huge revenues from very small employee bases—\$2.1 million per employee at Apple and \$1.4 million at Facebook vs. \$0.7 million per employee at Procter & Gamble and \$0.3 million at Wells Fargo. Calculations of market capitalization per employee show similarly skewed results (*see Figure 3*).

The influence and disruptiveness of platform companies affect much of the business world these days. Platforms can come in many types, including a de facto standard such as Microsoft's Windows, a trust architecture such as Airbnb's, a user base such as Facebook's and Cisco's "virtual manufacturing" system. Combining elements of disintermediation, profit pool migration, globalization, speed and customer transparency, many of these companies are emerging as critical pivot points in their sectors. And the model is spreading.

Figure 3: Technology-based platform companies have earned huge values from relatively smaller employee and asset bases



Sources: Compustat/company annual reports

Freight logistics, genetic sequencing, travel, order management, toys, customer relationship management software, consumer lending, digital advertising, payments, fashion, car rides, asset management, publishing—it might be easier to list industry sectors in which no one has yet thought to attempt a platform model. Listening to the rhetoric, it's easy to assume they all succeed, but they don't. Twitter is struggling; Napster was a platform business that didn't work; so was MySpace.

For all the buzz about platforms—we call them “type 1” firms—the vast majority of companies will not deploy this model themselves. Instead, we see two other viable models emerging: outsourced service providers (“type 2” firms), and product and service companies (“type 3” firms). It is not a credible scenario that all value will flow to type 1 firms. Governments will react; consumers will react; the extremes of firm behavior will be reined in. Uber's ascent, for instance, is being challenged by judiciaries acting on behalf of drivers worried about their rights and legal protections. Amazon is no longer

just the disruptive enemy but the most important partner to thousands of growing brands.

The art for any firm—type 1, 2 or 3—will be to figure out what to do itself and then to form win-win partnerships with firms in the other two categories to maximize value for customers. This will require a new set of skills, and many people in the firm will be engaged with managing partners who might also be competitors or customers or suppliers. A paradox here is that firms with strong cultures, a positive outcome of having a clear mission and focus on front-stage roles, are often the worst partners. The firm of the future will require leaders who can understand the industry in terms of these firm types and create a sense of mission across partnerships.

What this could look like in 2027: Platforms will continue to proliferate and pursue a winner-take-all dynamic, constrained in part by social and regulatory pressure around the world. Both platforms and outsourcing will require huge scale, but small product and service com-

panies will be able to use that scale to thrive as well. “Everything as a service” will be available on demand, from a mix of horizontal (cross-industry) and vertical (industry-specific) outsourcers, with the latter often set up as joint ventures by industry participants. There will be ongoing battles at the seams between the three types of companies. Gig economy platforms will become a material force for building community and increasing bargaining power among skilled workers, much as unions have done historically for lower-skilled workers.

Capital gets a reset

The shareholder primacy era evolved during the late 1970s in part from a conviction that management and shareholder interests had become misaligned—the classic agency problem. Managers were undisciplined in spending investors’ money, pursuing profitless growth and wasteful diversification, as they owned few shares and had little of their wealth tied up in their companies. There was some merit in this criticism.

Over time, however, the pendulum has swung back, and today it sometimes seems that CEOs are highly skeptical about investing in their businesses. Despite a steady decline in the weighted average cost of capital, which we estimate is now between 5% and 6% for most large companies, hurdle rates have remained stuck at 12.5% in 2016. Capital expenditures and research and development budgets have declined on a relative basis, while buybacks and dividends have increased. According to *Reuters*, 1,900 companies repurchased shares between 2010 and 2015, and within this group, buybacks and dividends amounted to 113% of capital spending, compared with 60% in 2000 and 38% in 1990. Meanwhile, spending on R&D has averaged less than 50% of net income, compared with more than 60% in the 1990s.

CEOs, CFOs and corporate boards have voiced increasing dissatisfaction with this dynamic, and many institutional investors such as Vanguard, BlackRock and Warren Buffett have urged greater long-term focus and reinvestment. At the same time, however, activist investors

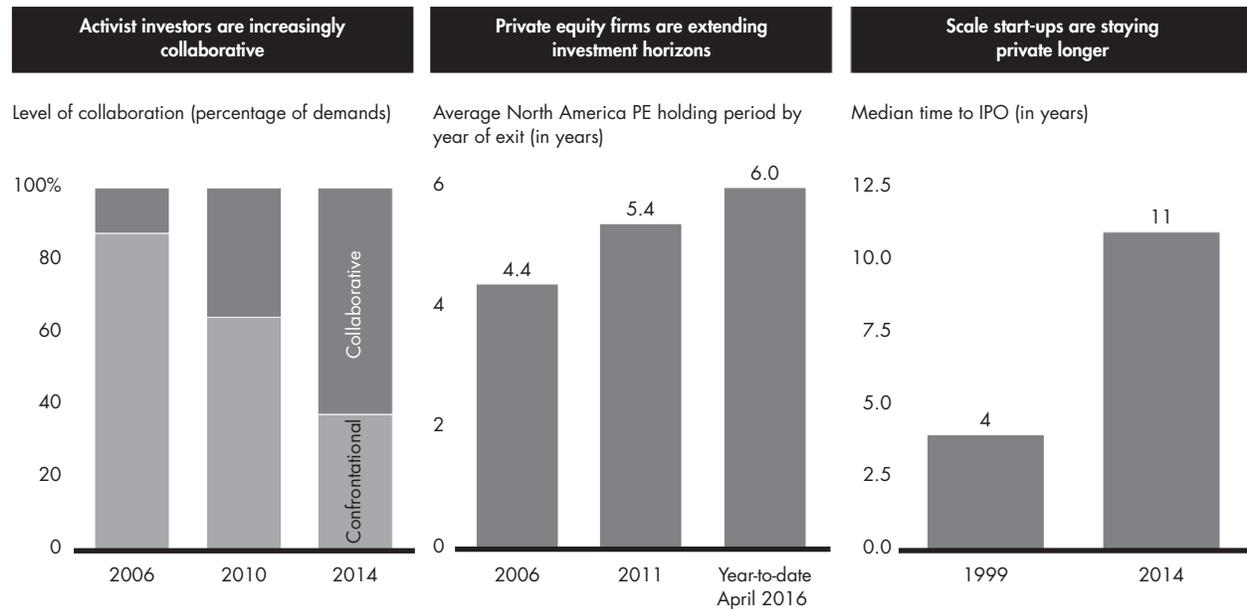
have been increasingly successful in applying shorter-term pressure to the CEO/CFO agenda, despite controlling only about \$150 billion in assets under management (compared with the \$30 trillion held by mutual funds).

Alongside the headlines from activists, a host of alternative models is gaining traction (see *Figure 4*). Private equity firms have had to lengthen their investment horizons to create value with their portfolio companies, from 4.5 years in 2006 to 6 years in 2016; Blackstone, Carlyle Group and others have recently launched funds with longer target holding periods. Scale start-ups—the leading engine of job creation—are staying private longer, on average 11 years in 2014, and, in some cases, are even going straight from venture to private equity ownership to provide liquidity to early investors and employees. Nasdaq’s Linq platform now enables many of the functions of public markets (shareholder services, share registries, even secondary trading) for privately held companies.

New vehicles are also emerging to connect investors to specific investments within a firm—investments that are suited to their risk profiles and that do not involve owning a share of the whole entity. In healthcare, Pfizer and other pharmaceutical companies have lined up one-off funding for the development of specific products, matching their capital needs with the risk preferences and expertise of individual investors. In 2014, Unilever issued a “green bond,” offering clarity and transparency around the use of proceeds, including a set of clearly defined criteria on greenhouse gas emissions, water use and waste disposal for the projects funded. Peer-to-peer lending and crowdfunding platforms such as Kickstarter and GoFundMe are another aspect of this evolution.

Traditional equity and debt raising will continue to be vital to the firm of the future, but capital structures are likely to be more flexible, offering the potential to align investors more closely with the firm’s business strategies and time horizons, and to link different types of investors to different types of investments. This will bring its own set of pressures; the emer-

Figure 4: New ownership and investment models are evolving to better match the time horizons of the firm with the risk needs of the investor



Notes: 2006–2008 data from Preqin 2015 Private Equity Spotlight report; 2009–2016 from data from Preqin 2016 Private Equity Spotlight report
Sources: Bain Activist Investor PoV (2015); Preqin Private Equity Spotlight reports (2015 and 2016); Andreessen Horowitz

gence of these new vehicles will offer new potential for activists to target specific pieces of firms, and so will increase the sophistication required from a company's investor relations strategy.

What this could look like in 2027: The line between public and private ownership will blur. Large public companies will pursue long-term anchor investors and adopt the governance practices of leading private investors, while larger private companies will trade in secondary markets that require enhanced investor protections. The line between debt and equity will also blur, as off-balance-sheet project-based equity becomes a significant funding source. Investors will invest in projects rather than companies, creating a new ecosystem of financial intermediaries to help them identify and gain access to the best projects. Activist investor techniques, both short and long term, will increasingly be adopted by traditional money managers in pursuit of alpha.

Engine 1, Engine 2

Companies have always pursued innovation in their core business. Clayton Christensen has called these “sustaining innovations”; they bring incremental improvements in performance or value. But what about the innovations that upend an entire industry? They are all around, even if leaders sometimes find it hard to believe it will happen to them. To thrive in this environment, firms will need to dial up their ability to see around corners, spotting trends before they are well formed and mobilizing resources quickly to adjust to changing circumstances. Seeing around corners is usually a fool's errand, there are ways to improve your odds of success. It pays to maintain a high external orientation, staying close to customer needs as well as to moves by current and potential competitors, and to learn from ecosystem partners. It's also important to tap into the collective knowledge of your internal resources, particularly the front line, on a much broader scale than most businesses habitually do.

The Firm of the Future

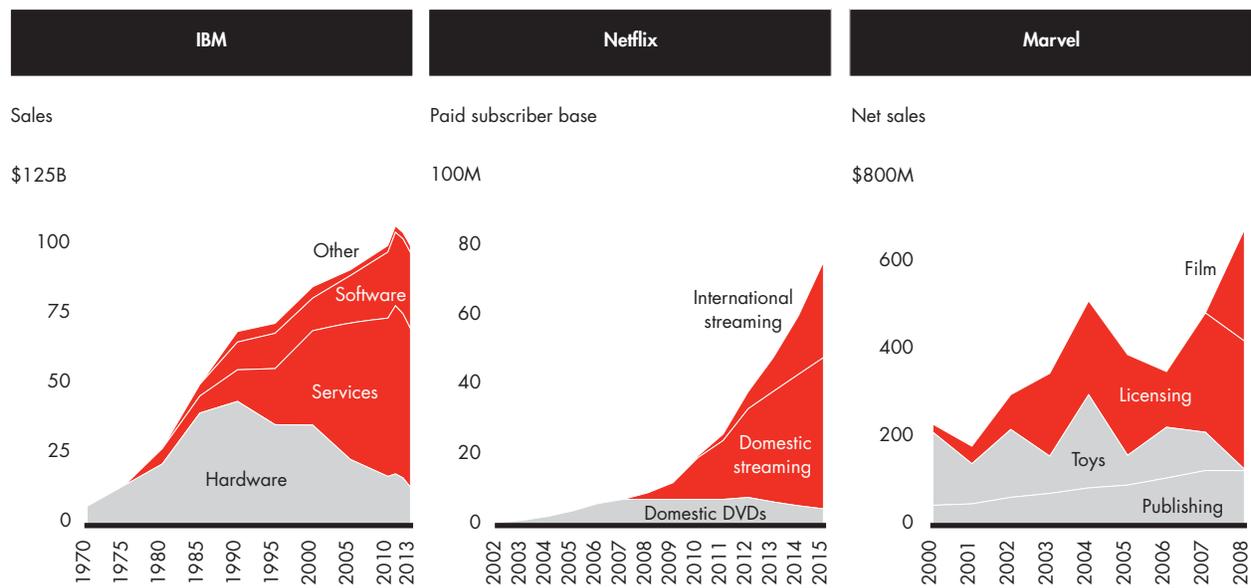
Whether the threat is visible and imminent or invisible and theoretical, leaders of the firm of the future will be toggling between running their core—today’s engine—as efficiently as possible, looking for sustaining innovations there. They will also need to create a new business—tomorrow’s engine—that reflects new customer needs, new competitors, new economics or all three.

This “Engine 1, Engine 2” approach is what allowed Marvel to continue to develop its publishing core while simultaneously expanding the character licensing business that has become its new core. Likewise for Netflix: From the mid-2000s, the core DVD business was progressively milked to fund the rapid growth of the streaming business. IBM has shrunk its traditional hardware business while dramatically expanding its newer software and services offerings (see Figure 5). In each case, moves into Engine 2 meant new competition, new cost structures and new economic models to run in parallel, and the new business took at least five years to flourish.

Defining and building an Engine 2 requires creativity on several fronts. It is not enough to define a compelling vision or point of arrival; that is often the easy part. The task also requires identifying a first step that is focused and that allows rapid testing of the core idea, as well as thinking through subsequent moves that could be opened up by initial success. In many ways, this was Steve Jobs’ genius at Apple. Everyone had the same idea for the first-generation move. But he was two generations ahead, and so understood the value of the ecosystem that could be created by keeping hardware and software vertically integrated.

The two engines demand different approaches. Discipline, repeatability, small continuous improvements, careful risk assessment and conventional financial analysis are the hallmarks of Engine 1. Agility, creativity and leaps into the financial unknown with the expectation that only a few investments will ultimately pay off are the chief traits of Engine 2. Running both in parallel raises some tricky operating model questions

Figure 5: The firm of the future will manage two types of businesses—“Engine 1” of its core and “Engine 2” of its more innovative businesses



Notes: Margin defined as operating income before tax; figures for 1995 based on 1994 and 1996 average
Sources: Harvard Business Review; annual reports

such as these: To what extent should Engine 2 redefine Engine 1? How and when should innovations get folded back into the core (and who decides)? And how do you manage the allocation of talent and other resources across the company? Perhaps most fundamentally, is it better to build Engine 2 yourself, or is it better to monitor capabilities being developed externally and then acquire them? For the most successful firms in the coming era, we believe managing both engines will be required. These firms will use their Engine 2s not just as sources of new growth but as vehicles to transform their companies into firms of the future.

What this could look like in 2027: Companies will set up and manage Engine 2 under the corporate umbrella but will likely structure, staff and fund it separately. Resource allocation will be a point of integration across Engine 1 and Engine 2, and will be continuous and zero-based. Top talent will rotate through both engines, learning a balanced set of skills and fulfilling mission-critical roles on both sides of the business.

The leader of tomorrow

Leading and working in a firm of the future will feel different. It will sometimes feel as if you are venture capitalists, thinking in terms of payback over five to ten years or longer. Venture capitalists expect many of their investments to fail and that they will make their money on the few that turn out to be home runs. When they evaluate investments, they look for the chance to create whole new markets, or to back a product 10 or 100 times better than what exists today. They are relentlessly focused on mission-critical roles, and they naturally think about creating value through ecosystems.

Other aspects will feel like a professional services firm. Lawyers, accountants, consultancies and engineering firms work in ways unlike most corporations. They mobilize teams of professionals to attack specific business problems. When the problem is resolved, the team disbands, and the people move on to another project. Less constrained by annual functional business planning, this way of working has a faster speed and flow.

And still other aspects will feel more similar to a scale start-up. Examples include raising money from the right investors for specific programs, going all-out to hire and retain talent for the mission-critical roles and designing the organization around those roles, and keeping professional management systems simple to preserve focus and efficiency.

Putting all this in place will be a profound leadership challenge. At an organizational level, many new capabilities will be needed: new technology assets and skills, new deals for talent, new and expanded types of partnerships, new managerial tools and metrics, new balance sheet approaches. At an individual level, leaders will need to evolve their own skills, shifting from management to inspiration and coaching, adding value through enabling the mission-critical roles rather than controlling information flows, building strong cultures not just within the firm but with partners as well. They will also need to guide their people through the mother of all change-management journeys.

Previous shifts in eras have seen more failures to adapt than success stories of navigating the transition. Many companies have done it once or twice (IBM, Coca-Cola, Goldman Sachs), and firms such as GE and Nestlé have done it as many as three times. But these shifts are rare enough that most leaders have no direct experience with them. How should they approach the journey? Where to even start?

Here are five questions leaders can ask, and some practical ideas for how to start addressing them:

- **What combination of scale, speed and customer intimacy do we need, and how can we deliver this better than current and potential competitors?** This is partly about strategy (what is the relative importance of these elements for your business, and how do you make investment trade-offs?) and partly about ways of working (how do you use technology and organization to minimize these trade-offs?). No-regret action: Translate your strategy into 25 to 50 specific market engagements (micro-battles), and deploy fast-moving teams that include the

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people who deliver the benefits of scale and intimacy to prosecute these battles.

- **How close are we to getting full potential value from our mission-critical roles?** Answering this question requires alignment around what these roles are, deployment of your best talent in these roles and understanding what you are doing to support this talent vs. holding it back.

No-regret action: Identify your mission-critical roles, and develop a plan to put your best talent in them. Establish a council to connect and build engagement within this group, and install rapid market and internal feedback systems to drive peer-to-peer learning.

- **What type of company are we—platform, outsourced service provider, or product and service provider—and how are we partnering across this ecosystem?** As technologies such as cloud continue to evolve, as outsourcers develop more capabilities and as gig economy platforms expand, ecosystems will grow and present more partnership options than ever.

No-regret action: Map your entire ecosystem by activity, and assess your degree of capability in each activity as compared with external options.

- **What would we do if capital and investor requirements were not a constraint?** Said another way: Are you able to identify more good ideas than you are willing or able to fund? If so, it's worth testing whether this is really an unbreakable constraint.

No-regret action: Segment your investor base by degree of alignment with your strategy along two dimensions—time horizon and risk appetite.

- **What are we doing today to position our business for 10 years from now?** This question is not just about long-range scenarios but about how you build flexibility into resource allocation and develop the capability to see around corners.

No-regret action: Establish an Engine 2 incubator, and segment the company into Engine 1 and Engine 2, with clear guardrails and operating models for each, and clear rules of engagement between them.

These actions are not meant to be exhaustive, and we recognize that they just scratch the surface of the retooling that many companies will need for the new era. While the exact shape of the firm of the future is unknowable, history suggests that at a transition point between eras, change can happen abruptly. In such an environment, it pays to be bold, to think long term and, above all, to act. 

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