Strategy Creation in Turbulent Times

An ODD Reaction to Strategy Failure in America's Largest Telco

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Abstract

This is a real story about how a group of highly innovative and highly committed employees sought to rescue a failing telecom giant while they thought AT&T still had its chance. The signs of radical change in the telecom industry were in the air. The management did not seem to be able to come to terms with industry deregulation, the Internet, or the declining revenues from long-distance telephony. The group's reaction to emerging strategy failure, described in detail in this article, was more than an effort to create new strategy: it was motivated by the need to find meaning beyond the often irrational corporate realities they were faced with. It was an effort to stay sane in strategically mad(dening) times.

Why bother with this story? AT&T is still not failure-proof and the group, called ODD, has long been dismantled. However, this is a rarely documented incidence of corporate activism surging to rescue a legendary company from persistent strategy failure. It is an incidence of rare spirit and courage of the kind that could make companies much more resilient in their strategy creation. The story gives you hope that there are large untapped reserves in your company as there were in AT&T—reserves you could harness for strategy making. The lesson is simple: strategy is far too important to leave to the usual suspects, the people with titles and long corporate histories of predictable behavior. Look for and engage the people who have something to say beyond the annual planning routines.

For a corporate activist, this is a manual in corporate revolution. Perhaps you can learn from the activists within AT&T so that you will outlive them in the corporate struggle for survival. This is thus a how-to-do about the tricks of trade in activism but it is also a document of pitfalls in claiming strategy as everyone's right and responsibility.

This story is told by one of the members of the group—Amy Muller—together with an outside analyst, Liisa Välikangas. We thank Paul Merlyn for helping us write an early version of this article.

The one thing most managers are dead-sure about is that scientists cannot—and should not—meddle in corporate strategy. For heaven's sake, they know nothing about business! And yet this is a story about how a group of scientists within AT&T—then the leading long-distance provider in the U.S.-showed them wrong. This is a story of rare corporate spirit on one hand, and management failure on another. The sting is that even a group of this caliber—some of the smartest people from Bell Labs who have made renowned careers since—could not reverse AT&T's decade-long failure to adapt to a hostile environment, replete with new competitors and disruptive technologies.

Starting in 1995 and lasting through early 1998, AT&T's Opportunity Discovery Department (ODD) was a hotbed of just the kind of heresy that could have given the company another chance. Nestled in a corner of AT&T Labs[1] in Murray Hill, New Jersey, ODD comprised a group of eight energetic souls who, for three-and-a-half years, devoted their considerable talents to the salvation of AT&T.

THE LIFE AND TIMES OF ODD[2]

The ODD Mission at AT&T

Like many good ideas, ODD was conceived around the proverbial water cooler. Its four founders constituted an eclectic assortment of researchers led by Greg Blonder, an MIT and Harvard–educated physicist who directed AT&T's Customer Expectations Research Laboratory and also served as AT&T's Chief Technology Advisor. ODD's mission—at least, its nominal mission—was to help AT&T make smart choices in the allocation of its enormous research and development budget. For most of its 100-plus year history, AT&T, through its famed Bell Labs, and by virtue of its monopoly status, had dictated the technological future of networks. But with new competition and disruptive technologies looming, AT&T Bell Labs was no longer in charge. It was time for a forward-looking view of technology strategy—that recognized the existence of other players in the new world.

As Blonder diplomatically framed his proposal, the Corporate Strategy and Planning department (CSP)—which held exclusive responsibility for corporate strategy[3]—might benefit from ODD's ambition to understand the longer-term future of technology and its implications for AT&T's business. In addition, ODD would develop tools and content for strategy making, introduce a more scientific basis to the strategy-making process, and serve as a listening post for technology developments outside AT&T. Blonder's pitch was persuasive. In February 1995, with a budget of $2 million, ODD opened for business.

The ODDsters had a higher agenda that exceeded a focus on the strategic implications of technology development. Their real mission was to challenge the status quo in order for AT&T to realize its potential as a viable competitor in the telecommunications industry. Above all, ODD hoped to accelerate the corporate recognition of what they felt was an increasingly uncertain and challenging future by raising the quality of the strategic dialogue, by increasing the range of strategy making tools available, and by making the strategic issues more widely and deeply felt. In ODD's view, AT&T—an incumbent ex-monopolist—had become complacent. There was an urgent need to acknowledge reality. Was AT&T, with its communications technology, talent, and assets, going to direct the future of the new age of communications?

AT&T strategy in the pre-divestiture years was focused on incremental growth in market share, and each year's "strategy" simply reflected the arithmetic of annual growth targets. What AT&T was doing, defines the essence of a 'non-strategy'; it amounted to a linear extrapolation of the past growth curves and did not even begin to address the uncertainties around whether such growth was sustainable with AT&T's current technology position, say. Unfortunately, addressing even the most imminent uncertainties had no place in AT&T strategy.

Part of this tunnel vision was attributable to the fact that strategy was the responsibility of the top executives alone. The senior management focused predominantly on regulatory issues and ignored the technology and consumer changes swirling around them. There was little strategy discussion among the lower ranks because strategy—as practiced at AT&T- seemed largely irrelevant. At the same time, the senior managers tried to convince themselves that other incumbent telcos imitating AT&T was the best compliment and sought comfort in strategy convergence. Unfortunately, in the world of strategy, such convergence spells bad news (or at least low profit margins).

"AT&T's strategy is sound. We know that because of the many other players in the marketplace with the same strategy." Rick Miller, CFO, Sept 25 1996.

The ODDsters saw "that business as usual" wasn't likely to cut it in the mid-90's. Internally, as well as externally, things were starting to get tense for AT&T: AT&T had three CEOs during the short period of 1996-1997 (Bob Allen, John Walter, Mike Armstrong); there was the new Telecom Act of 1996; the Internet was growing in popularity; and there was a lot of new competitors fighting for the communications business. Time was short: The ODDsters would accelerate the corporate recognition and understanding of discontinuities— regulatory, societal, and competitive as well as technological. They would take personal risks in demonstrating to their superiors a selection of scenarios or alternative futures, some of which would be decidedly inimical to AT&T if they were to transpire. The ODDsters would refocus strategy, break orthodoxies, mobilize resources, and convert key decision-makers. In so doing, like true heretics, they would remain loyal to both the corporation and their cause. ODD was a crusade and not a corporate assignment. The ODDsters could see the incredible new threats and opportunities swirling around AT&T. Could they convince some executives to see the same (and cure AT&T's Opportunity Deficit Disorder)?

"We're in this kind of lull period where our plans are not clear because it's just messy work. One of these days we'll break out". Bob Allen, in Business Week, September 2, 1996. p. 41

As a department in the Research division of Bell Labs (later AT&T Labs), ODD occupied an organizational position that was several feet below the water line in AT&T's corporate hierarchy. However, such a position conferred upon the nascent group a number of advantages. Foremost,

and critical to its inception, ODD was in Research and could therefore be safely ignored by the admirals of strategy in the CSP wheelhouse. Indeed, had ODD operated from a more potent platform, it would likely have never been sanctioned. However (and perhaps naively), ODD hoped to make up for its inferior status by generating so much intriguing content and discussion that the excitement and quality alone would compel business leaders to listen, regardless of the ODD's lack of hierarchical position.

Being in a research-oriented division of AT&T Labs offered ODD other advantages besides a low profile. For example, Research provided an environment in which ODDsters could be distinctly non-corporate and even irreverent at times— requisite liberties for any group that sought to push AT&T's thinking a little further than CSP thought useful. Also important, Research afforded ODD some space in which to think without the distractions and day-to-day turmoil that typically characterize a corporation's business units. And as members of Research, ODDsters benefited from a reputation for being smart, brutally honest, and politically neutral, aloof from the intrigue, factions, and power struggles that pervade every corporation.

The Beginning

Once instituted, ODD wasted no time in pursuit of its mission. A straightforward tool at hand was scenario planning that allowed the group to start talking to business units. ODD quickly found supporters among AT&T's business units for adoption of scenario planning. Early clients included the Consumer Markets Division, the Business Markets Division, and Network and Computing Services. Scenario Planning provided a clever way for these business unit executives to map and begin to make sense of their considerable stress-causing anxieties. It also provided a risk-free forum to finally discuss some of the "what ifs" in these "distant" scenarios. And scenario planning at its best is an engaging process; executives spent considerable time "rolling around" in the scenarios and absorbing

their implications. One of the scenarios developed for the consumer services division focussed on the likely outcomes of the commoditization of long distance service, at the time in its early stages. In the scenario, long distance was positioned as an unbranded component of a larger suite of communications products or services. Seeing the AT&T brand "disappear" was of great concern to the executives.

The ODDsters of course used a variety of tools and tricks besides scenario planning. Their goal was to make a focal issue deeply understood and deeply felt—no mere talk here. The issue was surrounded from every angle using every technique they could find. The emergence of the Internet, naturally, was one of the main issues they tackled. In a quest to bring corporate recognition to the transformational role of the Internet, they did all the traditional things any researcher worth their salt would do: they constructed and publicized scenarios, did global field work to examine the emerging impact of the Internet on businesses and work, wrote white papers, and held workshops to explore questions like: What if Minutes were Free?

In addition to providing expertise and "free consulting", ODD researched complex but strategically important issues as well. Moreover, it translated their significance into language that strategists could understand. For example, Internet Protocol Version 6 (IPv6) is a technical standard that defines how computers talk to each other over the Internet. A key difference between IPv6 and the existing Internet Protocol is resource reservation— new circuit-like functionality that largely overcomes the existing protocol's inability to support high-quality voice telephony.

ODD understood that IPv6 could have profound implications for AT&T's telephony business, which relied on a traditional circuit-switched network. But few people employed as "corporate strategists" even knew what the standard stood for. Fortunately, ODD, which combined commercial awareness and strength in technology that derived from its roots in Bell Laboratories, could demystify even the most

obtuse technology and explain its business implications. Granted it took the new Swedish intern some 20 drafts before the point got across. But persistence paid off: Anders—the intern—managed to get himself into the corporate jet with several executive vice-presidents for a transcontinental journey. (Anders was one of the more daring ODDsters who had no qualms in calling an executive vice president and asking for a ride home from Seattle to New Jersey on the corporate jet.) A frantic call to the ODD headquarters immediately followed: "What should I talk to them about?" and resulted into the conviction that the executives needed to understand the significance and implications of the very protocol to begin with. So Anders gave a prep class to AT&T executives on IPv6 some 40,000 feet up.

Attributes of an ODDster

ODDsters were, indeed, an odd group of individuals. Their backgrounds included psychology, journalism, business, chemistry, biology, physics, engineering, and materials science. Moreover, they were self-selecting. The founding group of four expanded not by overt recruitment but by attracting its own kind—like ants to sugar. Anders, for example, met up with a few ODDsters at an industry conference. After dinner and a few follow-up discussions, he was convinced that he wanted to be part of the mission. Anders then called daily, faxed articles he had written for an IT publication he founded in Sweden, sent references, and, in general, did not give up until he was hired. ODD attracted several "unofficial" members as well; AT&Ters who were "formally" employed elsewhere in the company but spent nearly all their time working on ODD projects. ODD was not the place for rapid career development; it was a mission.

Their attributes were many: a willingness to ignore bureaucracy, the confidence to work without permission, and an unfailing capacity to deal with rejection. They exhibited common sense and pragmatism. They were sensitive to feedback,

rabidly curious, and focused on the big picture. They were also natural and aggressive networkers.

The relationship of ODD with the AT&T establishment is noteworthy. ODDsters were not diplomats, and they certainly weren't sell-outs. But neither were they suicidal. Instead, ODDsters maintained a position on the spectrum of corporate conformity that lay somewhere between diplomacy and suicide. They described themselves by the ODD word *humbitious* (see Lexicon of ODDisms at the end of this article). That is to say, they possessed the humility to recognize that they didn't know everything, yet they were ambitious enough to be bold when their mission called for courage. Heresy is no profession for the faint of heart.

To be effective, ODDsters needed extraordinary proficiency in the arts of communication, facilitation, and corporate surveillance. Communication skills were clearly necessary for articulating rational and compelling arguments across all levels of the corporation. Facilitation skills were important for managing executive level strategy discussions. And corporate surveillance demanded an understanding of the corporate power structure, awareness of the depths and limits of managers' knowledge, and acuity to the issues that keep managers awake at night.

Some of these skills were acquired through formal training. Global Business Network, a hub for the pragmatic intelligentsia, for example, taught a course in scenario planning and provided customized facilitation training. Other training was opportunistic. For example, ODDsters spent time shadowing representatives of the various management consulting firms from which AT&T sought strategic guidance (and bought hundreds of millions of dollars worth of advice). But for the most part, ODDster training was on the job, learning by doing.

During its three-and-a-half-year life span, ODD developed a number of techniques that aspiring corporate strategists should seek to emulate. Leveraging the power of networks was perhaps the most important. The ODDsters started GNOST (Grass-Roots Network of Strategic Thinkers) early

in their existence, recognizing the need for a larger group of strategic thinkers to help complete the mission. GNOST grew to include more than 400 members, AT&Ters at all levels across the organization. GNOST connected ODD to subject experts in key areas and to key pain points in the organization in need of some ODDism. In addition, it uncovered latent heretics and activists who advanced ODD's mission in their own business units. ODD built and leveraged external networks as well, sprinkling its workshops with external perspectives, and lining up speakers for its "Not Your Usual Research" series.

ODD would build networks any way it could: top-down, bottom-up, and side-ways. It supported them with interactive tools such as a website and an online discussion forum, and it fed them with provocative ideas that were disseminated through workshops, social events, and thoughtful seminars. There was the annual off-site scenario-planning event; and there was the *No Surpr!ses* newsletter.

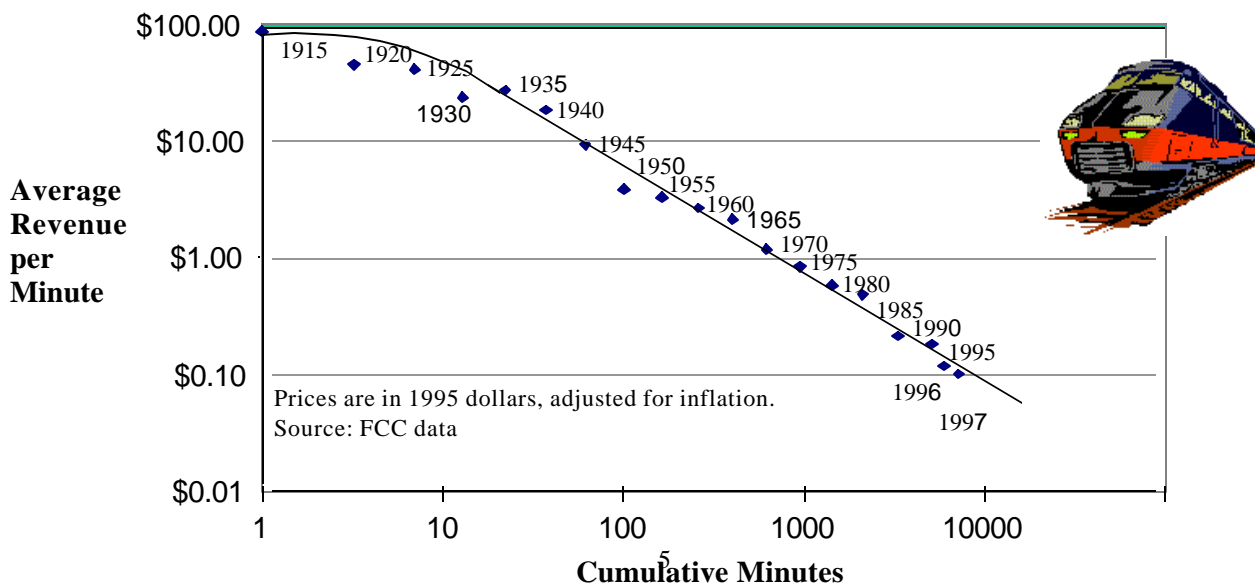**Borrowed Time Calls for Strategic Imagination**

In many respects, ODD was living on borrowed time, and the ODDsters knew it. When you believe passionately in your ideas and sense that time is short, you find creative ways to promote them. To this end, ODDsters developed *strategic infection points* (SIPs)—points in the organizational process at which they could introduce new strategic perspectives.

A SIP might be a neglected internal newsletter, ripe for hijacking by an undercover heretic who'd "like to help out" in its production and eventually wrest editorial control. Or a SIP might be a draft copy of an official corporate strategy document. After managing to commandeer a draft of CSP's 1997 'AT&T Strategy and Business Planning,' ODD issued a much-revised version of the document. The "new" version got a lot more attention than any of the earlier editions had and the CEO even requested that copies be circulated to the board.

But the best SIPs were often human rather than paper-based. Indeed, ODD used a term especially for the human kind: *empty suits*. Empty suits were up-and-coming executives who needed ideas and had no problem adopting those of others. Because ODDsters cared more for the wider interest of AT&T's survival than for the narrower interest of gaining credit for their ideas, this relationship with the empty suits worked well. ODD would judge the success of its hijacking of empty suits by listening to whether its ideas (and ODD vocabulary) were making headway in the organization. A success meant that an ODD-initiated idea was claimed by an empty suit and introduced as his or her own in an executive, or even investor, meeting. A few empty suits quickly learned to ride a part of their career on the ODD idea. It was impact - not credit - ODD

Figure 1: Long-Distance Price Freight Train

Prices are in 1995 dollars, adjusted for inflation.
Source: FCC data

Average Revenue per Minute

Cumulative Minutes

Source: ODD

wanted.

SIPs and empty suits are just a couple of examples of the unusual approaches and rich vocabulary conceived by ODD. Other nomenclature include *data bombs, freight trains,* and *canaries.* Besides adding some fun to a difficult work environment, the code language helped ODD to establish its brand and group identity and to track the adoption of its ideas. Realizing that it was a small group with a big mission and enormous territory to conquer, ODD's distinctive approach to corporate branding quickly made it appear much larger and much more influential than it actually was.

For the record, *data bombs* are statistics with disturbing implications—for example: AT&T took 75 years to acquire 50 million telephone customers; AOL took 2½ years to acquire 50 million chat users. *Freight trains* are trends heading your way that are going to flatten you. The decline in prices for long-distance telephone calls (Figure 1) is a freight train that was about to run over AT&T. *Canaries* are scouts—people who uncover information and detect danger—in various corporate environments ranging from meeting rooms to senior executive quarters. Anders—the Swedish intern who was ODD's secret weapon— was a specialist in "being in the right places the wrong time" (i.e., serendipitously gaining access to audiences and information).

The End of ODD (But Legacy Remains)

Whereas ODD struck a chord with some

executives, others viewed the group and its increasing influence with intense hostility. ODD was losing a number of its undercover supporters, too, as many of its best allies left AT&T in 1997-1998 in search of better opportunities. The hostile faction directed their opprobrium primarily at Greg Blonder, who took untold arrows on behalf of the group. Eventually, Blonder's resistance wore thin. He resigned from AT&T Labs in November 1997. ODD would survive for just eight more months without him.

Of course, other factors besides Blonder's departure contributed to ODD's demise. For example, David Isenberg, one of the group's members, fell victim to an unscrupulous journalist, who gained access to internal memo he had written, 'Rise of the Stupid Network,' and published it in *Computer Telephony* magazine in August 1997.

The paper was Isenberg's manifesto. It ruffled a lot of feathers inside AT&T by suggesting that intelligent networks with stupid devices (such as telephones) on the periphery would soon be replaced by stupid networks with intelligent devices (such as computers) on the periphery. This tenet bode ill for AT&T, whose strategy depended on continuance of the intelligent network. "It was like a glass of cold water in the face," recalls Tom Evslin, then president of AT&T's WorldNet Service.

Opinion varies on whether Isenberg was a marked man. Certainly, his position in AT&T became uncomfortable, if not untenable, once 'The

Figure 2: Rise of the Stupid Network

A rudimentary form of the Stupid Network—the Internet—is here today. The telephone companies are beginning to realize this. Fearing erosion of their control and, more importantly, their revenue stream, they have been quick to call for the banning of Internet Telephony, quick to call for the federal imposition of charges on Internet access, and slow to implement widely available, reasonably priced broadband services.

To counter [the threat of the Stupid Network], the telephone companies are now speeding deployment of Intelligent Network services, much like sailing merchants responded to the threat of steam by inventing faster sailing ships in the mid 1800s. ... [Instead], telephone companies [should] cannibalize their own products. [But this strategy] is unlikely as long as senior managers prefer to talk with lawyers, regulators, consultants, and financiers more than with experts in their own employ.

Stupid Network' had leaked into the public domain. He left the company shortly thereafter.

The group's position in Research also became an issue. The early days, when the relative obscurity of Research had afforded ODD the advantage of a low profile, had long since passed. By late 1997, ODD had become, from its opponents' perspective, all too visible. The end was nigh.

It came in the fall of 1998 when AT&T Labs conducted their annual organizational review. Groups were assessed by traditional research metrics: number of patents filed, number of papers published, and so on. Corporate impact was rarely a criteria. Of course, ODD was ill-placed to defend itself according to these criteria. After all, they had been deeply involved in creating a network of strategists discussing a viable corporate strategy instead. But such a claim was viewed with disdain, given that strategy creation surely was the job the CEO and the top management were supposed to be doing. The combination of executive changes, lost supporters, and an inability to "prove" their worth in their home organization, took its toll. By July 1998, the group disbanded.

But ODD did leave an important legacy. Working tirelessly from their unsanctioned platform, they did manage to convince many of the top executives that the Internet represented a direct threat to the core value proposition of AT&T, and that tinkering on a small Internet project outside of the mainstream of the business was not adequate to take care of "that Internet thing." They also painted a convincing picture of the rapid migration to an "untethered world" and accelerated AT&T's efforts into consumer wireless business. Today this business is worth $35 billion.

AT&T STRATEGY FAILURE

So, ODD, the unwelcome messenger with rare pioneer spirit, was dead.[4] But in the absence of an ODD-like influence, AT&T's stock price was itself showing few signs of life. Indeed, during the three-year period ending October 31, 2001, the stock has lost almost half its value while the Dow Jones Industrial Average has gained some 3%. AT&T's global competitors have also performed considerably better.

When Mike Armstrong became CEO in the Fall of 1997, he embarked on a bold strategy of acquiring two large cable companies (TCI and Media One) for some $100 billion. These cable interests would give AT&T, for the first time, direct access to subscribers' premises, enabling it to deliver and bundle a full line of telecommunications services (local and long-distance telephony, cable television, and high-speed Internet access) to consumers and business customers. But integration of these services would prove more complicated and more costly than Armstrong had anticipated. Even Armstrong's "revised" plan to spin-out AT&T's remaining cable, business, and consumer long-distance services as separate companies is unraveling.

The Origins of Failure

Whether or not Armstrong is the "mute and deaf king" some insiders claim, AT&T's strategy-making process has unarguably been broken for some time. To understand the origins of this strategic failure, one must briefly look at AT&T's corporate history.

For most of its life, which began shortly after Alexander Graham Bell's 1876 invention of the telephone, AT&T has operated in a highly regulated industry.

For the lessons learnt from he ODD experience in retrospect, see Appendix 2.

"Not so long ago, a disaffected employee in one of America's largest companies caught up with me at a conference where I was speaking. In his hands was the company's glossy new performance-assessment manual. … He drew my attention to the fact that only "senior executives" were to be accountable for "creating strategy." The performance criteria for "managers" and "associates" said not a word about strategy. Vibrating with indignation, he accused his employer of being uniquely stupid in having excused 99% of its employees from any responsibility for strategic thinking. Surely, no other company would be so backward as to assume that only top executives could create strategy. Yes, I assured him, he had a right to be indignant. But no, his

AT&T's top-down strategy-making process worked well during those times of slow change when its industry was regulated. The company enjoyed a measure of certainty that enabled it to plan for the needs of its customers. For example, AT&T's strategic planners could rely on basic demographic data to forecast long-distance call volumes or pay-phone usage with great accuracy.

However, such a cloistered past left AT&T unprepared for what was to follow. The 1984 break up of the Bell System and the 1996 Telecommunications Act—the industry's most important deregulatory provisions in recent years—thrust AT&T into the midst of an industry that was replete with aggressive competitors, fast-moving technologies, and unforgiving investors. Above all, it presented uncertainty as the new constant companion to AT&T's strategists who were accustomed to growth extrapolation based on the relatively well-understood discipline of demographics.

AT&T had never needed to confront the uncertainties of a dynamic and competitive market before, and it now lacked the requisite strategic skills and tools to do so. The consequence has been a series of problematic acquisitions and divestitures and other strategic errors that have left the company with tens of billions of dollars in debt and a losses of $373 million in the first half of this year. And as often seems to be the sad case, when strategy making skills are wanting, financial deal making takes over in many a company like AT&T.

How to Avoid Systemic Strategy Failure

An important key to entering a dynamic market environment from a highly regulated past is to search for the people who are the true strategists within your firm. It is unlikely the strategic minds reside in a department that was charged with corporate strategy in the prior, regulated world. Rather, look for people who are used to dealing with uncertainty and trained in the art of studying it. That these folks resided at the Bell Labs (and later in the AT&T Labs) should not be such a big surprise. Dealing with imperfect knowledge in an uncertain world is what scientists do.

Looking back, AT&T has consistently made strategy as if the management lived alone in an island, removed from the perspectives and opinions of their own employees, not to mention the iniquities of competition and disruptive technologies. Discussion of strategic issues was suppressed in the company as a matter of policy, to protect the ignorance of top management. Any document that "could start a discussion" was not to be circulated. What company can survive when its top management uses its privileges to isolate itself in oblivion? Further, most strategy documents are empty exercises in number crunching. For example, past rounds of its Spring Strategic Outlook and Fall Planning Review—two pillars of the strategy-making process—were heavy on details such as capital-expenditure budgets and earnings targets but light on consideration of the external environment—the real world in which AT&T operates. Growth by 10% is no strategy—it is a number.

Such is not a recipe for success. Neither, we suspect, is the financial reengineering that is AT&T's latest restructuring plan. Instead, what might help is the recognition that strategy is the job of everyone inside a corporation, and good strategy can emerge from anywhere. Strategy isn't just the concern of a few executives with "Strategy" buried somewhere in their titles. Pay attention: strategic ideas may emerge from the most unlikely sources in your company—even the R&D group. The cardinal sin of management is to marginalize the smartest and most passionate people in a company due to their own lack of enthusiasm for the future.

Don't disavow the existence of ODDsters in your organization. They've probably already seen the future. And if there's a freight train heading your way, you'll be glad you hooked up with them. That way you don't end up a dead squirrel.

Lexicon of ODDisms

canary *n.* a person who detects signs of dangerous strategy/behavior; a person who tests a situation for the safe entry of followers

confusopoly n. a version of "management by regulated incompetence"; the modus operandi of telco incumbents

data bomb *n.* a statistic with disturbing implications

dead squirrel *n.* a strategy that has encountered the arrival of a freight train

empty suits *n. pl.* up-and-coming executives who need ideas to advance their careers

freight trains *n.* a trend that is going to flatten a company unless the company changes its strategy

GNOST *abbrev.* Grass-Roots Network of Strategic Thinkers; an informal community of support

humbitious *adj.* a state that combines the humility to recognize that one does not know everything with the ambition to be bold in fulfillment of one's mission

ignorance map *n.* a map that charts the critical information of which a company is ignorant

jester *n.* a person who employs humor and self-ridicule to force executives to acknowledge difficult strategic issues

learning journey *n.* a journey of discovery to an unfamiliar area or context

magic feathers *n pl.* implicitly and intentionally indefinable concepts that companies believe are necessary for success e.g. middleware, platform [From Disney's "Dumbo and the Magic Feather" in which Dumbo believes that he needs a magic feather to fly, whereas he already has all that he needs to fly—namely, his big ears]. Offering a "magic feather" as a solution stops all useful strategic discussion.

naked emperors *n. pl.* misguided executives with delicate egos whom no one is willing to confront

ODD *abbrev.* Opportunity Discovery Department; Opportunity Deficit Disorder; Organized Despair and Disillusionment

ODDventure *n.* see learning journey

reboot camp *n.* a learning journey that is designed to "chock and fix" unsuspecting executives

stink tank *n.* a place such as ODD where dangerous, combustible ideas are generated

strategic infection point *n.* a suitable point in an organizational process at which one can introduce a new strategic perspective

strategic rubber chicken *n.* an indigestible attempt at strategy; usually served to lower level employees by upper management

stratlets *n. pl.* hallway or elevator strategies; small pieces of strategy with the potential to grow into something larger

substitute brain *n.* an external consultant

Trojan hearse *n.* a vehicle used to engineer the departure of a naked emperor

Unamailer *n.* a disgruntled knowledge worker who breaks the corporate code of silence concerning mismanagement and incompetence

Appendix 1. The Life and Times of ODD: The AT&T and ODD Timeline

1875	AT&T founded by A.G. Bell
Jan 1984	Breakup of the Bell System
1988	Bob Allen becomes CEO of AT&T
1990	Universal Card launched
1991	AT&T acquires NCR
1992	AT&T acquires McCaw cellular
Sept 1995	Trivestiture announced – NCR, AT&T, Lucent split
Feb 1996	AT&T Labs splits off from Bell Labs
Feb 1996	Telecom Act – allows LD entry into local; and vice-versa
Mar 1996	AT&T Launches WorldNet Internet Service
Apr 1996	LU begins trading
Sept 1996	LU becomes independent
Oct 1996	John Walter become COO, President, and heir apparent CEO
Mar 1997	AT&T buys Teleport Communications Group (local service)
July 1997	John Walter fired
July 1997	Allen becomes CEO - again
Oct 1997	Universal Card Sold
Nov 1997	Armstrong becomes CEO

May 1998	AT&T launches Digital One Rate – first all distance "bucket of minutes" wireless plan
June 1998	AT&T buys TCI for $48B
May 1999	AT&T Buys MediaOne for $54B
Apr 2000	AT&T spins off Wireless Services (as Tracking Stock)
Oct 2000	AT&T announces plan to split into 4 companies
July 2001	AT&T completes total spin-off of AT&T Wireless
Dec 2001	AT&T sells Broadband (TCI and MediaOne) to Comcast for $72B

ODD TIMELINE
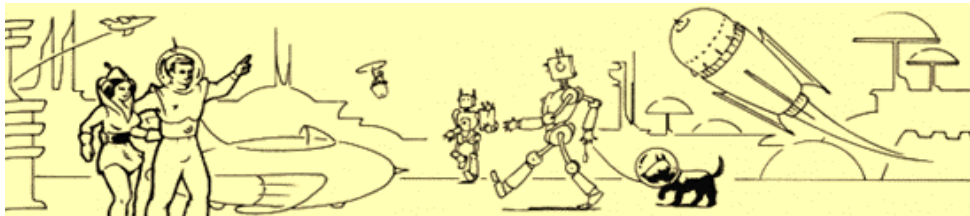
1927	Bell Labs Founded
1993	Greg Blonder named Chief Technical Advisor to AT&T
Feb 1995	ODD rev 1.0 starts as the Scenario Planning and Business Dept in Bell Labs – 3 people
Nov 1995	ODD retreat (the Concord Scenarios) – "what are we becoming?"
Feb 1996	ODD rev 2.0 born – 8 people
Feb 1996	First "No Surpr!ses" published
Feb 1996	Beginning of GNOST
Feb 1996	First AT&T Scenario Planning Day (70 attendees)
June 1996	ODD delivers strategy projects with AT&T Solutions (consulting arm) to Seagrams, Goodyear, and Goldman-Sachs
July 1996	"Future of R&D" project launched
Nov 1996	Swedish intern Anders issues IPv6 paper
Jan 1997	ODD "co-opts" Corporate Strategy "TalkBack Web Forum"
Feb 1997	GNOST reaches 450 members
Feb 1997	ODD appears in Fast Company
Mar 1997	ODD hosts second annual AT&T Scenario Planning Day ("The Next AT&T")
May 1997	ODD begins scenario and strategy project for AT&T Consumer Business ($26B)

June 1997	ODD authors AT&T's "Strategic Blueprint"
July 1997	David Isenberg's Stupid Network paper published
Sept 1997	ODD's AT&T Consumer Business business strategy presented to CEO, executive council, and Board (Home Run!)
Sept 1997	ODD develops strategy for AT&T's Business Network Services
Oct 1997	ODD asked to develop strategy for "global Internet"
Oct 1997	ODD delivers keynote presentation at Skandia executive Strategy Retreat
Nov 1997	Greg Blonder leaves
Dec 1997	ODD develops strategy for Wholesale Business
Apr 1999	ODD asked to do strategy for AT&T Business Services (even though the group has by now disbanded)

Appendix 2. Some ODD Reflections Looking Back

What ODDsters Could Have Done Differently:

- Avoided us vs. them—mentality that may have created some confrontation.
- Tuned down their slight intellectual snobbism—even if corporate strategists don't have sufficient technological background, they might have other qualities.
- Sought to create comfort zones where those illiterate in technology and telecommunications competition could have learnt without embarrassment (albeit some of this did happen through scenario planning for instance).
- Should not have aspired to take over the strategy function of AT&T (in a clandestine manner) but sought to add value nevertheless.
- Sought to address higher audiences in top management in a more systematic manner.
- Have developed a plan B and the Revision A for ODD ready to go in 1998 when ODD, as it was initially conceived, no longer was viable.
- Shared their transformational experience with more people—the fervor ODD created, must have scared those non-initiated within AT&T.
- Created a wider-based coalition to support their ideas (again, a lot of this did happen through the seminars, newsletters, networks).

How Management Could Have Better Taken Advantage of ODD:

- Stay around longer—AT&T management changed so frequently that the new guy could never come up the learning curve fast enough.
- Have a little more courage to engage with people like the ODDsters.
- Involve the ODDsters in actual discussions about strategy—not just limit their participation to prepared input and other summary documents.
- Not make strategy by rank and file but invite those who have fresh perspectives and some new ideas.

- Look beyond the usual suspects and consultants when engaging people in strategy discussions.
- Go to the company cafeteria to see what's going on. As one of the ODDsters—who had gained some fame in the firm as a strategist—noted: "When I entered the company cafeteria, I felt like one of the Beatles—everyone wanted rally around and talk to me."

When ODDsters are Particularly Important to Your Firm—Pay Attention:

- There is a lot of discontinuous change, and perhaps a move from regulated to deregulated (or re-regulated) environments. Look for ODDsters for new competitive perspectives.
- There are big leadership changes in the company. There is a lot of politics and positioning for the top jobs. Look for ODDsters for unbiased opinions, industry know-how and future visions.
- There is a growing gap between technology-in-use and the technology that is replacing the one-in-use. Look for ODDsters to have a point of view.
- There is a lot of uncertainty about standards, competitive dominance, and newcomers' role. Look for ODDsters to assess what's really going on.
- The quality of existing strategy discussion in the firm is low. Looks for ODDsters to add some ideas and color.
- The morale is low, and hope is needed in the form of a new vision, new strategy, new energy. Look for ODDsters to add some vibrancy.

How to Find an ODDster when You Need One:

- Listen to the most intriguing strategy discussion in the firm, anywhere, anytime. Join it.
- Look for the most thought-provoking article in the company newsletter. Go talk to the author.
- Invite people to write a competing strategy document to the official one. Promise the authors can stay anonymous if they so wish. Read them and promote the winner to a strategy officer (if the person chooses to reveal his/her identity, of course).
- Go to the cafeteria and listen to what and whom people talk about.
- Ask five different people who do not know each other in the firm, who they think is the best strategic mind the firm has outside the strategy department. Go talk to the people they name and ask, again, whom they think are the best strategists. Etc.
- Look for people who have the most connections to the rest of the world outside the firm.
- Talk to your customers, your partner companies, and your competitors. Who do they think has strategic insight in your company?
- Ask your executive assistant.