

Need Speed? Slow Down

by Jocelyn R. Davis and Tom Atkinson

In business, there's a speed gap: It's the difference between how important a firm's leaders say speed is to their competitive strategy and how fast the company actually moves. That gap is significant regardless of region, industry, company size, or strategic emphasis. Organizations fearful of losing their competitive advantage spend much time and many resources looking for ways to pick up the pace.

Paradoxically, they should try slowing down instead. In our study of 343 businesses (conducted with the Economist Intelligence Unit), the companies that embraced initiatives and chose to go, go, go to try to gain an edge ended up with lower sales and operating profits than those that paused at key moments to make sure they were on the right track. What's more, the firms that "slowed down to speed up" improved their top and bottom lines, averaging 40% higher sales and 52% higher operating profits over a three-year period.

How did they defy the laws of business physics, taking more time than competitors yet performing better? They thought differently about what "slower" and "faster" mean. Firms sometimes confuse operational speed (moving quickly) with strategic speed (reducing the time it takes to deliver value)—and the two concepts are quite different. Simply increasing the pace of production, for example, may be one way to try to close the speed gap. But that often leads to decreased value over time, in the form of lower-quality products and services. Likewise, new initiatives that move fast may not deliver any value if time isn't taken to identify and adjust the true value proposition.

In our study, higher-performing companies with strategic speed made alignment a priority. They became more open to ideas and discussion. They encouraged innovative thinking. And they allowed time to reflect and learn. By contrast, performance suffered at firms that moved fast all the time, focused too much on maximizing efficiency, stuck to tested methods, didn't foster employee collaboration, and weren't overly concerned about alignment.

Ultimately, strategic speed is a function of leadership. Teams that become comfortable taking time to get things right, rather than plow ahead full bore, are more successful in meeting their business objectives. That kind of assurance must come from the top.