

Transformational Strategy

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The Plan.... In the beginning



Execution of the Plan... in the end...



STAYER CENTER FOR EXECUTIVE EDUCATION



Disruptive Business Model/Technological

The Innovator's Dilemma
Christensen

Patterns of Failure and Successful Venturing

- Xerox let Canon create the small-copier market
- Apple Computer missed bringing portable computer to market

Why do companies (ventures) invest aggressively (and successfully) in technologies necessary to retain their current customers and then fail to make certain other technological investments that customers of the future will demand?

Strategic Paradox:

Leading companies succumb to the most popular, and valuable, management dogmas: They stay close to their customers!

Not all plans are good plans...



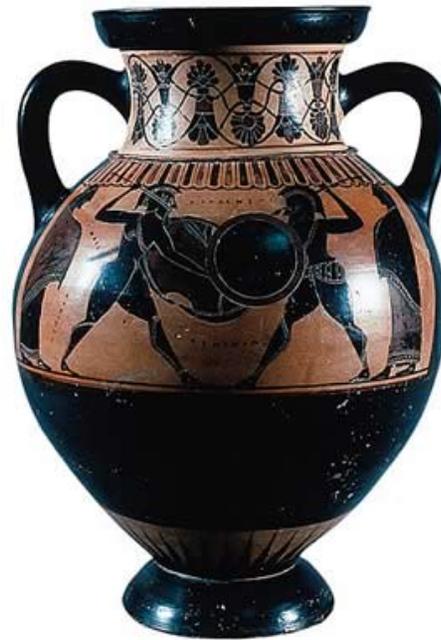
Three Games of Strategic Thinking

Laseter and Sarasvathy, 2012

Game 1



75



25

You have the opportunity to make 40 blind draws from an urn containing 75 red balls and 25 black balls. You have to pay US \$400 (\$10 per draw) up front to play; you earn \$20 for each red ball you draw but nothing for black.

Game 2



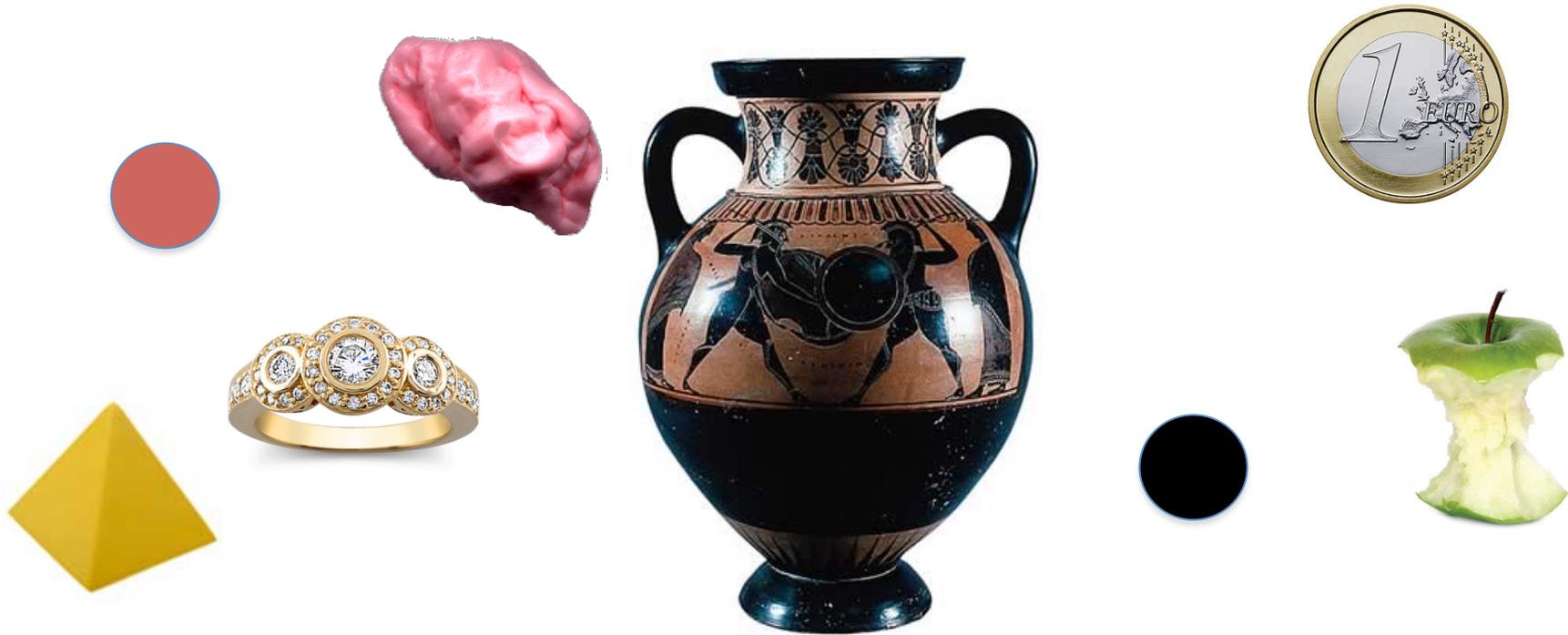
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You have the chance to win \$20 on each draw from an urn with red and black balls. In this case the mix of red and black is unknown: it could range from 100 red and no black to 100 black and no red. BUT you pay only \$5 per draw and you can bet on either color with each draw. You can stop anytime you want or draw up to 50 times.

Game 3



You pay only \$1 per blind draw from the urn and there are no limits on how many times you can play. This urn may contain red balls and black balls, but it might also contain yellow pyramids, diamond rings, money, or used bubble gum – in short, just about anything. In this game there is no bet and no cash payoff. You simply get to keep what you draw.

Which Game Would You Play?

Game 1: Planning and Positioning

- Managers make bets about the future based on information that provides insights into the degree of uncertainty faced
- Assumes that strategic decisions should simply respond to external events

Planning and Positioning

- MBAs receive training in decision analysis, they learn to play game 1
- Grounded upon science of probability and statistics
- Risk is a situation in which the underlying probabilities are known



ITT

Game 2: Organizational Learning

- Managers dynamically respond to unfolding events when the degree of uncertainty cannot be predicted
- Assumes that strategic decisions should simply respond to external events

Organizational Learning

- Rather than expend effort predicting the future and positioning themselves within it, companies should employ “an emergent strategy,” implying learning what works...
- Liberal Arts Education: students are trained for nothing, but educated for anything!
- External Environment Defines Strategy

Is organizational learning simply
reactionary?

If so, what risks does that imply?



CORNING

Discovering Beyond Imagination

Game 3: Constructive Transformation

- Decisions are not just responses to the environment (which is absolutely random) or efforts to predict it, but instead focus on leveraging the player's resources and events to shape the environment.

Constructive Transformation

- Individuals Seek to shape the future environment rather than predict or respond to it.
- Draw from urn unknown contents and figure out ways to use those results to build a business
- Entrepreneurs believe that the future is fundamentally unpredictable but nonetheless controllable
 - Means driven
 - Affordable Loss
 - Make use of surprises rather than avoid them
 - Surround themselves with others willing to join their urn game

Which Game Would you Play?

- Depends upon:
 - Your level of risk-taking profile
 - Your business training

- In short... Which urn sounds more like your business environment

- It also depends upon the maturity of your industry or at least your company's role within that industry.

Lessons?

- Is your future predictable or not?
- Can you control it or will the environment control you?
- Can you switch from game to game as your circumstances demand it?
- What is the culture of the organization?

Everyday Creativity



A social/forensic anthropological approach...



WHO?

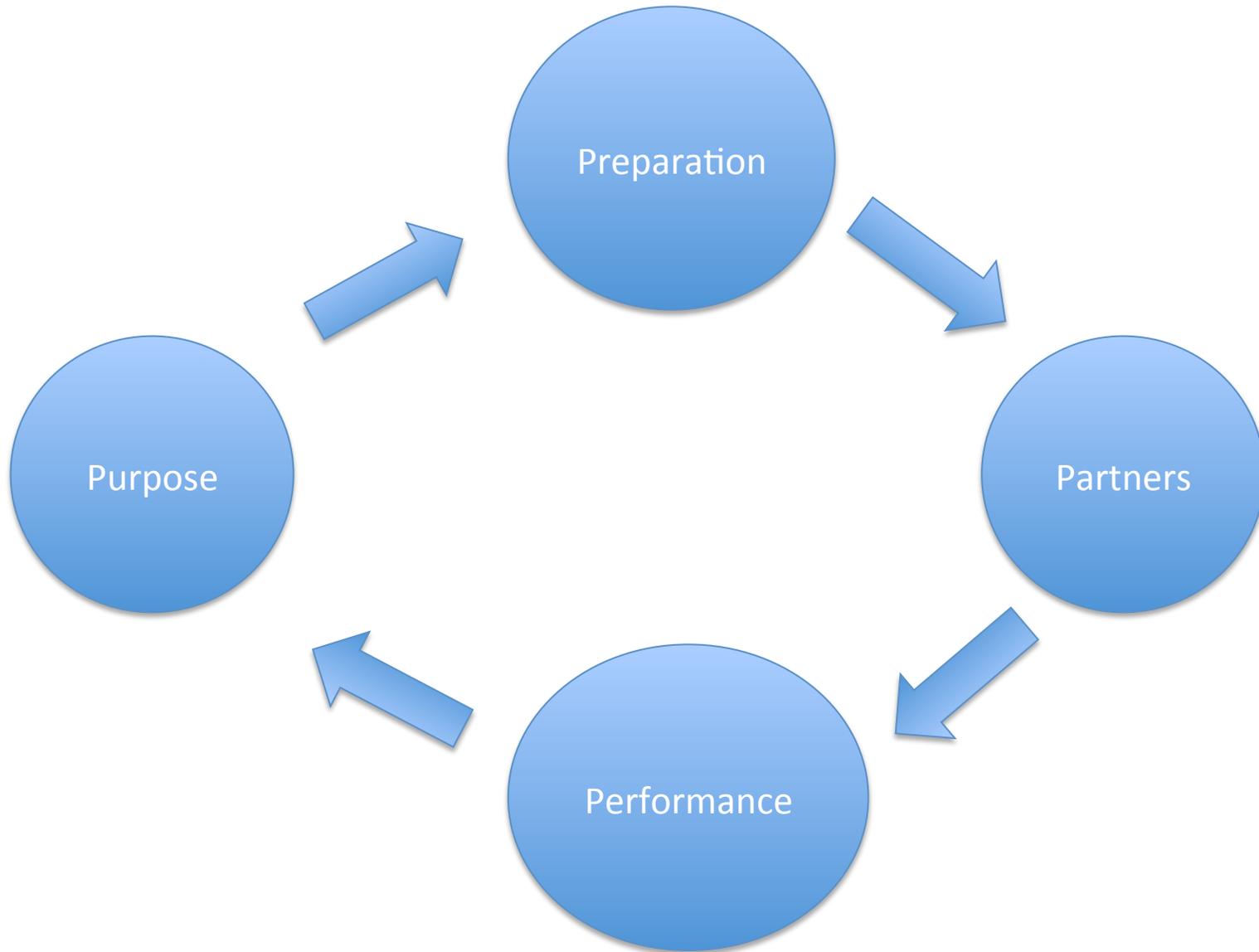
Hundreds of Businesses

Throughout the United States

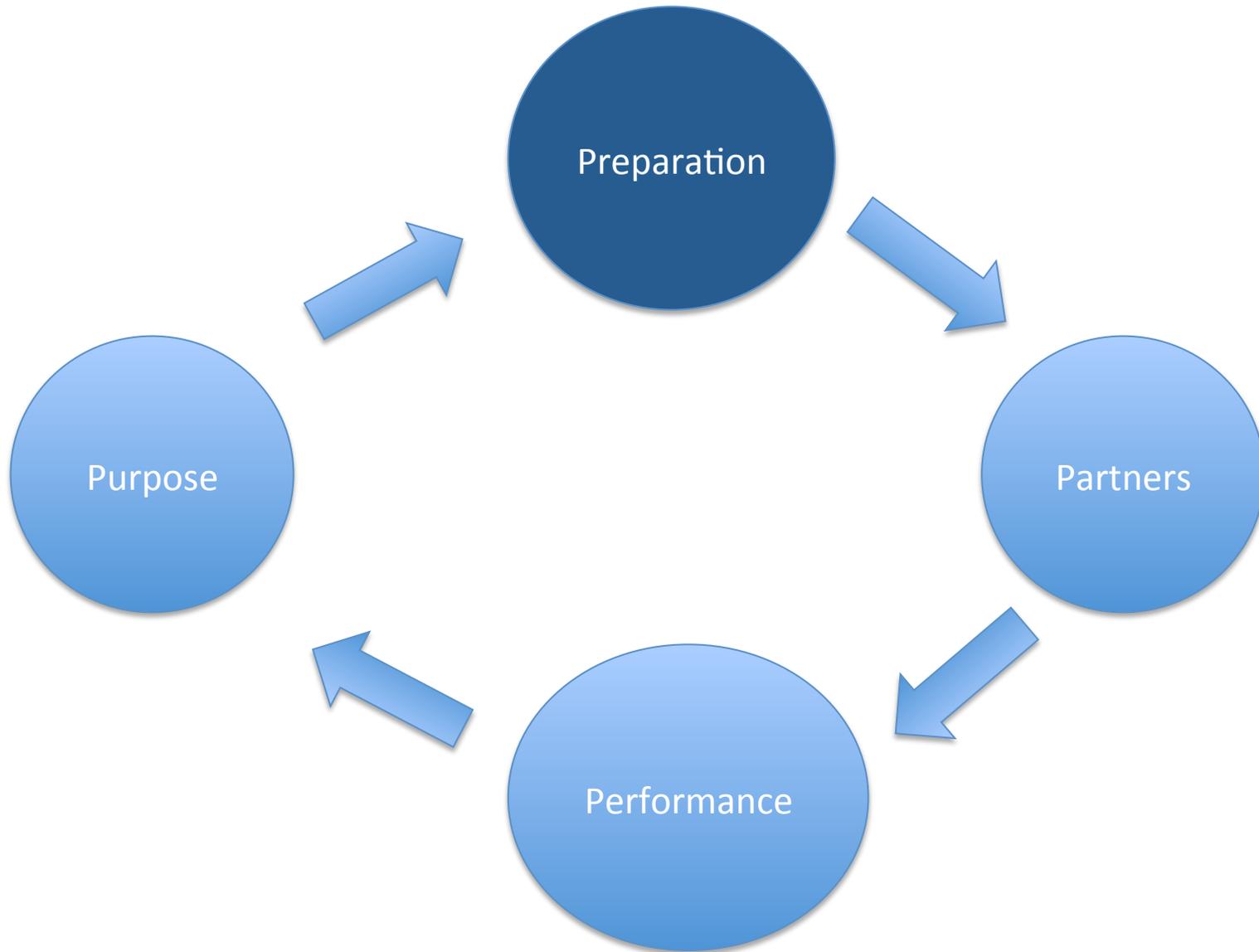
Structured Interviews

What are the things successful
organizations and individuals do to
survive and THRIVE???

Differences that make the difference



Differences that make the difference





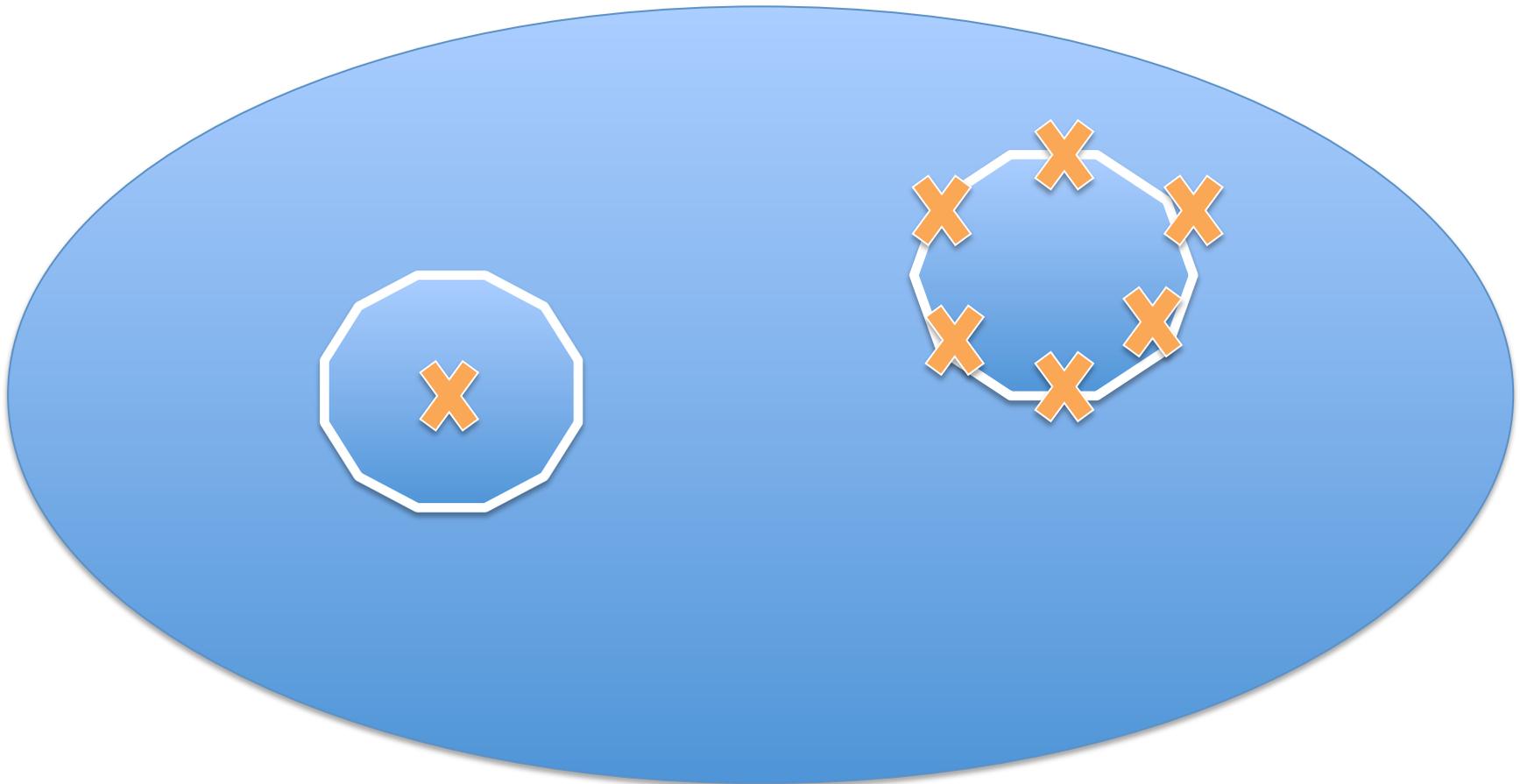
“Everyone has a plan ‘til they get punched in the mouth.” Mike Tyson

PREPARATION

- Live in the Boundary
 - Successful companies work in the industry in which they operate
 - Know your industry: products, services, suppliers, competitors, key customers, delivery systems
 - Spend time on the edge of your organization rather than the center
 - Pivot Points

PREPARATION

- Live on the Boundary: They KNOW their Customer

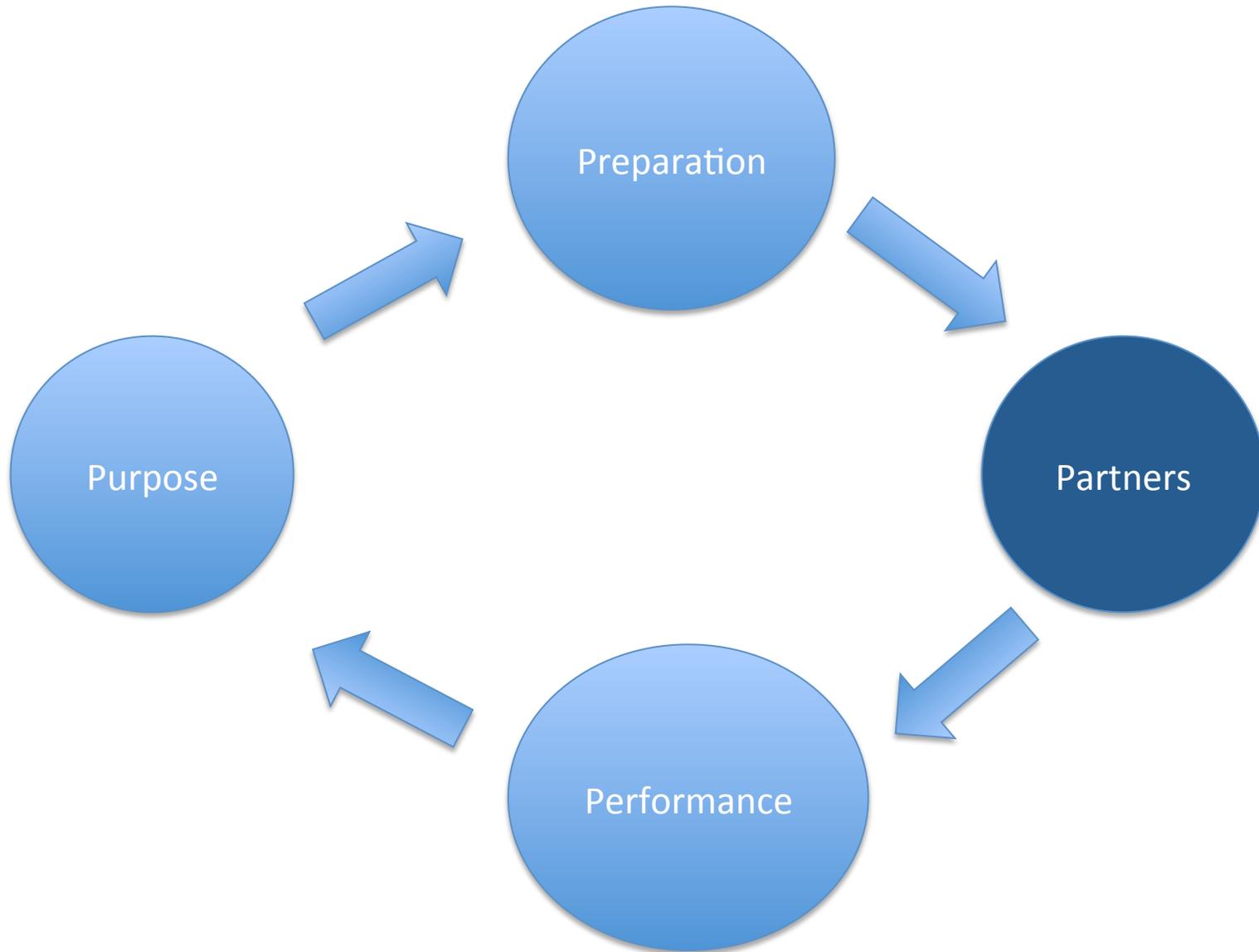


PREPARATION

- Plan for Opportunities
 - Shorter Term Planning Cycles
 - Un-met needs
 - Access to resources
 - Customers ready to buy RIGHT NOW
 - LIVE ON THE BOUNDARY



Differences that make the difference



PARTNERS

- Brain Trust
 - Support from a handful of trusted mentors
 - Sometimes only ray of light in a sea of naysayers
 - Qualifications?
 - Know you well (strengths and weaknesses)
 - Enthusiastic about your business opportunities
 - Understanding of business principles and industry
 - Have a value network



THE MAGNIFICENT SEVEN

They fought like seven hundred



STEVE McQUEEN

JAMES COBURN
"BRITT"

HORST BUCHHOLZ
"CHICO"

YUL BRYNNER
"CHRIS ADAMS"

BRAD DEXTER
"HARRY LUCK"

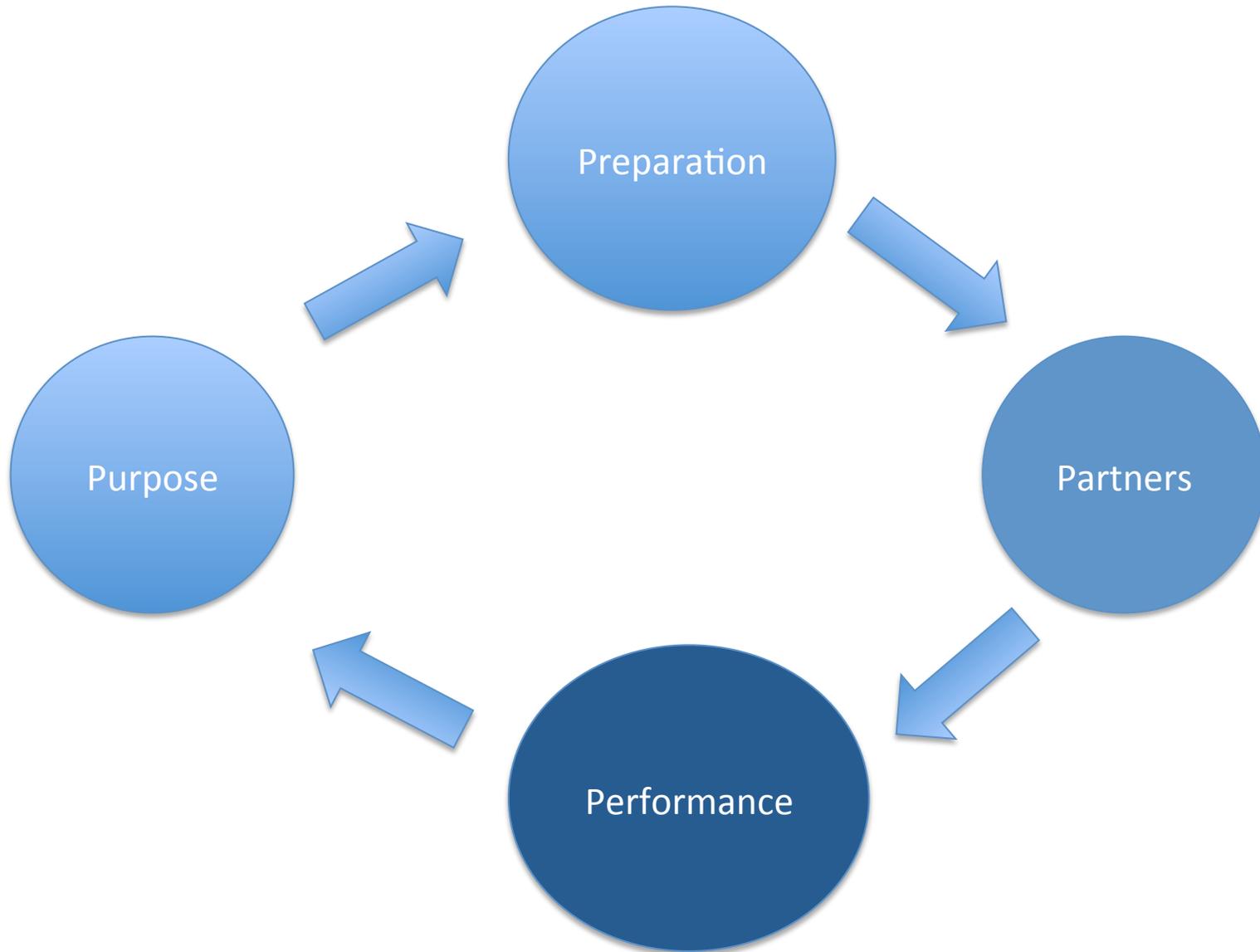
ROBERT VAUGHN
"LEE"

CHARLES BRONSON
"BERNARDO O'REILLY"

PARTNERS

- Build a Powerful Team (*a magnificent 4*)
 - Thrive on the experience of others, not threatened by others who know more
 - Know yourself, your strengths and shortcomings
 - Share ownership and rewards
 - Talented team accomplishes more in less time

Differences that make the difference



Performance

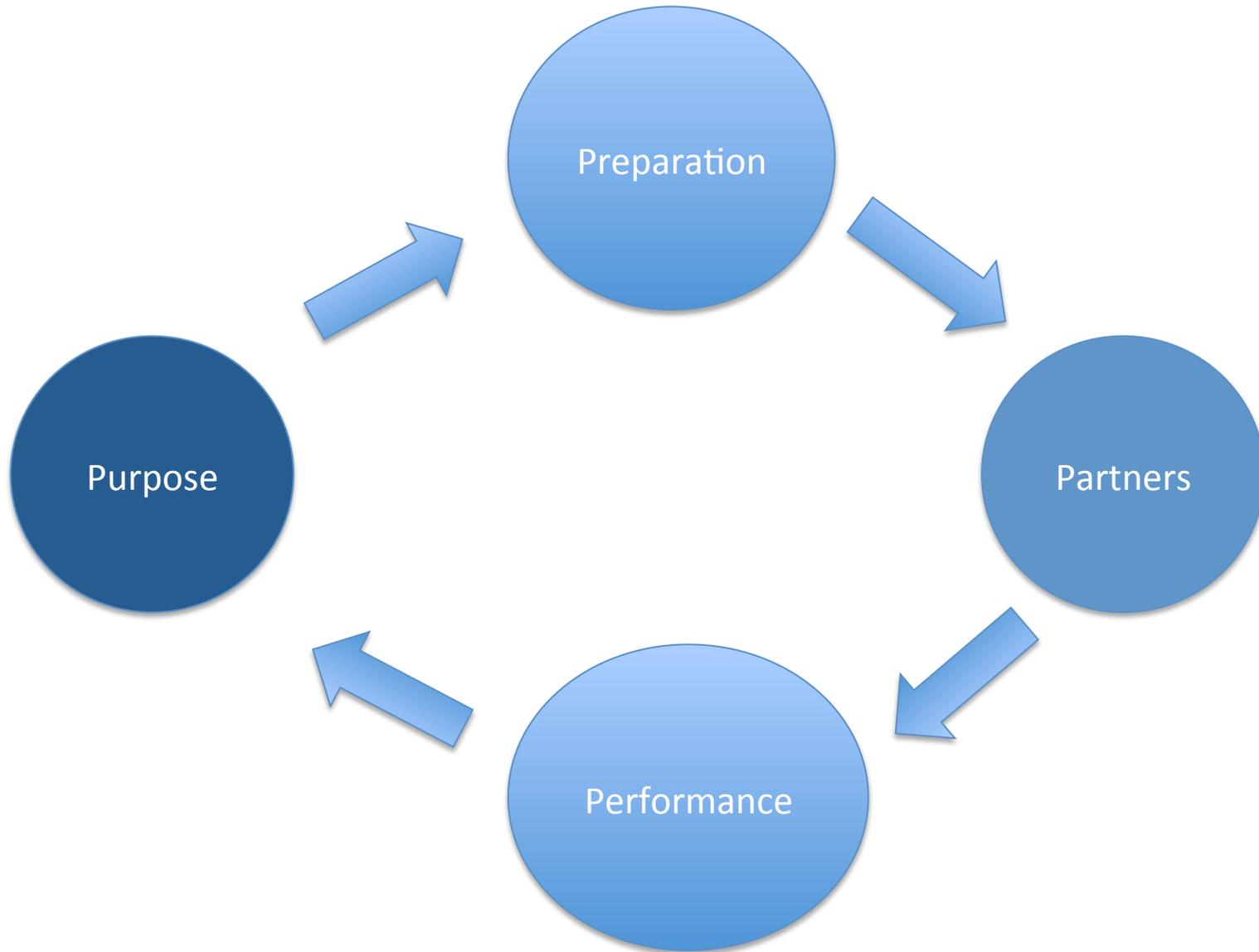
- Work with Zealous Tenacity
 - High energy
 - Zeal for business and dogged tenacity to win
 - Enthusiastic and eager pursuit of some outcome
 - Personal Meaning and purpose

Performance

- Create More with Less
 - Effectiveness
 - Efficiency



Differences that make the difference



PURPOSE

- Give Distinguishing Service
 - Customers have expectations: word of mouth can kill you!
 - Satisfied customers are not loyal customers...
VIOLATE customers' expectations on the high side...
 - Offer the finest service in the industry!
 - Speed of delivery, stupendous customer support, money-back guarantees, lots of personal interaction and real insights into people's needs...
 - Dazzling service!

PURPOSE

- Serve a Broader Purpose
 - Double bottom line
 - Generosity endears the community to the organization
 - Donations, partnering, spin-of nonprofit organization

Provide Vision

*A new leader has to be able to change an organization that is dreamless, soulless and visionless ...
someone's got to make a wake up call.*

- Warren Bennis

*To lead people, walk beside them ...
As for the best leaders,
the people do not notice their existence.
The next best, the people honor and praise.
The next, the people fear; and the next, the people hate ...
When the best leader's work is done the people say,
"We did it ourselves!"*

- Lao-tsu

