

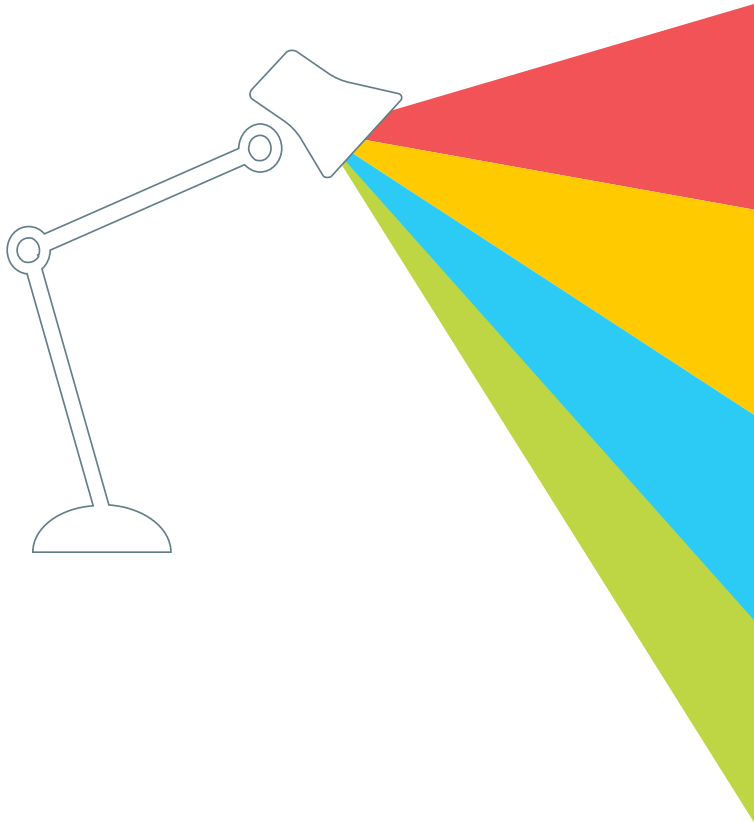
Grounded Strategy for a VUCA World

VentureClass 1 December 2016

Jeroen Kraaijenbrink



Agenda

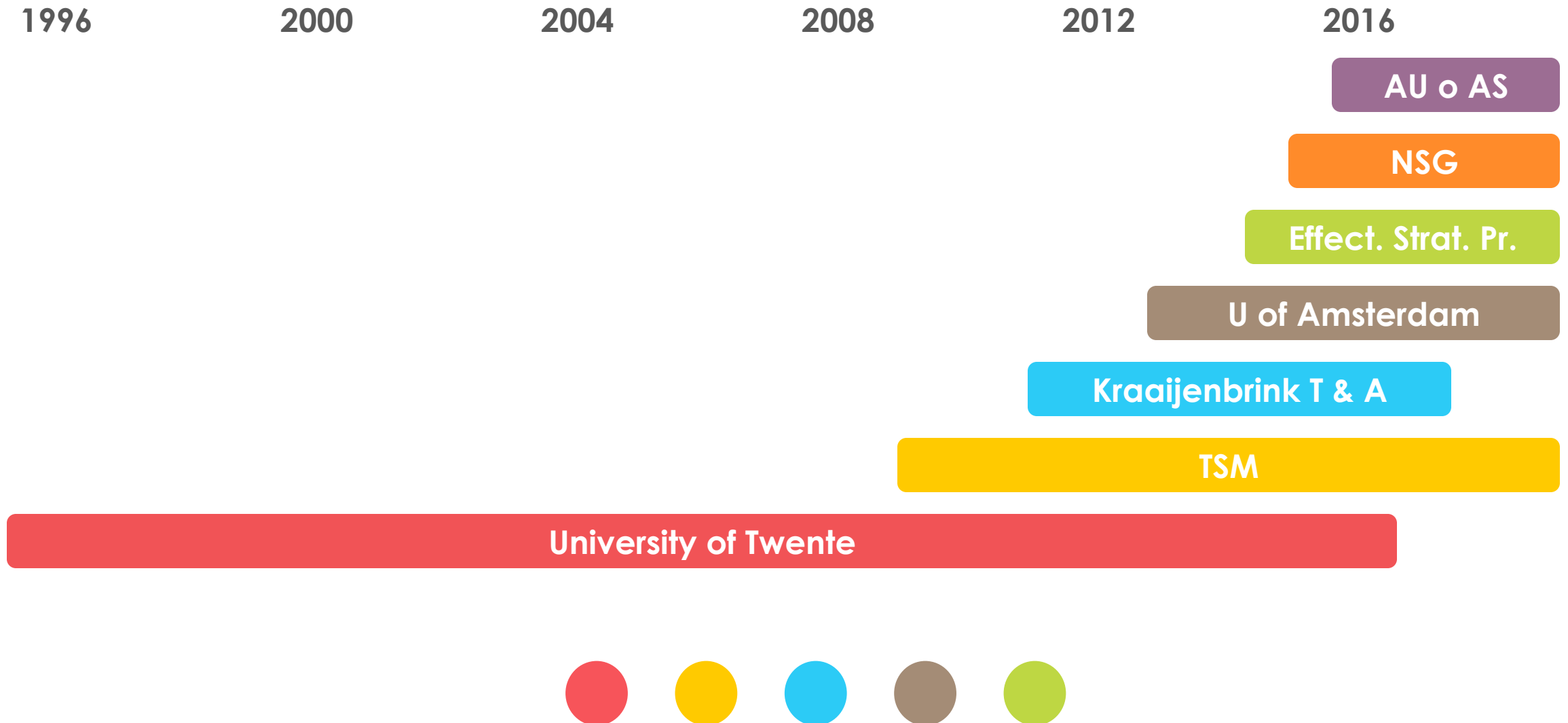


- How I Got Here
- The World Is Changing
- Or Is It?
- So Strategy Needs to Change
- If Not So, How Then?
- Where I'll Go from Here

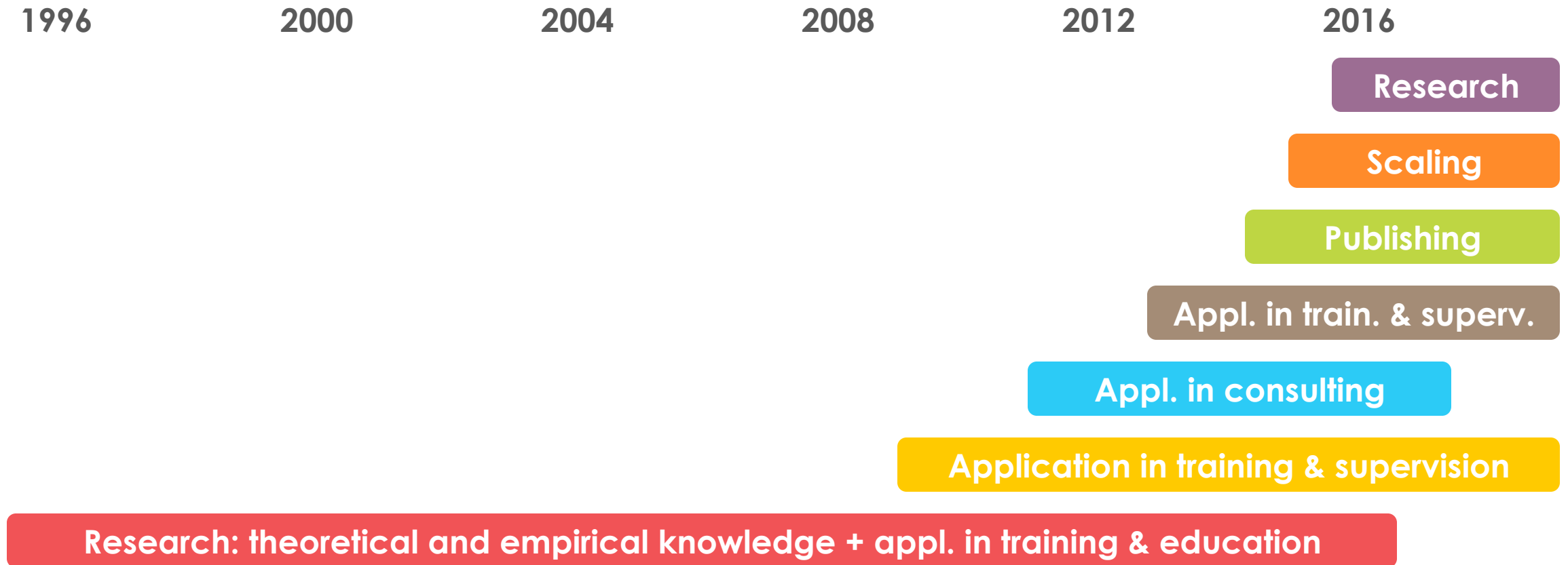
How I Got Here...



Methodological and Personal Journey



Methodological and Personal Journey



The World is Changing...



VUCA, VUCA, VUCA

Harvard
Business
Review

CRISIS MANAGEMENT

What VUCA Really Means for You

by **Nathan Bennett** and **G. James Lemoine**

FROM THE JANUARY–FEBRUARY 2014 ISSUE

We leven in een VUCA world

De term VUCA world omschrijft de wereld waarin wij ons op dit moment als mensen en organisaties bevinden. De wereld om ons verandert continu, is onzeker en complex. Hierdoor wordt het steeds moeilijker om plannen te maken

Transitioning to Leadership in a VUCA World

Wednesday, March 30, 2016 - by *Marjorie Derven*

Critical Competencies for Leadership in a VUCA World

Published on February 9, 2016

strategy+business

S+B BLOGS Published: October 27, 2015

STRATEGY & LEADERSHIP

Leading in an Increasingly VUCA World

Strategy and Leadership in VUCA World SDP

Venue : IIMB Campus

Last date for registration: 20 Jan, 17

Start Date : 30 Jan, 17

End Date : 01 Feb, 17

Early Bird Cut-Off Date : 09 Jan, 17

Article - Leading In A VUCA World

You are here: [Home](#) > [Resources](#) > [Article – Leading In A VUCA World](#)

A New Leadership Model For The VUCA World

© June 01, 2016 · Mark Hodgson

Leadership challenges in the V.U.C.A world

Sep 14, 2016 | Leadership Thoughts (Blog) | 0 comments

VUCA, VUCA, VUCA

The world is getting more

- Volatile
- Uncertain
- Complex
- Ambiguous

So, something like this



Or Is It?



Or Is It?

- **Yes**, obviously: digitalization, big data, robotization, globalization, technology convergence, terrorism, financial crises, climate change, global shifts in power, Brexit, Trump, ...
- **No**, these claims are of all ages: (see e.g. Long Range Planning issues from the 70s)
 - 'Strategic management: a new managerial concept for an era of rapid change' (Frankenhoff & Granger, 1971)
 - 'Defence planning: the uncertainty factor' (Moulton, 1971)
 - 'Planning in a state of turbulence' (Edwards & Harris, 1977).



Or Is It?

- **Volatility**: quite real and objectively measurable: e.g. time to market, NPD proces duration, changing customer demands
- **Complexity**: quite real and objectively measurable: e.g. more variety, more global business, increased connectedness
- **Uncertainty and Ambiguity**? A perceived result of V&C (e.g. Duncan, 1972)

So yes

...but...

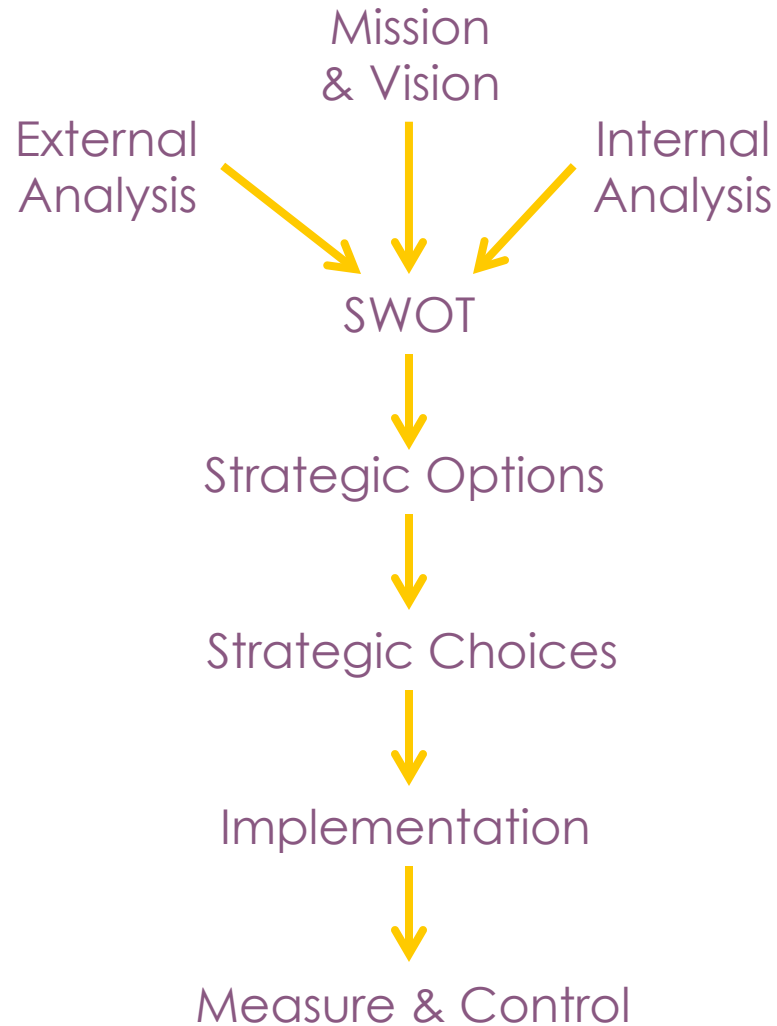
- We also have better technology to deal with it
- It is something of all ages
- And who is saying this...?



So Strategy Needs to Change



The Victim: the Mission-Vision-SWOT Paradigm



Why?

- Not very dynamic
- Assumes non-VUCA: predictability
- Fail percentages of 50-90 %
- Called 'traditional' and 'distorted' in 1984 (Wernham, 1984)



How Then?

According to the Popular Business Press

From strategy to **agility**

- 'transient advantage' (McGrath, 2013)
- 'adaptability' (Reeves & Deimler, 2011)

From strategy to **execution**

- 'execution as strategy' (Guillén & García-Canal, 2012)
- 'execution is the strategy' (Stack, 2014)

From strategy to **business models**

- Difference between the two (Klang et al., 2014)
- Adoption of the BM canvas (Osterwalder & Pigneur, 2010)

But...



If Not So, How Then?



Grounded Strategy

<http://dictionary.cambridge.org/>

grounded

adjective • **UK**  /'graʊn.dɪd/ **US** 
/'graʊn.dɪd/

grounded adjective (SENSIBLE)

- ★ **Someone who is grounded makes good decisions and does not say or do stupid things:**

He's very grounded even though he has so much money.

— Thesaurus: synonyms and related words

Wise and sensible

<http://www.dictionary.com/>

grounded

/ 'graʊndɪd /

adjective

1. sensible and down-to-earth; having one's feet on the ground

Grounded Strategy

Strategy that is:

- Historically Grounded
- Theoretically Grounded
- Empirically Grounded
- Ontologically Grounded
- Epistemologically Grounded
- Methodologically Grounded
- Experimentally Grounded
- Contextually Grounded
- Technologically Grounded
- Ethically Grounded
- Dispositionally Grounded
- Socially Grounded

Scientific

Realistic

Practical

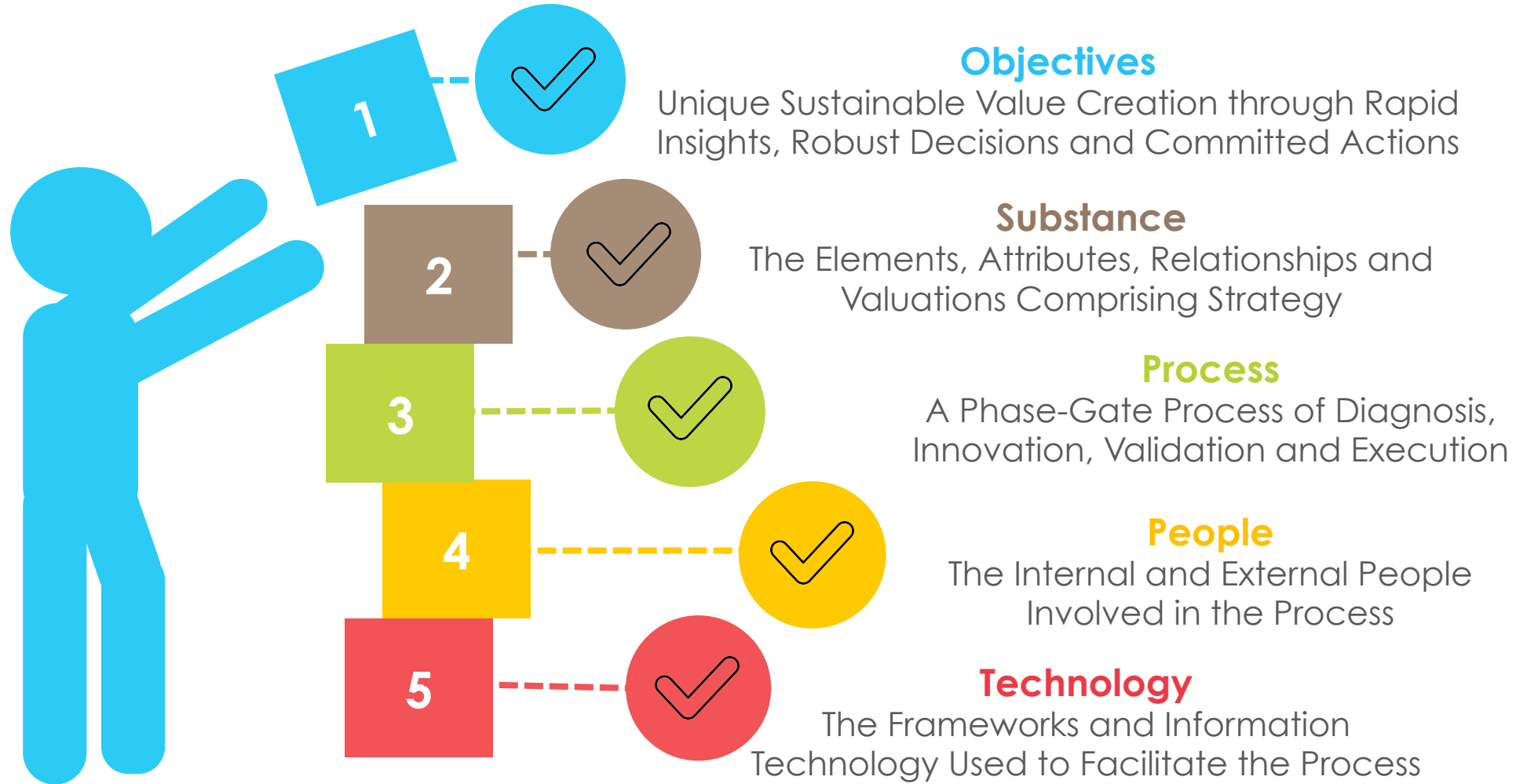
Human



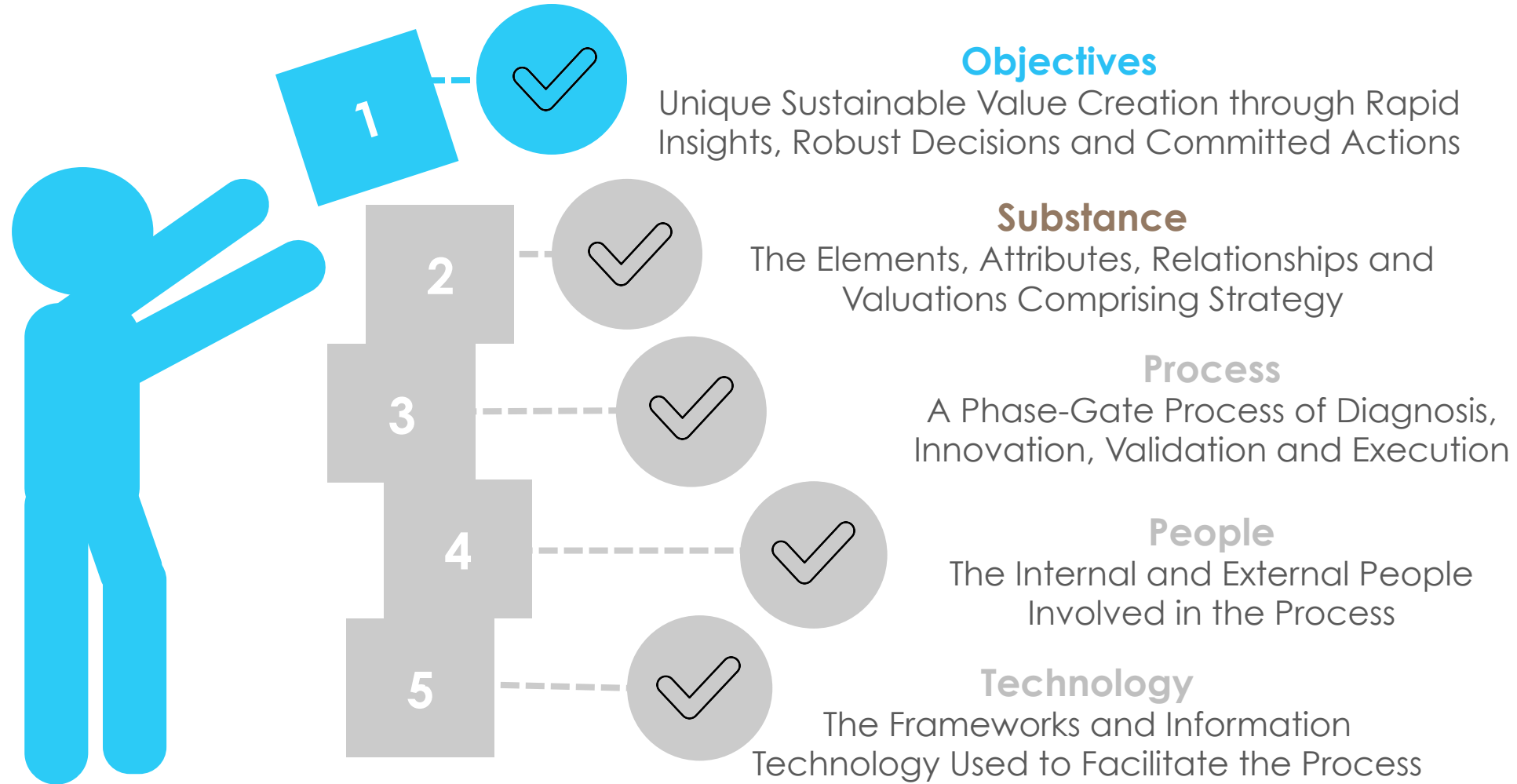
Or in a picture



Building Blocks of a Grounded Strategy Approach

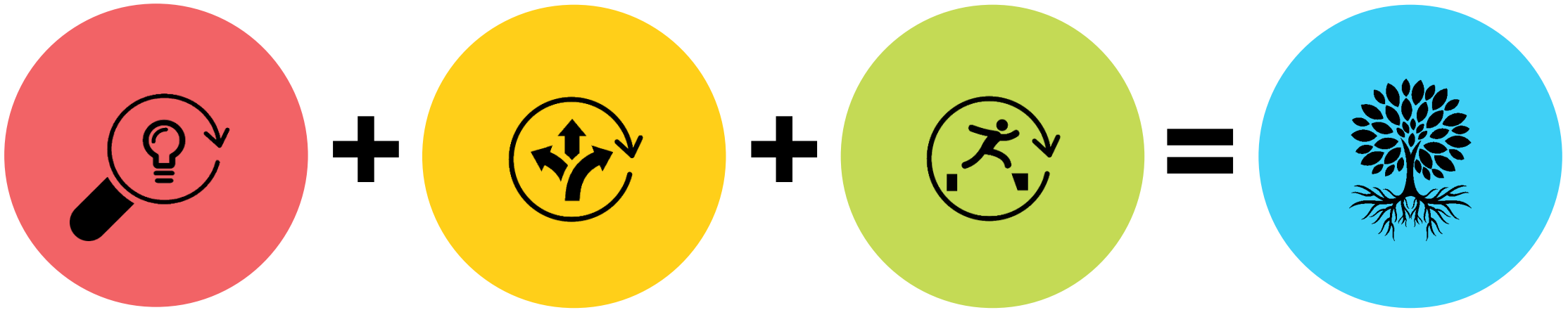


Building Blocks of a Grounded Strategy Approach



The Objectives of Strategy

What a Grounded Strategy Approach Leads to



Rapid Insights

You quickly gain understanding about the essence of any situation.

Robust Decisions

You make the best possible decisions in the face of uncertainty.

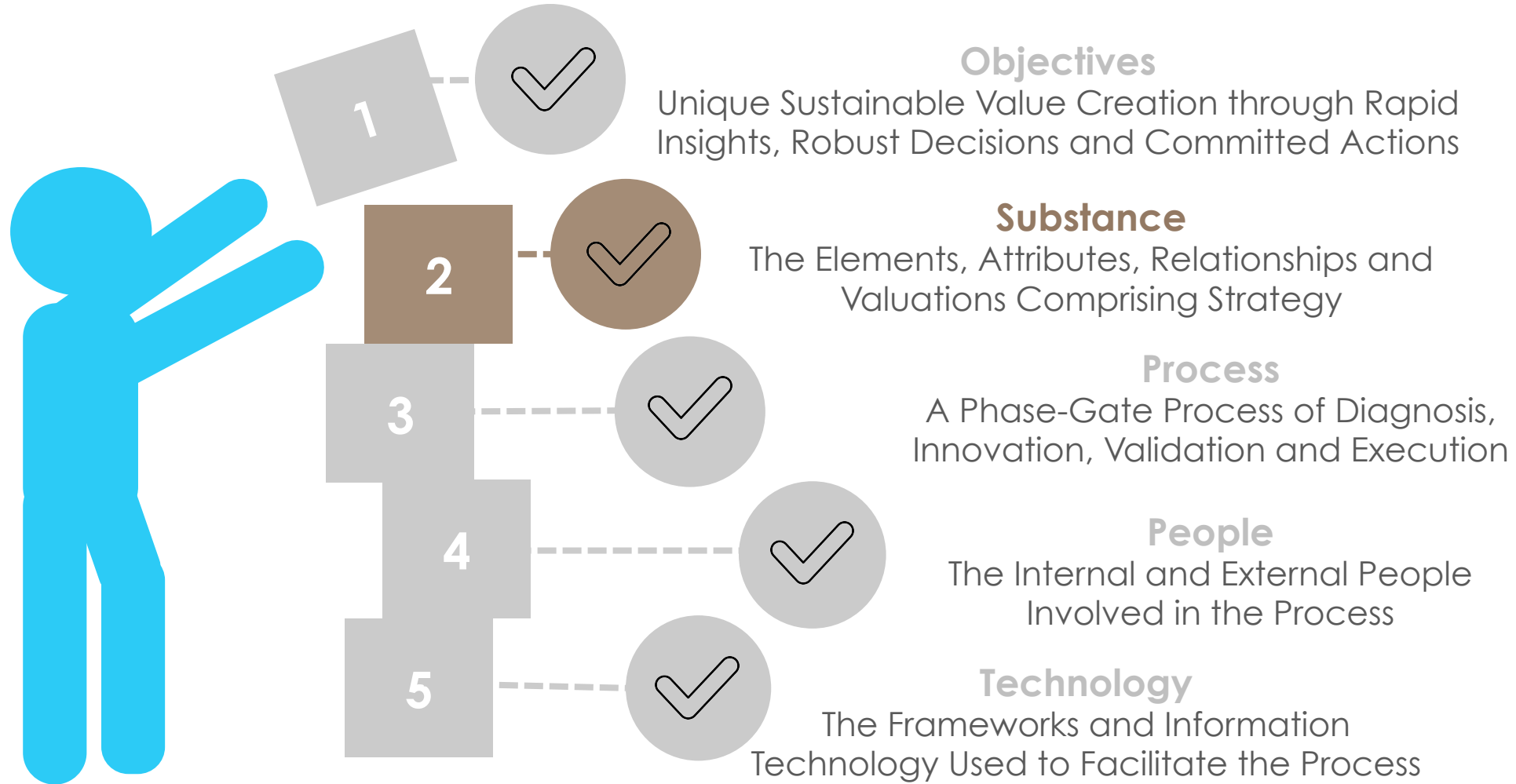
Committed Actions

You take the necessary actions to achieve sustainable value creation.

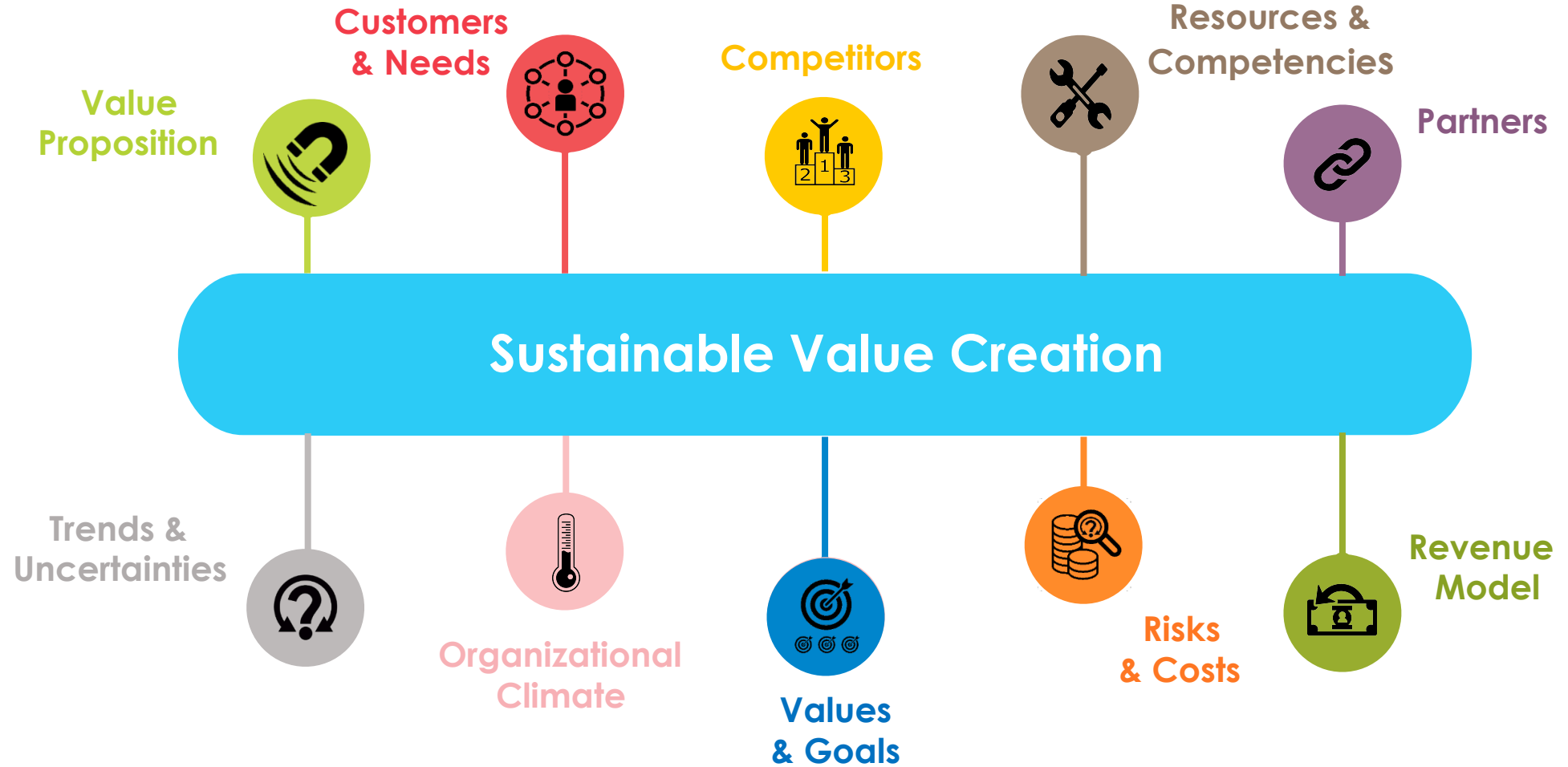
Sustainable Value Creation

You, your customers and everyone else involved benefits.

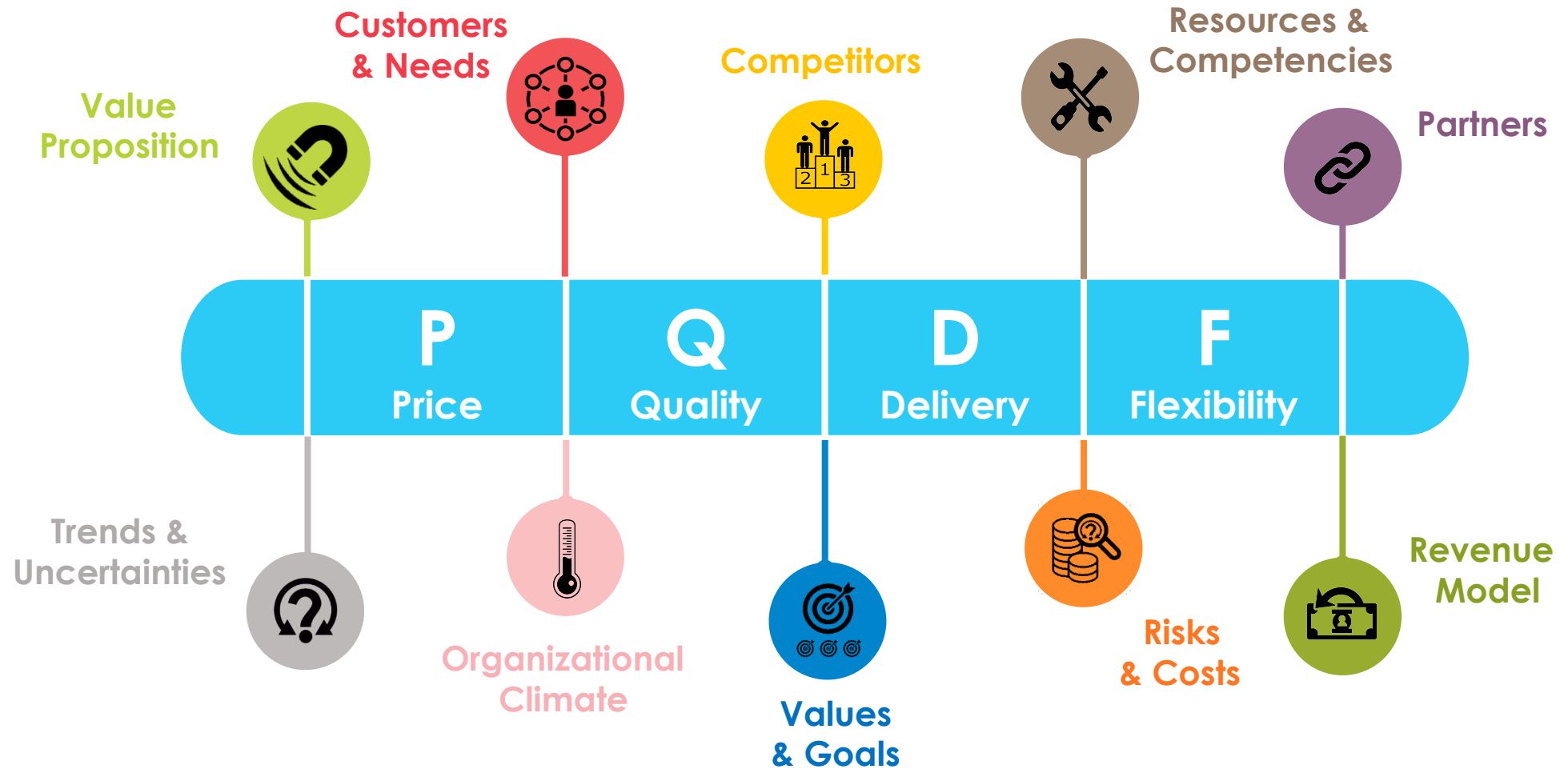
Building Blocks of a Grounded Strategy Approach



The Substance of Strategy: Elements and Relationships



The Substance of Strategy: Attributes and Valuations



The Substance of Strategy: Attributes and Valuations

Value created by any product or service has four dimensions:

P

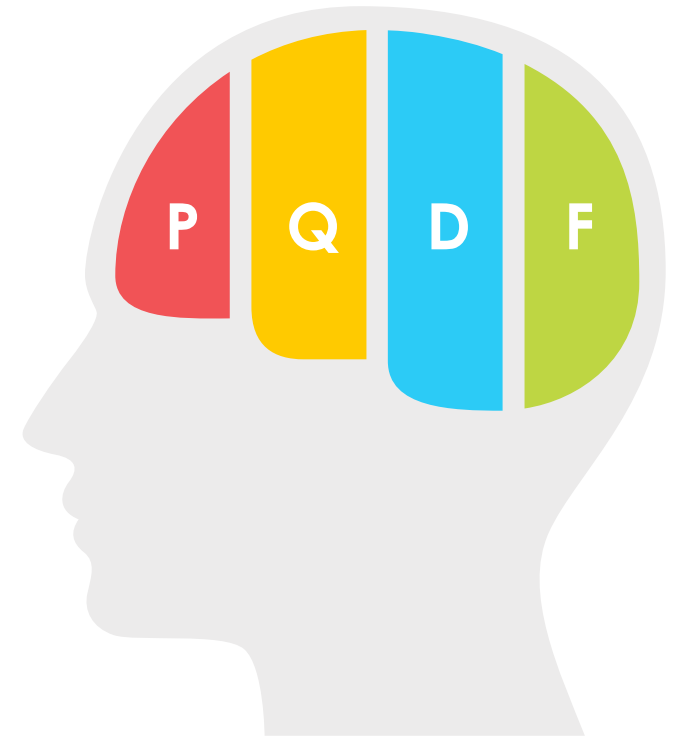
Price - Total amount customers pay for the offering

- **Standard** - pre-established and consistent price
examples: purchase price, TCO, price differentiation
- **Custom** - discounted or negotiated price
examples: discounts, special reductions, negotiation

Q

Quality - Functionality or utility the offering provides customers

- **Tangible** - functionality that can be directly measured
examples: performance, reliability, easy of use, durability, features
- **Intangible** - functionality that cannot be directly measured
examples: reputation, appearance, novelty, exclusivity, relationship



The Substance of Strategy: Attributes and Valuations

Value created by any product or service has four dimensions:

D

Delivery - Time required for customers to acquire the offering

- **Speed** - how fast is the delivery time
examples: availability, channel variety, responsiveness
- **Accuracy** - how accurate is the promised or scheduled delivery time
examples: on-time delivery, delivery options (time/location)

F

Flexibility - Capability of customers to customize the offering

- **Volume** - capability to customize quantity or size
examples: minimum/maximum order quantity, package size, modularity
- **Variety** - capability to customize functionality, features or options
examples: customization, adaptability, modularity



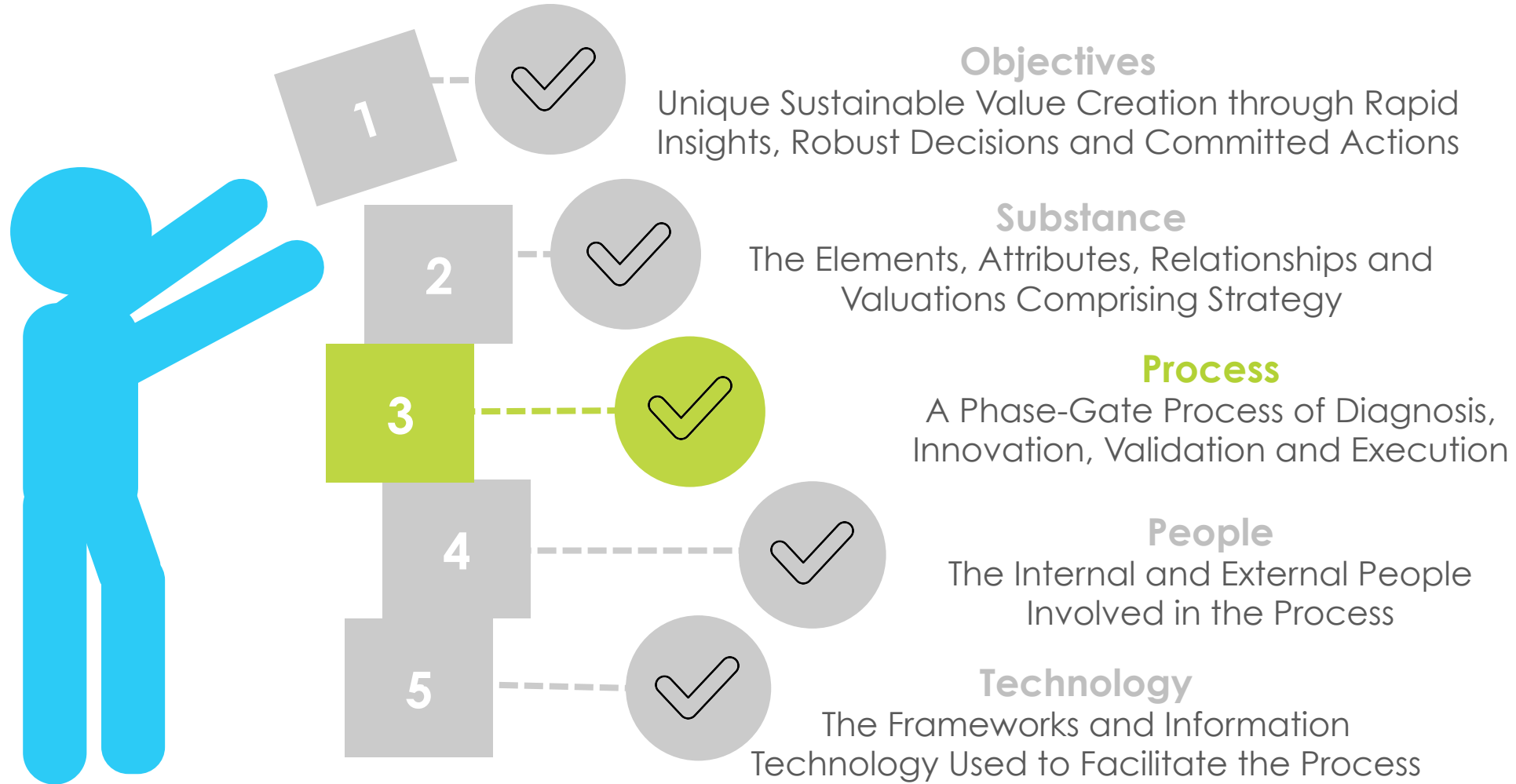
How does your offering perform on PQDF compared to your main competitors?

		Very Poor				Very good
P	Standard Price	1	2	3	4	5
	Custom	1	2	3	4	5
Q	Tangible Quality	1	2	3	4	5
	Intangible	1	2	3	4	5
D	Speed Delivery	1	2	3	4	5
	Accuracy	1	2	3	4	5
F	Volume Flexibility	1	2	3	4	5
	Variety	1	2	3	4	5

How important do your customers find P, Q, D and F?

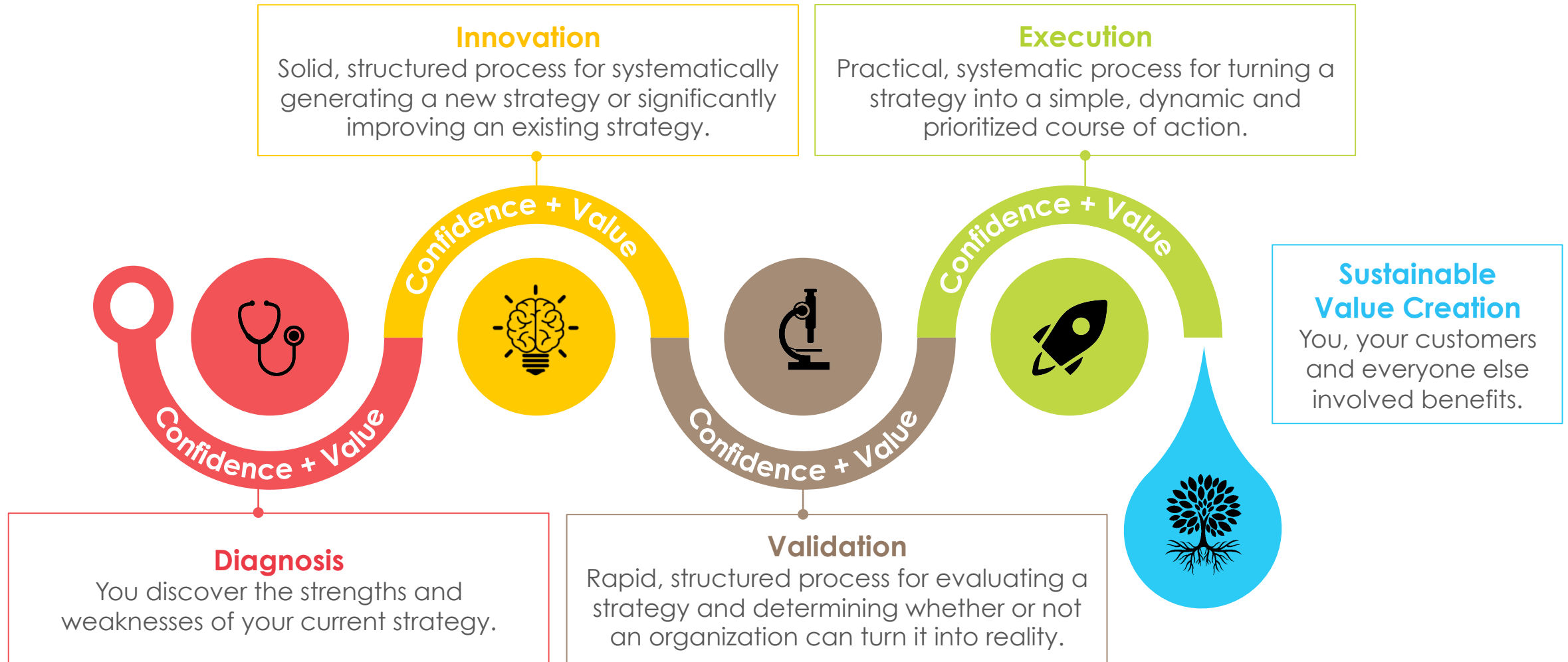
		Very important				Not important
P	Standard Price	5	4	3	2	1
	Custom	5	4	3	2	1
Q	Tangible Quality	5	4	3	2	1
	Intangible	5	4	3	2	1
D	Speed Delivery	5	4	3	2	1
	Accuracy	5	4	3	2	1
F	Volume Flexibility	5	4	3	2	1
	Variety	5	4	3	2	1

Building Blocks of a Grounded Strategy Approach



The Process of Strategy: Phases and Gates

Strategy Design is a four phase continuous process (DIVE):



Value Confidence Matrix

Confidence in the value of your strategy maximizes sustainable value creation:



Value Maximization Zone

You are confident that your strategy will succeed.



Value Maintenance Zone

You are confident that your strategy is viable but failure is a concern.



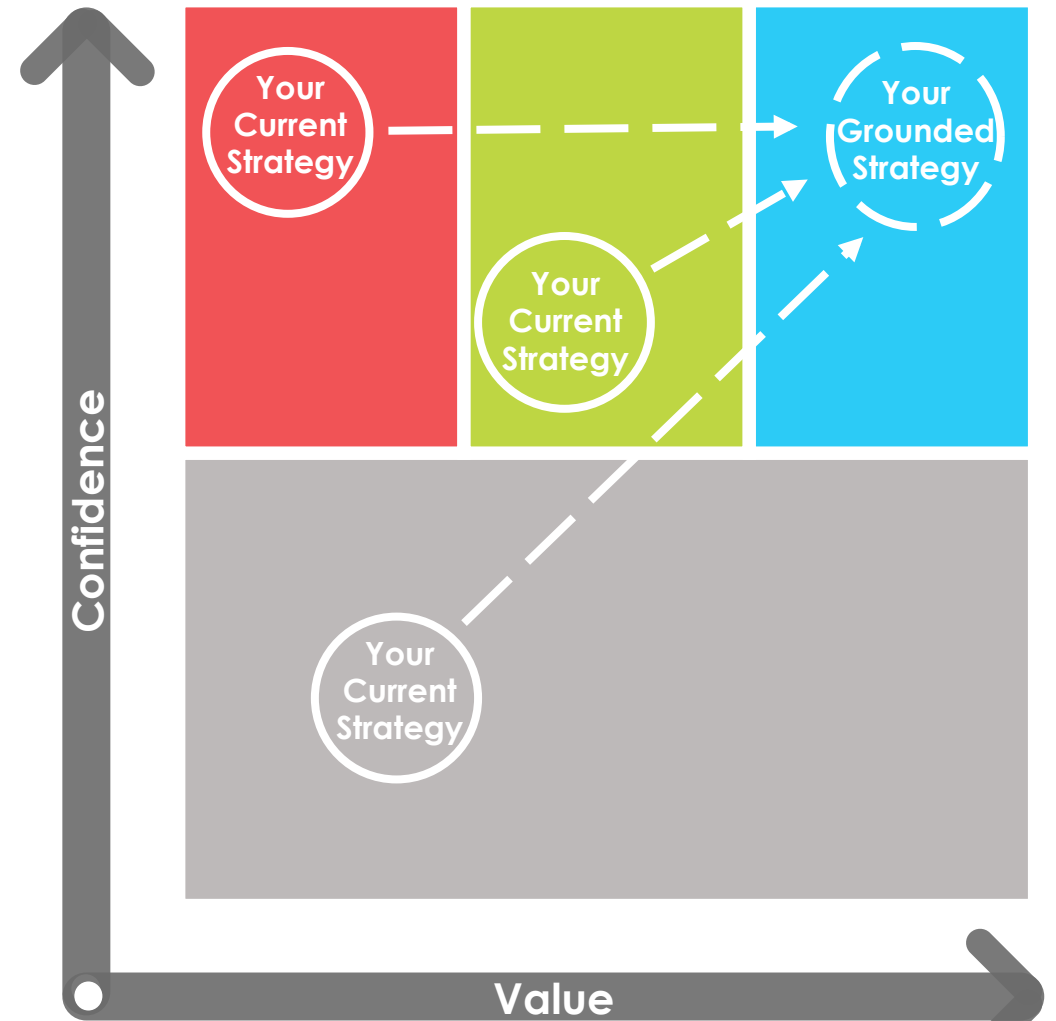
Value Minimization Zone

You are certain that your strategy will fail.



Value Uncertainty Zone

You are uncertain whether or not your strategy will succeed or fail.



Criteria for Measuring the Value of Your Strategy

Value of your strategy for your organization is measured via six criteria (SECURE):

- S**ignificance
 - Does your strategy maximize your positive impact?
 - Does your strategy minimize your negative impact?
- E**ffectiveness
 - Can you achieve your targets?
 - Are you using your resources in the best way?
- C**oherence
 - Is your strategy internally coherent?
 - Does your strategy fit with the environment?
- U**niqueness
 - Is your strategy sufficiently unique?
 - Can this uniqueness be sustained?
- R**esilience
 - Is your strategy sufficiently flexible?
 - Is your strategy sufficiently robust?
- E**ngagement
 - Does your strategy motivate and inspire?
 - Is your strategy the right thing to do?



Criteria for Evaluating Your Confidence in Your Strategy

Confidence in your strategy is a composite of four criteria (4C's):



Clarity

Is your strategy clear and easy to understand?



Correctness

Is your strategy based on accurate information?



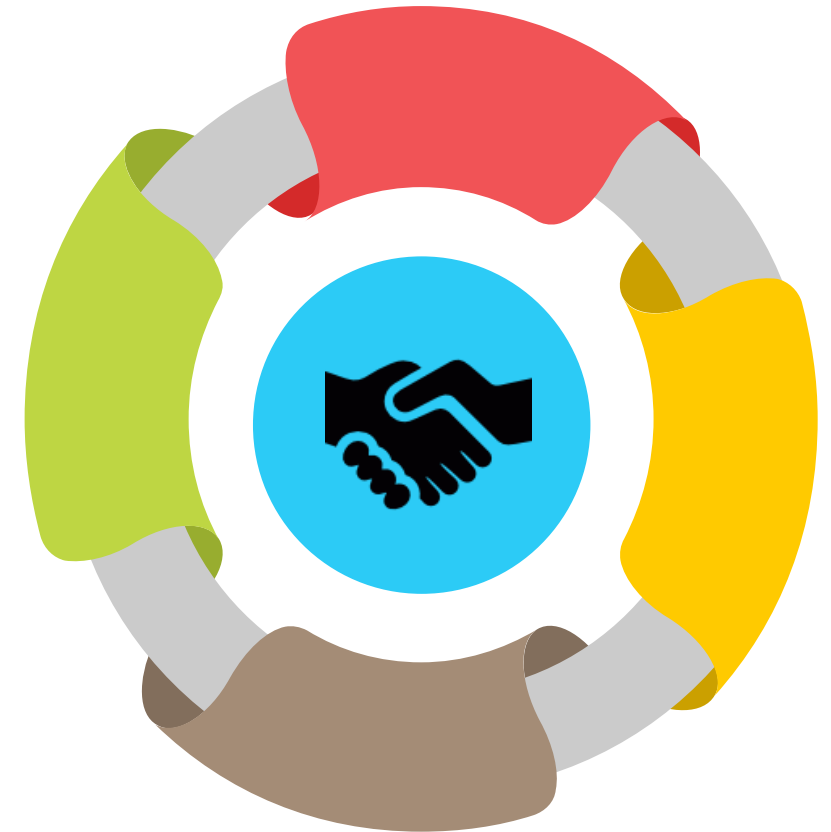
Completeness

Is your strategy based on enough information?

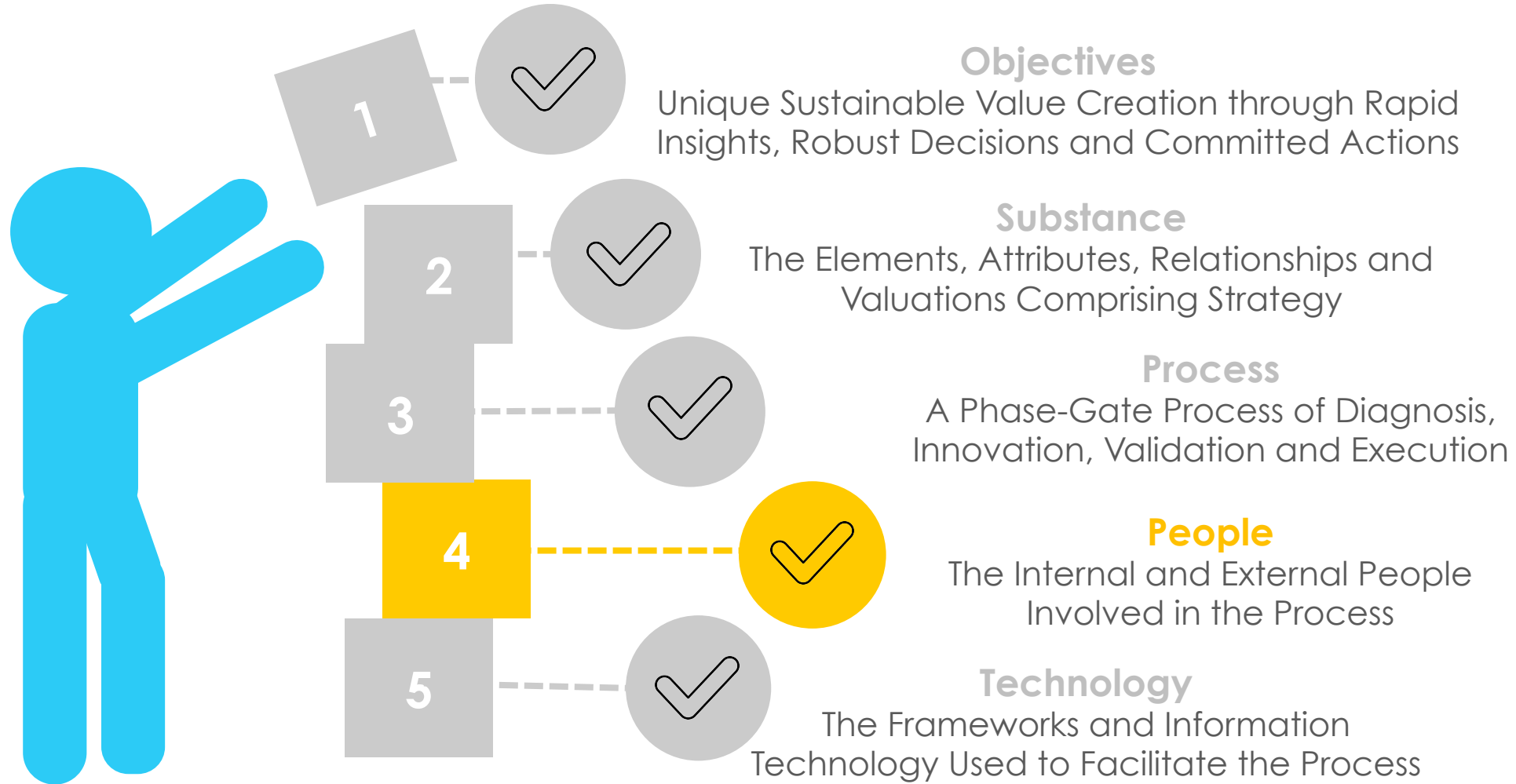


Consensus

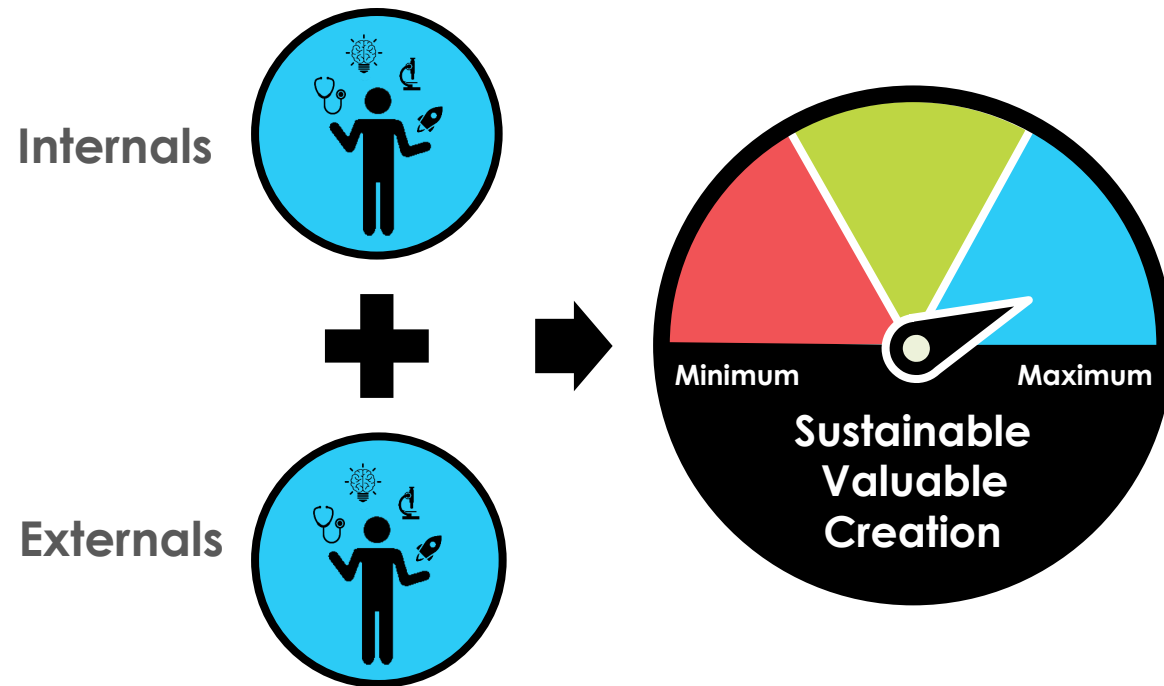
Is your strategy based on shared understanding?



Building Blocks of a Grounded Strategy Approach



The People of Strategy: Internal and External Participants



Internal

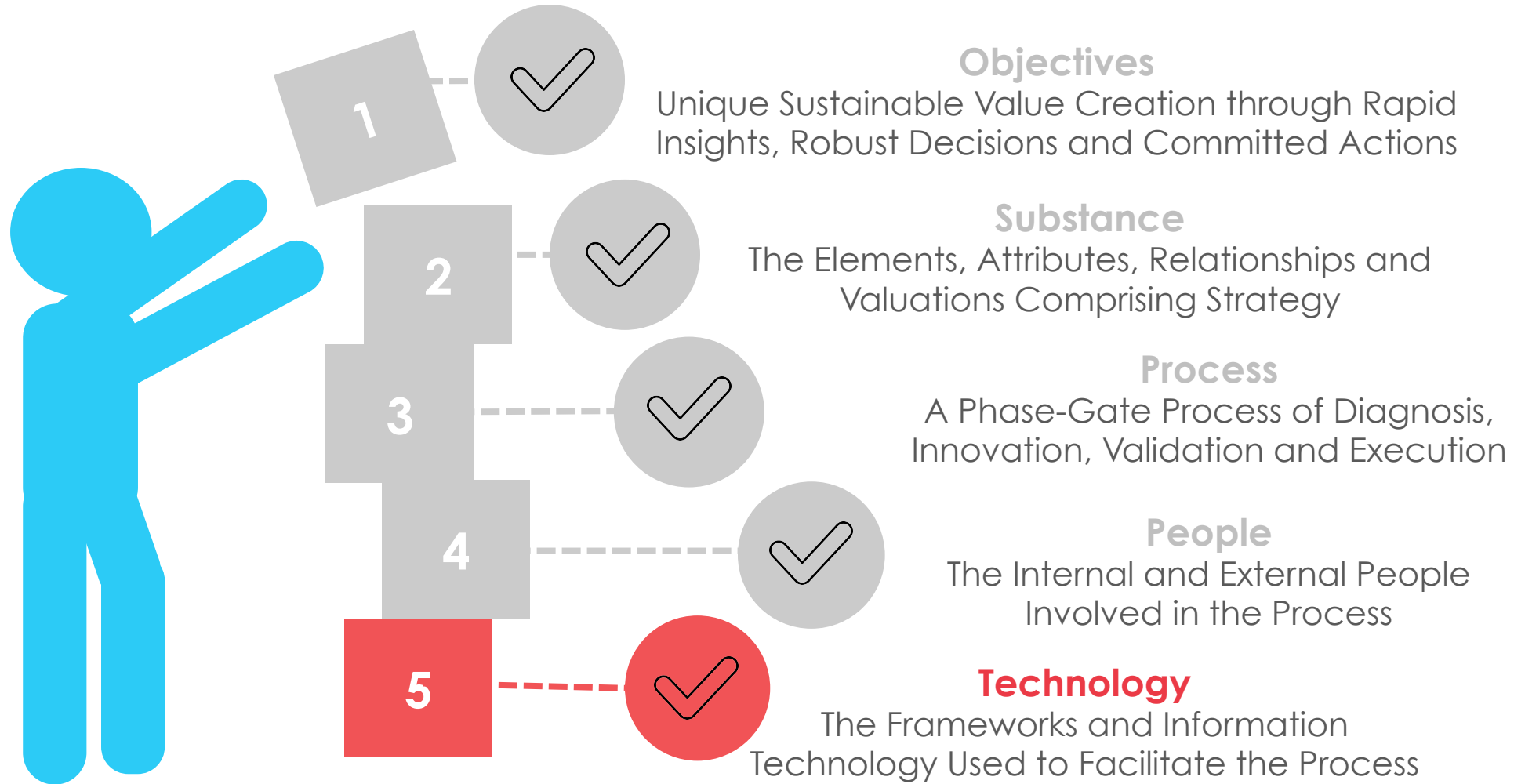
- Team-size 10 +/- 5
- Vocal and Influential
- Variety in discipline, levels generations and attitudes

External

- Moderators
- Experts
- Stakeholders

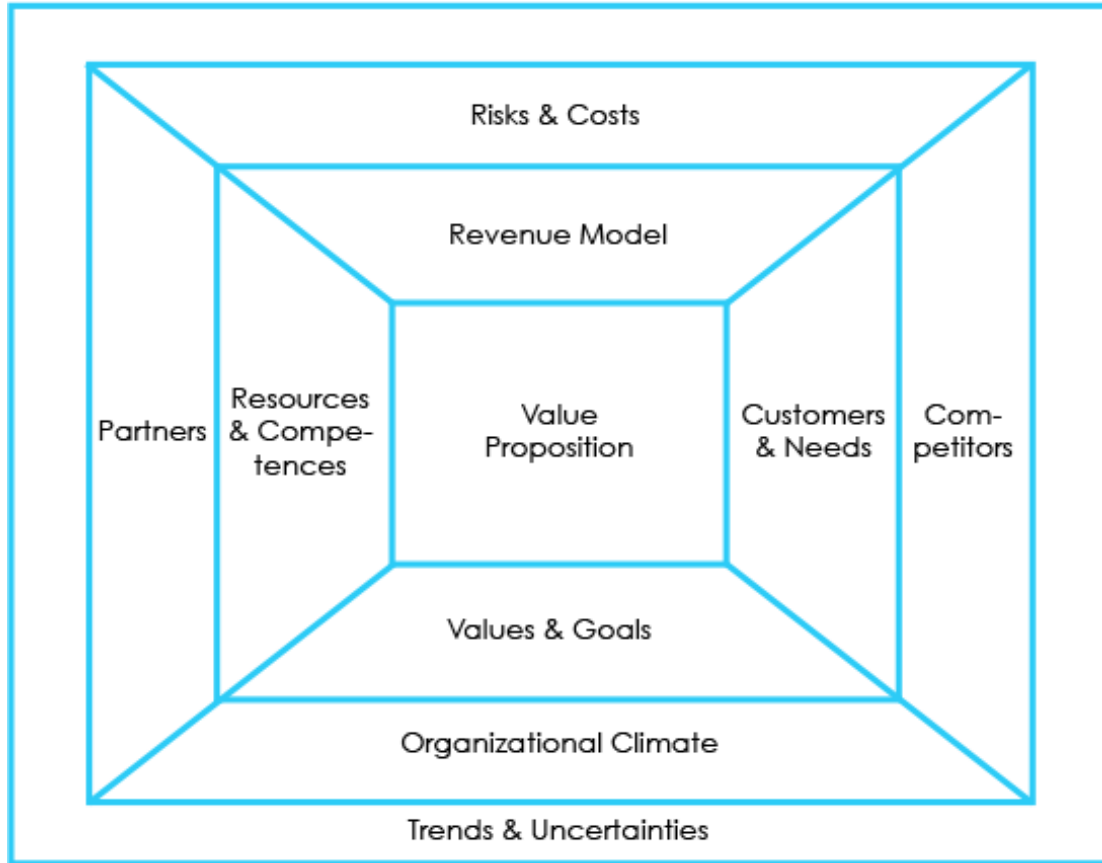


Building Blocks of a Grounded Strategy Approach



The Technology of Strategy: Frameworks

Strategy Sketch

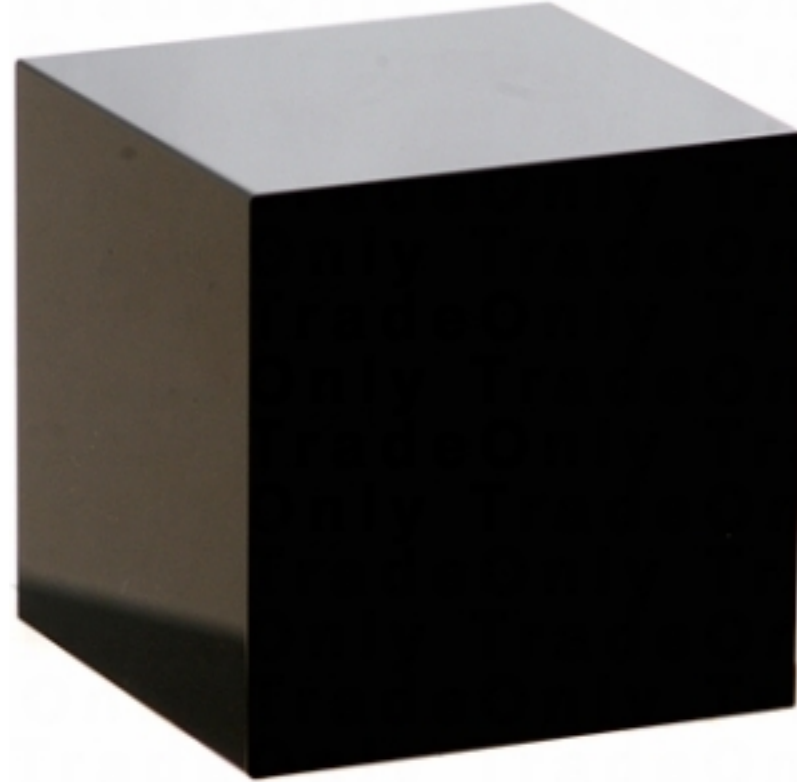


Organizational Map

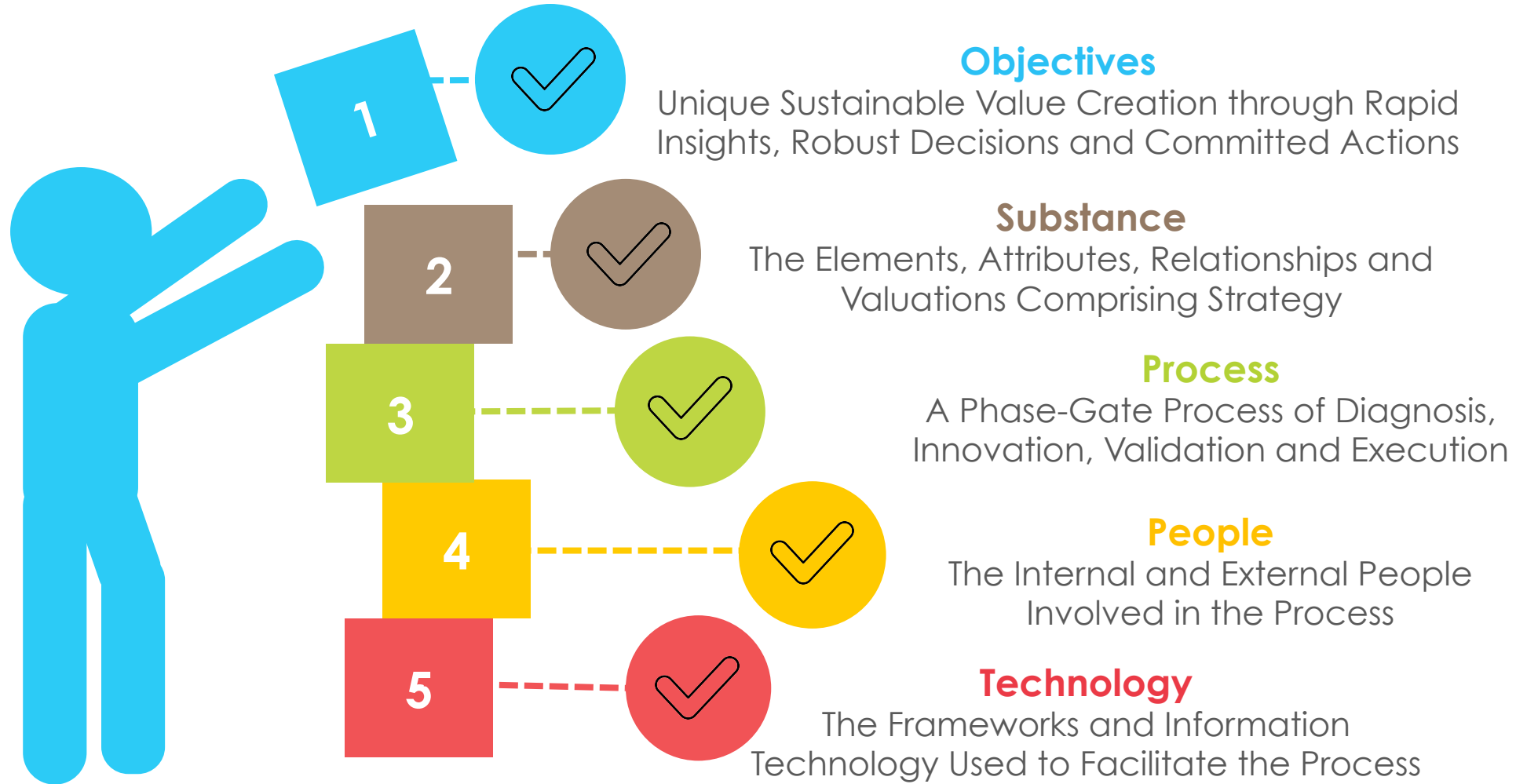


The Technology of Strategy: Software

- Strategy OS™
- Enhances the complete process
- Supports team-based interaction
- Elements of gamification
- Visual tap and swipe experience
- Cloud-based
- Secure
- ...



Building Blocks of a Grounded Strategy Approach



Back to VUCA

The world is getting more

- Volatile
- Uncertain
- Complex
- Ambiguous

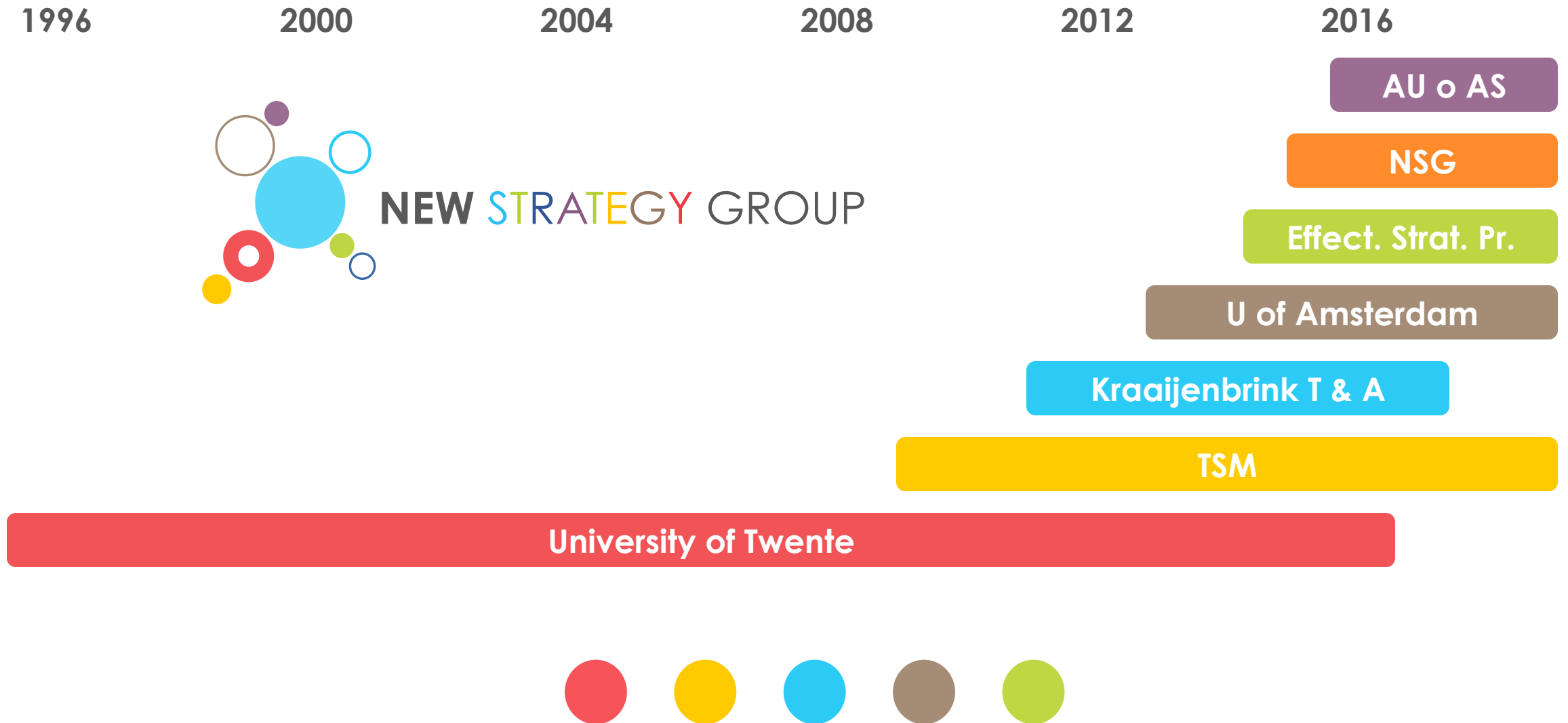
So, something like this



Where I'll Go From Here



Methodological and Personal Journey



The Value Proposition of New Strategy Group

Improving the way strategy is made through:



Strategy Consulting

- Medium and Large Firms
- Non-Profits
- Small Firms and Startups



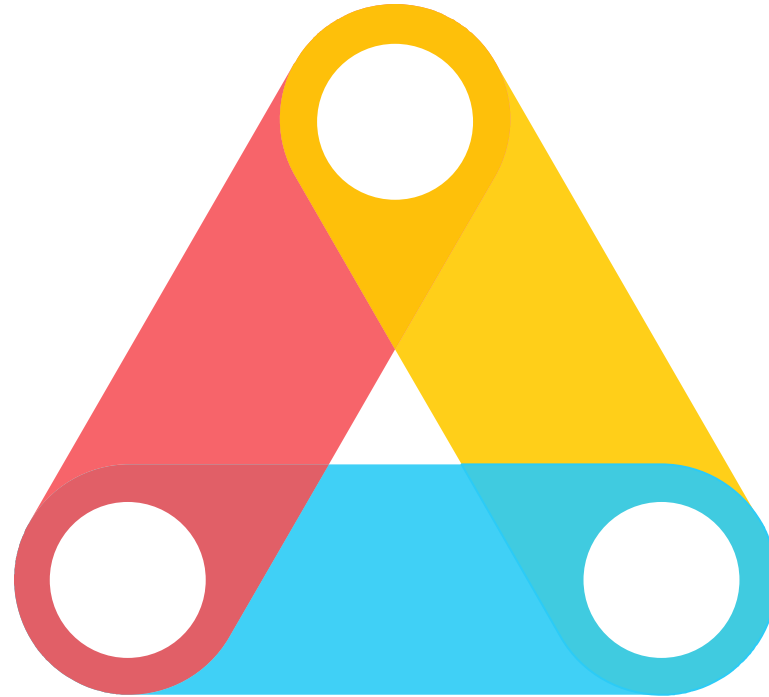
Strategy Training

- External Consultants
- Strategy Staff
- Managers



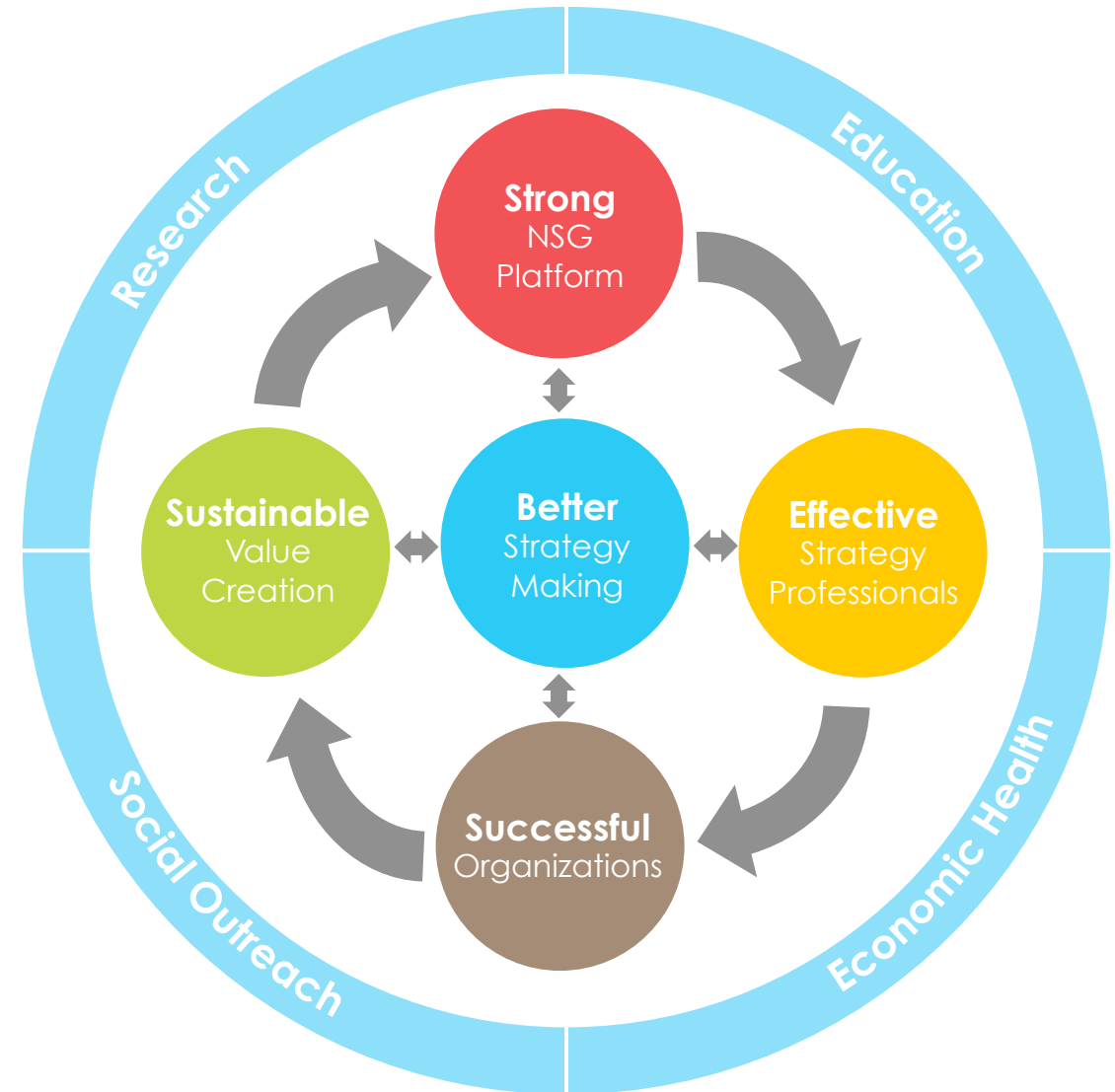
Strategy Software

- Strategy OS™
- Strategy OS™ Enterprise



The Virtuous Cycle of New Strategy Group

Through better strategy making, we are building a global community of strategy professionals, organizational leaders and investors who are empowered to unlock their full potential for sustainable value creation. We maximize sustainable value creation via a virtuous cycle consisting of a strong platform, effective strategy professionals and successful organizations. By doing so, we seek to have a positive impact with respect to education, economic health, social outreach and research.



But in a Grounded Way

One step at a time...



And Finally...



Thank You UT Colleagues!

Aard Wouter Maaïke Erwin Chintan Matthias Annette Jan Kees
Ton Fons Borianna Huub Tamara Hans Pieter Dries Thijs Ellen Ineke
Robert Michel Tanya Carla Ingrid Neil Uzi Tiago
Mehmet Kasia Petra Efthymios Isabella Arjan Corrie Jos
Paula Rainer Joris Joyce Björn Steve Joost Klaasjan Rob
Basil Hèla Monique Raymond Olaf Rik Kumar Nicole Ger
Mariska Raja Kristina Jacques Jörgen Patrick Ariane Jaap John
Christiaan Gabi Sandor Jolande Jann Annemarie Martin Paul Henk
Stephan Anna ...and you!



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www.newstrategygroup.com
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jeroen@newstrategygroup.com
06-53163104