

CONTEXT

Why do strategy consultants demand \$600/hr rates?

Jimmy Jia

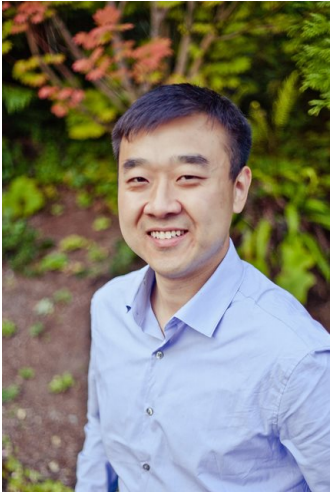
jimmy@jimmyjia.com

Last Edit: April 14, 2019



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/)

Hi! – I'm Jimmy



Currently:

- CEO, Distributed Energy Management
- Board Member, Cleantech Alliance

Previously:

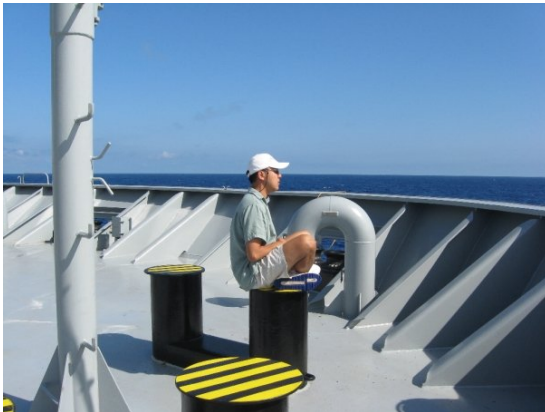
- Associate Engineer, Panasonic
- Territory Manager, Olympus

Education:

- BS, MS, MIT Material Science
- MBA, Oxford University

I'm curious about:

- How can an energy strategy improve competitive advantage?
- How does one spur energy innovations?



Hi! – I'm Martina



Currently:
Founder



President of Board



Previously:

GRIFOLS



HOLOGIC™
The Women's Health Company

Asuragen®



THE UNIVERSITY OF TEXAS
MD Anderson
Cancer Center
Making Cancer History®

Education:

- BS, MS,
- MBA



I'm curious about:

- In what ways can organizations create societal impact through their strategy?
- How strategy and innovations interplay to create change?



Hi! Who are you?

- Please introduce yourself.
- What are you curious about?
- Why does it interest you?
- Take about 1 minute or so.

This course:

Module 1: Context

- Why do strategy consultants command \$600/hr rates?

Module 2: Complexity

- Why do companies make decisions with imperfect information?

Module 3: Creativity

- Why do executives seek new ideas yet prefer proven concepts?

Module 4: Conscious

- Why are customers always right yet rarely know what they want?

Module 5: Communicate

- How will you convey what you learned in this class in a 30-second pitch?

Within each Module: RESIDENCY

Residency (Saturdays, once per month):

- Lecture
- Lots of discussion
- Group Activity
- EL Activity

Preparation work:

- Readings
- *Usually* a 1-page memo stating your recommendation to the Board of Directors on a decision they are facing.

Within each Module: WEBINARS

Webinars (TBD, once per monthly)

- Arranged as interviews of practitioners:
- Jameson Morrell, Sustainability Consultant, CH2M
- Ed Lee, CEO HelloAdvisr
- Additional TBD

Preparatory Work:

- Reading on their work
- Forum Discussion to generate a list of questions

Within each Module: TEAM CHECK INS

Team Conference calls (*optional, by appointment on Wednesdays*)

- To help with your EL project.
- To answer questions on your individual project.
- To connect with Jimmy or Martina with any additional questions.

Term Deliverables

Individual Project

EL Project

Both to be introduced later today

A Note on the Course Page

The Course Page is always right, even when there's something wrong.

- This way, we only need to correct things in one place instead of many places.

The screenshot shows a web interface for a course page. On the left is a dark sidebar with navigation links: Account, Dashboard, Courses, Calendar, Inbox, Commons, Help, and a back arrow. The main content area has a header with a hamburger menu, the course ID 'SUS6050', and the title 'Modules'. Below the header, there's a sub-header '2018 Spring Semester - Sa...' and a 'View Progress' button. A '+ Module' button is in the top right. A central menu lists course components: Home (selected), Syllabus, Assignments, Discussions, Grades, People, Announcements, Pages, Files, Modules, Quizzes, Outcomes, Conferences, and Collaborations. The main content area displays a list of modules under the heading 'Course Introduction: Strategy'. Each module entry includes a document icon, a title, a green checkmark, and a settings gear icon. The modules listed are: Strategy Zoom Room, Welcome to The Course, Course Faculty, Materials & Resources, Assessment Criteria & Methods of Evaluating Students, Instructional Methods & Grading, and Course Policies.

Course Introduction: Strategy		
Strategy Zoom Room	✓	⚙️
Welcome to The Course	✓	⚙️
Course Faculty	✓	⚙️
Materials & Resources	✓	⚙️
Assessment Criteria & Methods of Evaluating Students	✓	⚙️
Instructional Methods & Grading	✓	⚙️
Course Policies	✓	⚙️

What is Strategy?

Strat·e·gy (strədəjē):

- noun: **strategy**; plural noun: **strategies**
- a plan of action or policy designed to achieve a major or overall aim.

Sun Tzu:

- In war, the victorious strategist only seeks battle after the victory has been won.

Michael Porter:

- The essence of strategy formulation is coping with competition.

What it's not:

- *Just* a plan
- Explanation to a budget
- A long document

Strategy tries to answer these types of questions

- Why? → Vision
- How much? → Allocation of resources
- Which one? → Prioritizes decision making
- Where should we go next and when? → Giving Direction

A strategy is an integrated set of choices that drives you towards winning

Example of How Much: A utility has \$100M to invest in solar.



Build many residential solar systems

\$6.00 per watt

16 MW system

*Requires engagement with
thousands of customers*

Build a centralized solar plant

\$4.50 per watt

22 MW system

*Requires engagement with
members of the utility commission*

Where do you fall along the spectrum?

Why?

Example of Why:

You have 20 million vaccines for bird flu. Who do you give it to?

300 million people in the USA

- The most vulnerable? (elderly and infants)
- The most exposure? (doctors and nurses)
- People who contact food? (chefs and grocery store stockers)
- People who come in contact with people (bank tellers and teachers)

Where does the Department of Health send their resources?

Why?

Known Knowns – Identified Knowledge

		Certainty of an event occurring	
		Certain (Known)	Uncertain (Unknown)
Identification of the event	Identified (Known)	Known Knowns	Known Unknowns
	Unidentified (Unknown)	Unknown Knowns	Unknown Unknowns

Known Knowns – Identified Knowledge

Things I know. Presumably, also events I know how to handle.

Examples:

I have 4 more residencies to prepare.

Running social media for REI during Christmas season.

Strategies are *tactical execution*:

- Process Optimization
- Kaizen, Just-in-time
- Project Management

		Certainty of an event occurring	
		Certain (Known)	Uncertain (Unknown)
Identification of the event	Identified (Known)	<div>Known Knowns</div> <div>Identified Knowledge</div>	<div>Known Unknowns</div>
	Unidentified (Unknown)	<div>Unknown Knowns</div>	<div>Unknown Unknowns</div>

Known Unknowns – Identified Risks

Risks I know. Presumably, I should prepare in case they happen.

Examples:

You have to complete an EL project with a team of classmates.

The next San Francisco Earthquake

Strategies are to *mitigate risks*:

- Practice
- Scenario Planning

		Certainty of an event occurring	
		Certain (Known)	Uncertain (Unknown)
Identification of the event	Identified (Known)	<div>Known Knowns</div> <div>Identified Knowledge</div>	<div>Known Unknowns</div> <div>Identified Risks</div>
	Unidentified (Unknown)	<div>Unknown Knowns</div>	<div>Unknown Unknowns</div>

Unknown Knowns – Untapped Knowledge

Things we are unaware of knowing.
Therefore it's hard to know *when to stop or when we've achieved it.*

Example:

You are all strategists. You just don't know it yet.

“I didn't know I could do that!”

Strategies are to *uncover creative*:

Listening to others, Feedback
Creativity, Innovation

		Certainty of an event occurring	
		Certain (Known)	Uncertain (Unknown)
Identification of the event	Identified (Known)	<div>Known Knowns</div> <div>Identified Knowledge</div>	<div>Known Unknowns</div> <div>Identified Risks</div>
	Unidentified (Unknown)	<div>Unknown Knowns</div> <div>Untapped Knowledge</div>	<div>Unknown Unknowns</div>

Unknown Unknowns – Unknowable Risk

Things we don't even know are going to happen, making it impossible to prepare.

Example:

What will happen when the North Pole melts?

Will the smart phone be replaced by something different, like the Walkman is no longer available?

Strategy is to be *intensely curious*:

Value of Experience

Fail Fast

		Certainty of an event occurring	
		Certain (Known)	Uncertain (Unknown)
Identification of the event	Identified (Known)	<div>Known Knowns</div> <div>Identified Knowledge</div>	<div>Known Unknowns</div> <div>Identified Risks</div>
	Unidentified (Unknown)	<div>Unknown Knowns</div> <div>Untapped Knowledge</div>	<div>Unknown Unknowns</div> <div>Unknowable Risks</div>

Success in each quadrant

Process Optimization

Success is when you're better than status quo

Scenario Planning

Pays off when the event occurs

Creativity, Noticing

Success is when you've identified a new insight.

Fail Fast; Gain Experience

Exposure so that you can move things into the other three categories.

Known Knowns Identified Knowledge	Known Unknowns Identified Risks
Unknown Knowns Untapped Knowledge	Unknown Unknowns Unknowable Risks

Decision-making process in each quadrant

Process Optimization

Decisions are based on **how** to make improvements

Creativity, Noticing

Decisions are based on **what** insights you can come up with

Scenario Planning

Decisions are based on **what** scenarios you can come up with

Fail Fast; Gain Experience

Decisions are based on **why** something should be done

Known Knowns Identified Knowledge	Known Unknowns Identified Risks
Unknown Knowns Untapped Knowledge	Unknown Unknowns Unknowable Risks

Decision-making process in each quadrant

TACTICAL

Process Optimization

Decisions are based on **how** to make improvements

Creativity, Noticing

Decisions are based on **what** insights you can come up with

RISK

Scenario Planning

Decisions are based on **what** scenarios you can come up with

PHILOSOPHICAL

Fail Fast; Gain Experience

Decisions are based on **why** something should be done

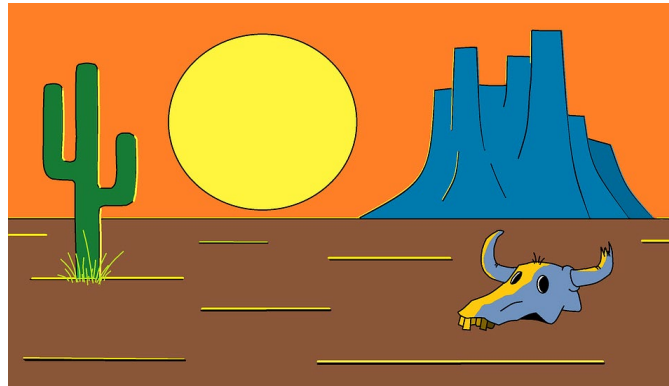
INNOVATION

Why is Why so important?

You are stranded in the desert with a baby and an elderly person.

Yet there is only food enough for 2

Someone must be sacrificed. Who do you choose?



Why is Why so important?

You are stranded in the desert with a baby and an elderly person.
Yet there is only food enough for 2
Someone must be sacrificed. Who do you choose?

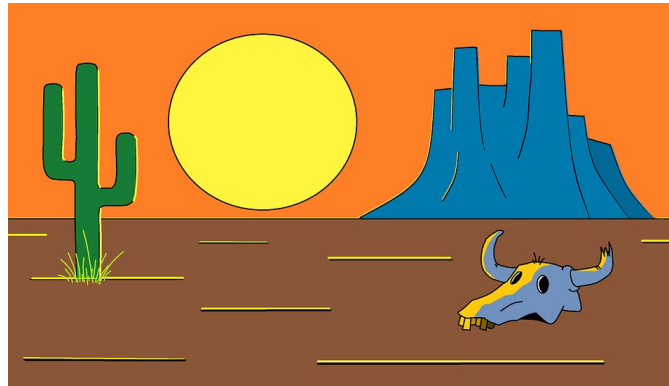
Western Thought:

Save the baby

The baby have their entire life in front of them with much potential. The elderly person has had their turn.

Why?

Western thought values potential



Maori Thought:

Save the elderly person

The elderly person has a lifetime's experience of surviving the outback. You can always make another baby!

Why?

Maori values survival experience

Warren Berger: A More Beautiful Question

Questioning is the “Ability to organize our thinking around what we don’t know”
– *Right Question Institute*

Why? – person encounters an event that is less than idea.

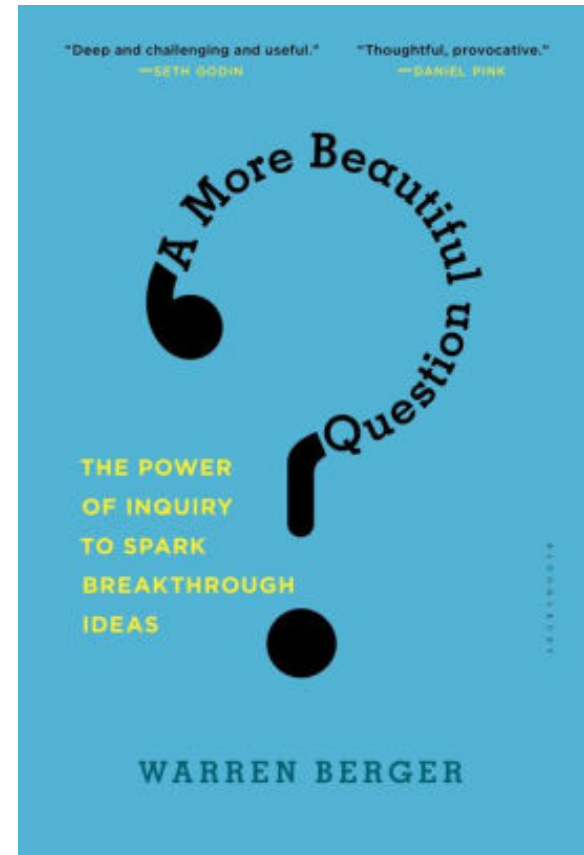
- Vision, reason, purpose

What if? – person begins coming up with ideas for possible solutions.

- Exploratory, experimentation, innovation

How? – person tries to implement one of the ideas.

- Technique, processes, skills, know-how



Evolution of the Prosthetic Leg

Why are prosthetics so bad?

**What if I tried ...
[These thousands of
experiments]?**

**How do I build one?
How do I build many?
How do I build it affordably?
How can I get this adopted?
...**

**10 years
of work**



One Last Observation

When you talk about ***why***,
people tend to think you're passionate about it.

Questions and Comments

Decision-making process in each quadrant

TACTICAL

Process Optimization

Decisions are based on **how** to make improvements

Creativity, Noticing

Decisions are based on **what** insights you can come up with

RISK

Scenario Planning

Decisions are based on **what** scenarios you can come up with

PHILOSOPHICAL

Fail Fast; Gain Experience

Decisions are based on **why** something should be done

INNOVATION

In Summary

We did a lot!

- Roadmap for the Term
- Introduction to strategy
- Importance of strategy and business frameworks
 - Porters
 - Situational Awareness
 - Marketing Mix
- EL Project
- Questionstorming
- Scenario Planning

Key Take-aways

- Strategies is what you use to improve your competitive advantage.
- Frameworks can help you manage the unknown and is a process to solve problems.
- Answering “Why” is usually a good place to start.
- Be comfortable with uncertainty.

Thank you!

Fast Feedback posted on the course page