



Strategy Discussion CEO Perspectives ISB

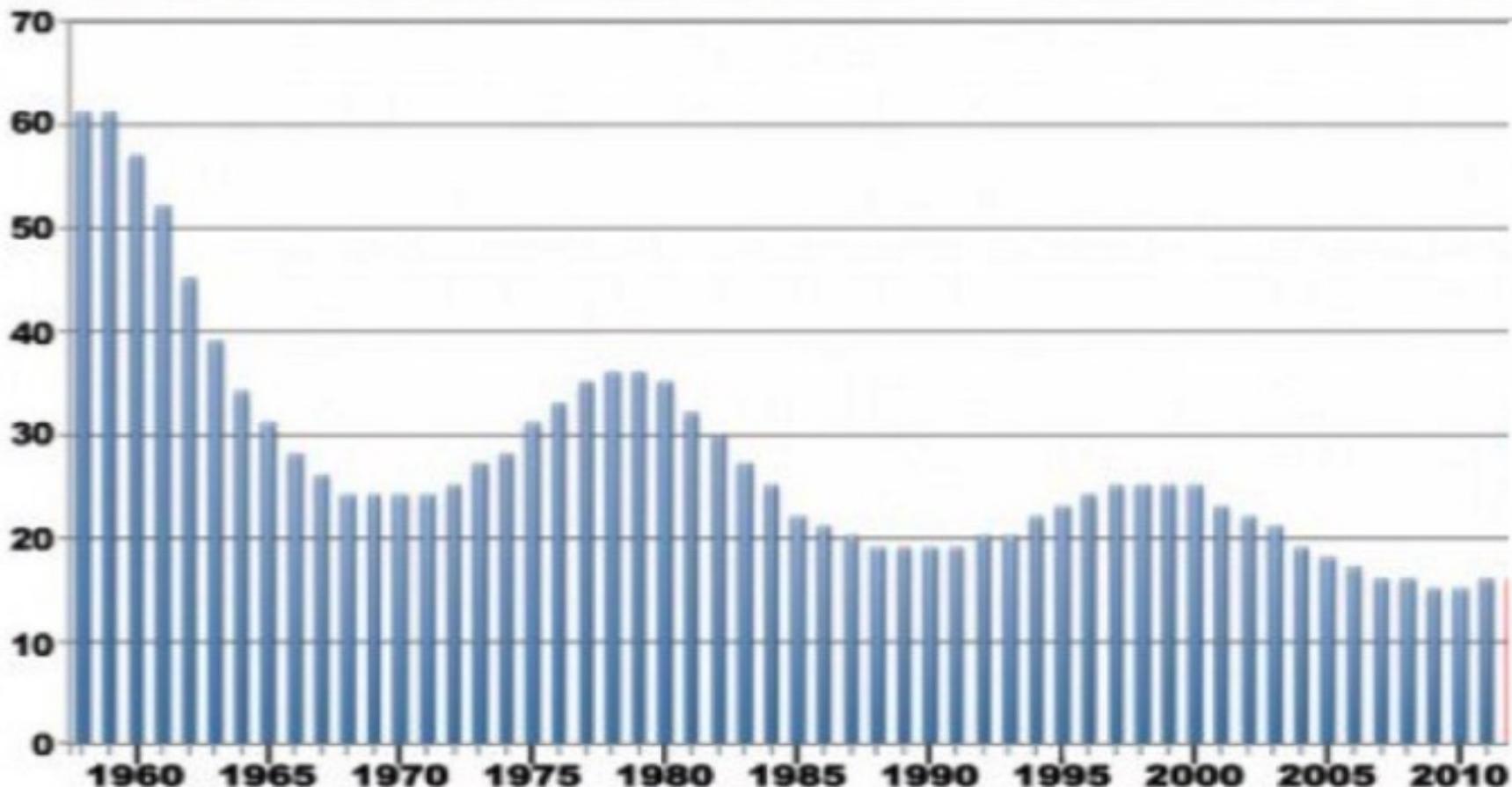


- Introductions
- 4 sessions of 3 hours each.
- Each session will have two short breaks midway
- We will explore various topics through pre-reads, case simulations and class discussions
- Pre reads will apply across sessions. Not specific. Some concepts may be repeated across sessions
- Will try and keep the last 15 minutes for open discussions

- You will get in proportion to what you contribute
- Please come prepared with your views, anecdotes, examples, challenges. We are a learning community and will learn from each other. My role is to facilitate learning and exploration, not to teach.
- Course evaluations. Two way
- My expectations.
- Your Expectations

- I am not “the final word” on any subject, but will share based on my experiences and drawing on existing theory to support.
- A course like this CANNOT be exhaustive. I’ve picked topics that I believe interesting and relevant to you to round off your study. An overview of subjects for non specialists.
- cases and examples may be repeated across sessions for reinforcement and continuity.
- Will also try to keep last fifteen minutes of each class for an open dialogue on any questions I might not have Covered.

Average company lifespan on S&P 500 Index (in years)



Year (each data point represents a rolling 7-year average of average lifespan)

DATA: INNOSIGHT/Richard N. Foster/Standard & Poor's

Charles Darwin : It is not the strongest or most intelligent who survive, it is the most adaptable to change

Key Lesson

Change or Die.....

Disrupt or be Disrupted.....

What is changing in the top 5 companies over the years?

Top 5 publicly traded companies by Market cap

Technology



1990



\$ Bn 92



\$ Bn 82



\$ Bn 81



\$ Bn 72



\$ Bn 59

2000



\$ Bn 492



\$ Bn 453



\$ Bn 417



\$ Bn 391



\$ Bn 268

2010



\$ Bn 314



\$ Bn 260



\$ Bn 209



PetroChina

\$ Bn 208



\$ Bn 200

2015



\$ Bn 724



\$ Bn 377



\$ Bn 357



Exxon

\$ Bn 356



\$ Bn 333

2020



\$ Bn 2,260



\$ Bn 1,685



\$ Bn 1,680



\$ Bn 1,630



\$ Bn 1,190

“we didn’t do anything wrong, but somehow, we lost” 😢😢

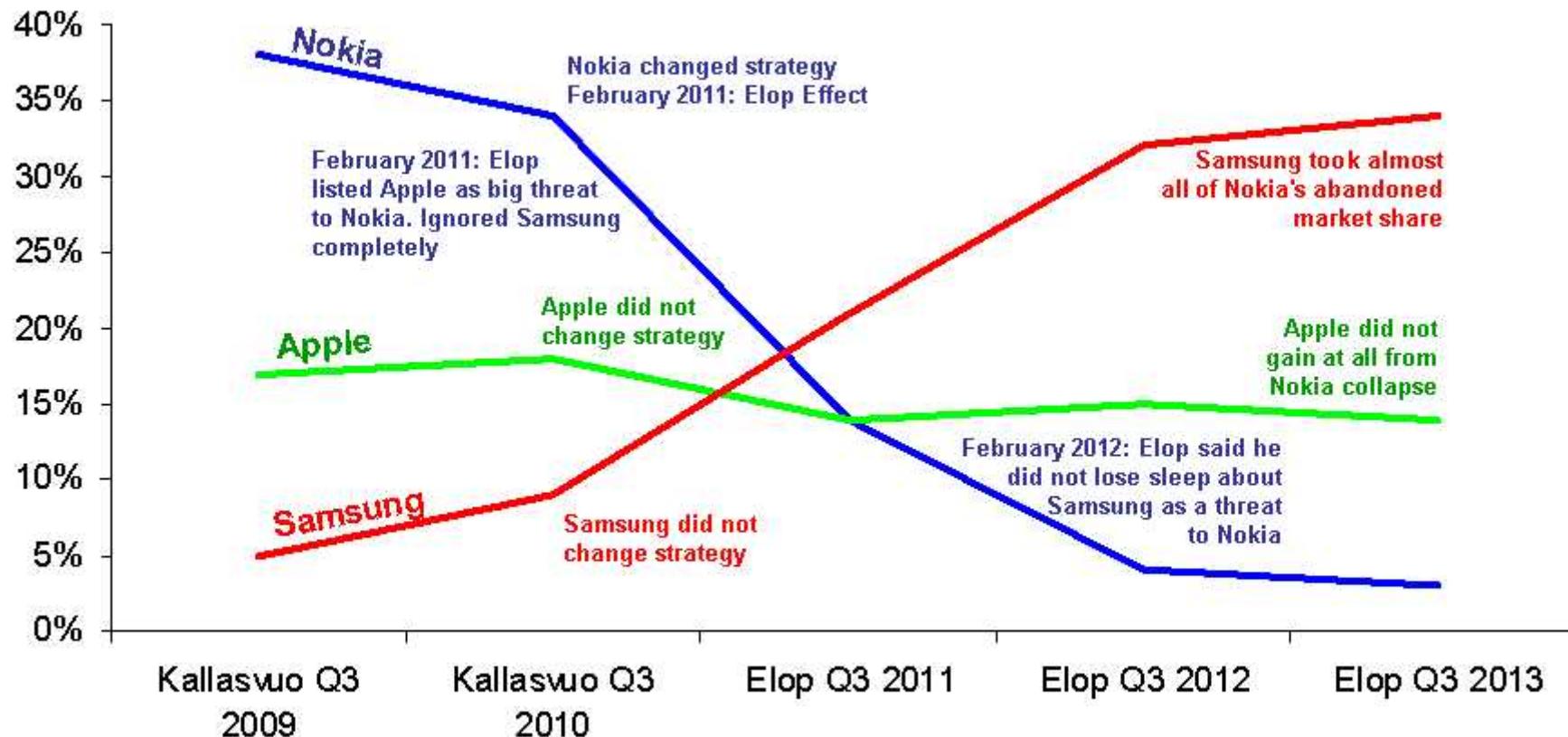
NOKIA



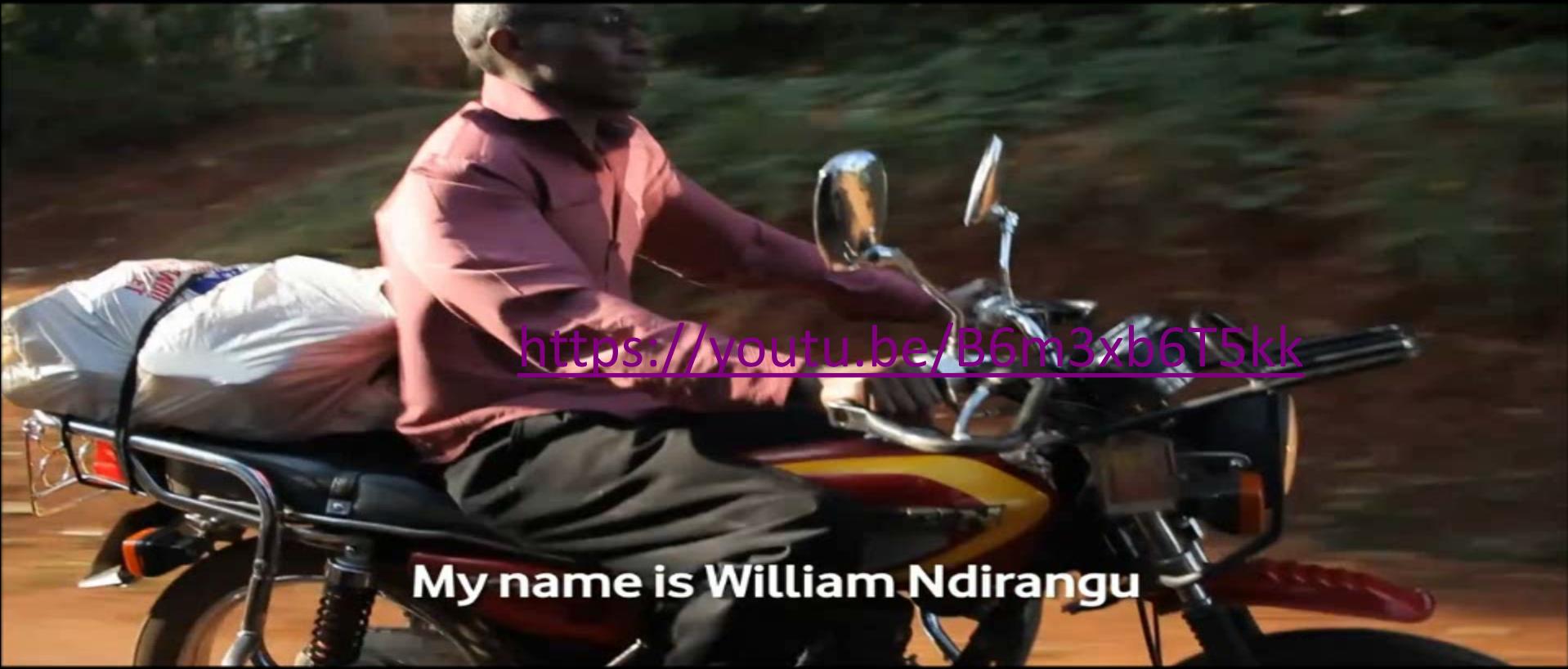
During the press conference to announce Nokia’s smartphone division being acquired by Microsoft, Nokia CEO ended his speech saying this “we didn’t do anything wrong, but somehow, we lost”. Upon saying that, all his management team, himself included, teared sadly.

<http://thenewcoverage.my/entertainment/stories/we-didnt-do-anything-wrong-but-somehow-we-lost-last-speech-by-nokias-ceo/>

Smartphone Market Shares of Nokia, Apple and Samsung Past 5 Years



Source: TomiAhonen Consulting Analysis of Manufacturer and Industry Data, November 2013

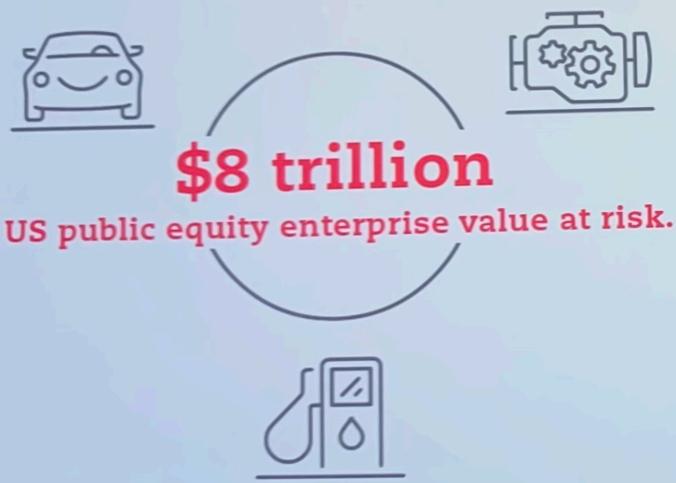


<https://youtu.be/B6m3xb6T5kk>

My name is William Ndirangu

- The Self driving car
- What industries are likely to be disrupted?

Robotaxis could reduce the cost of point-to point-mobility discontinuously in the US, stealing \$150 billion in annual demand per year from ride-hailing, short-haul flights and public transit.²¹ If robotaxis become the dominant form of urban transit, ARK expects US auto sales to drop from 17 million units today to roughly 10 million by the end of the decade.²² We believe robotaxis will upend the market for traditional auto insurance, cutting annual premiums in half, and will disrupt the auto loan market as the legacy vehicle fleet, worth \$2.6 trillion,²³ suffers a material write-down in the value of its collateral. Finally, oil demand could peak much sooner than expected as electric robotaxi miles displace traditional auto miles.



Shares of GDP by economic sector, United States, 1839 to 2016

Sectoral shares of value added (GDP) at current prices.

Our World
in Data

 Change country

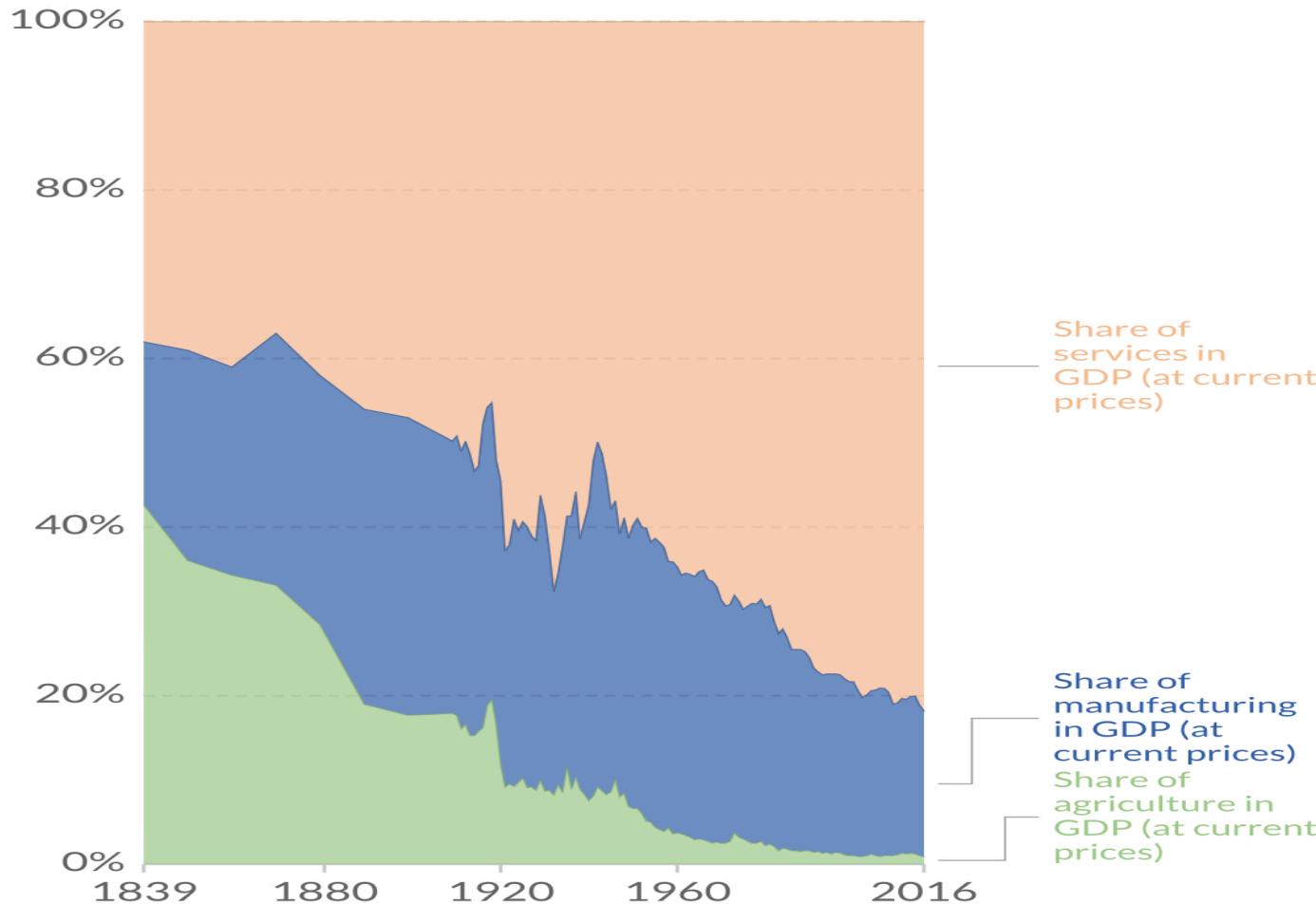
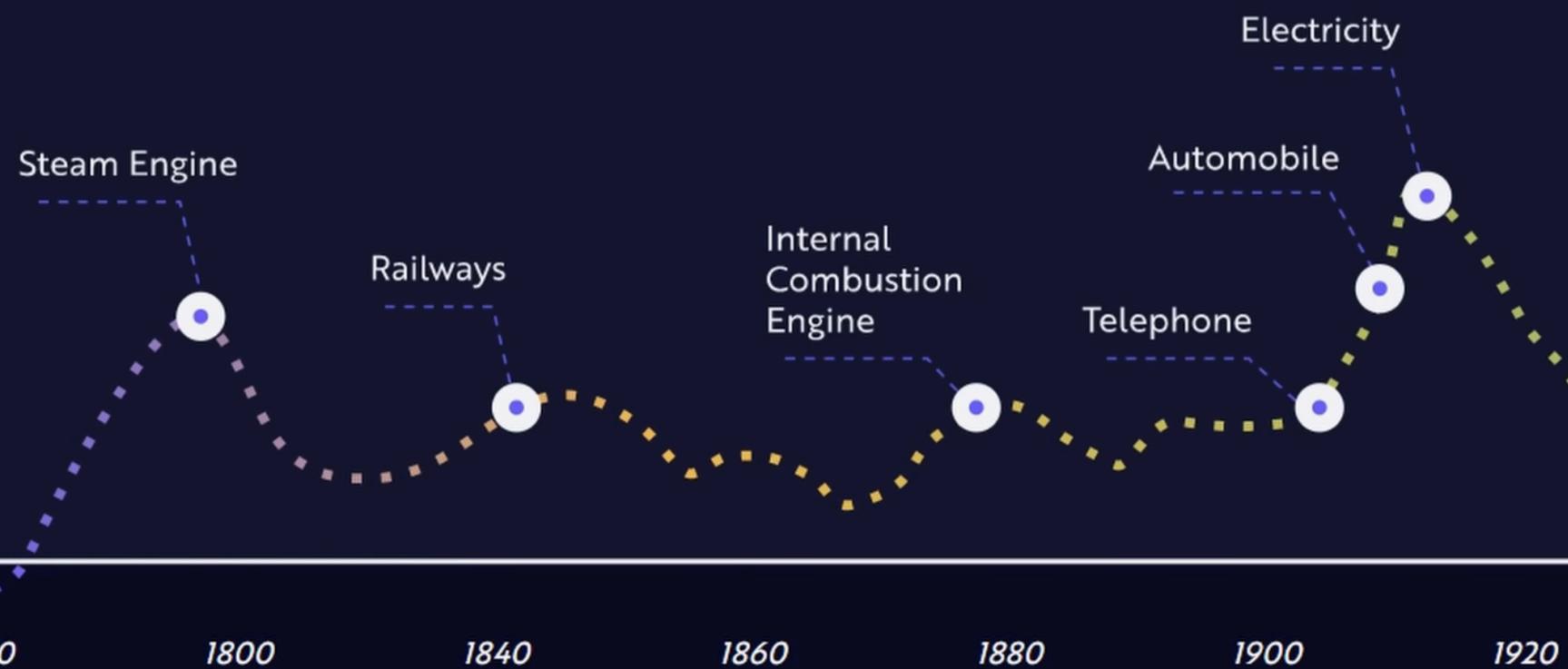


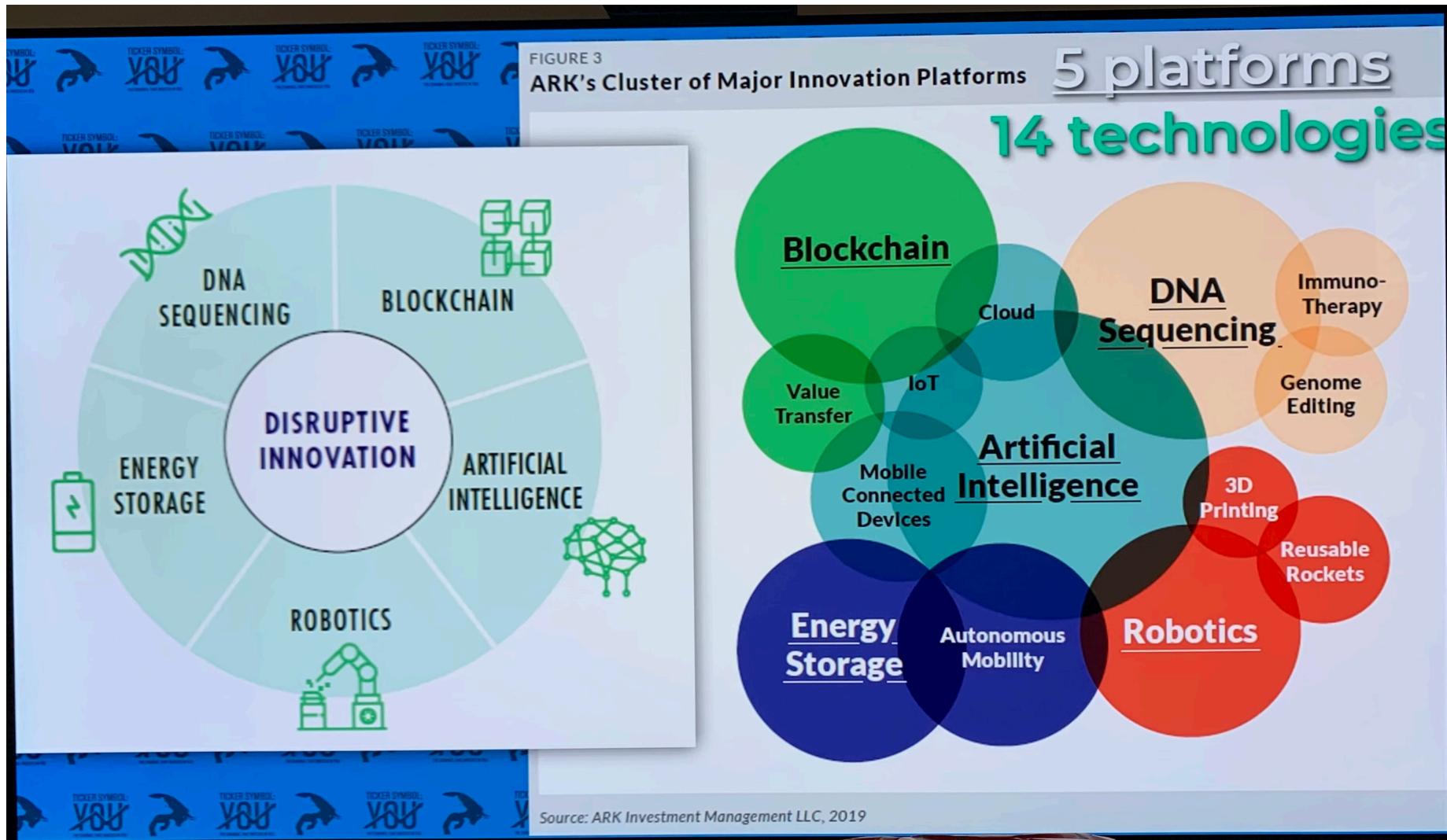
Figure 4: US Retail Breakout (2019, USD)

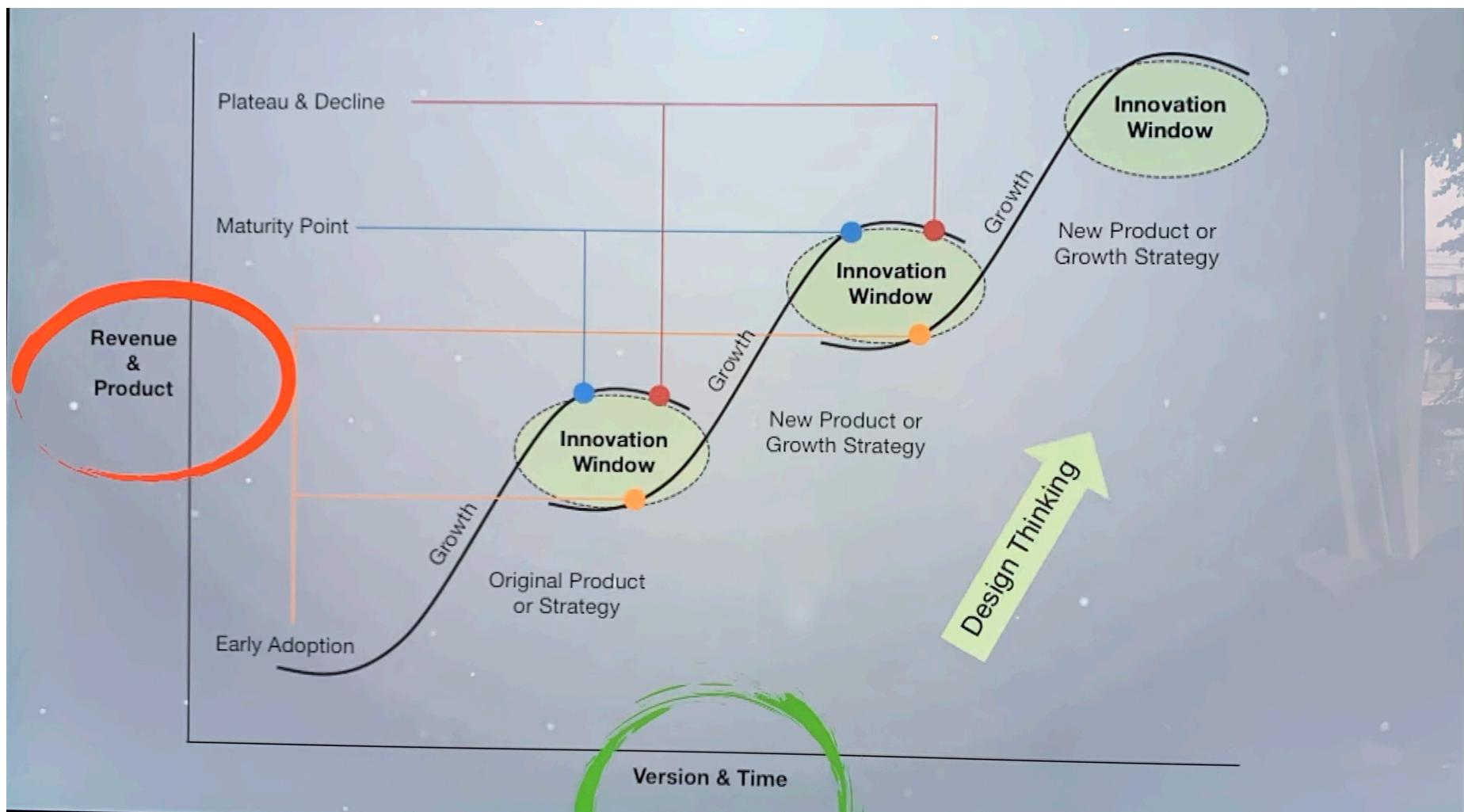


Forecasts are inherently limited and cannot be relied upon.

Source: ARK Investment Management LLC, Fred Economic Data (FRED), Bureau of Labor Statistics (BLS), US Census Bureau







<https://youtu.be/cOiGU2exv0U>

THROWBACK2020

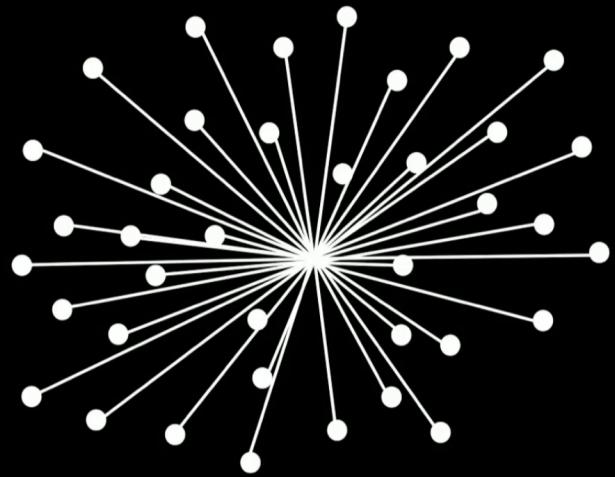
What Pandemic? India Produced Record 11 Unicorns In 2020

Though 2020 will go down in history mostly because of painful reasons, India saw 11 startups turn Unicorn, the highest in a calendar year

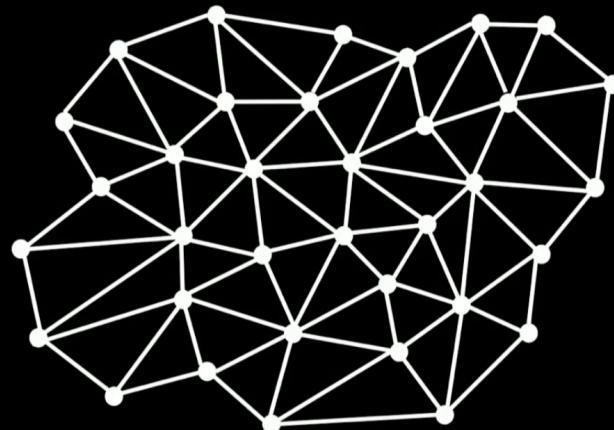
Next

[Start Slideshow](#)

Evolving Organisation Models as we move towards distributed services



CENTRALIZED



DISTRIBUTED

Group work: what are the implications of disruption on your activity?

10 minutes

What are typical responses to disruption?



1. A response that treats it as a threat
2. A response that treats it as an opportunity

Remember.... The Kodak moment?



Once-in-a-lifetime moments should be remembered in colour
on Kodak films.



Pictures won't let you forget!

Your wedding day. It happens just once.
And you want to capture this great occasion.
That's why Kodak has taken care to help
you remember it in colour. Skilfully. Beautifully.
And above all, easily.

Why not contact your Kodak dealer today and
discover easy-to-use, effective colour films.
Processed for you by Kodak.

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Kodak is a trade mark



Part of your life
for 60 years
1913-1973

Typical responses to Disruption:

1. Retreat to the “comfort zone”. Typical responses : Exclude markets, focus on core businesses, rationalise, cut costs. Short term focus

2. Embrace the uncertainty. Typical responses : invest in using the change to build competitive advantage, invest in talent, BRANDS, R&D, Innovation. A medium term focus to bridge the short and long term

The Wei Ji Mindset

Danger and...

危
機

...Opportunity

A successful response....

Views the disruption as a THREAT.....AND as an OPPORTUNITY

Coffee Break

- The Nestle Case study

Possible responses to disruption



- Ignore it and carry on doing what you were. Focus on what you know best.
- Milk the business to release cash..... A valid capitalist response
- Reset and raise the consumer expectations on your current offering
- Copy the disruptor with a "me-too"
- Watch closely the disruption, be the first to follow with scale
- Watch closely, then buy the most successful disruptor
- Disrupt the disruptor

Coffee Break

**How does one respond to these
disruptive changes?**

Our role as leaders: prepare the organisation for change..

Scan the horizon. Identify the change.

Prepare a ‘Threat’ response AND an
‘Opportunity’ response

Get Buy-in from stakeholders

Communicate the change.

Execute the change.

Course correct

Approaches to Creative strategy and innovation:



HBR April 2019, Adam Brandenburger

- Contrast : challenge assumptions
- Combination : linking products or services that may seem independent
- Constraint : how could your constraints actually become strengths?
- Context : how was a problem similar to yours resolved in a different context ?

Approaches to Creative strategy and innovation:



Nandu @ LBS

- Strategy is not an annual resource planning process
- Look for the Next Big thing. Be prepared to move fast
- Look for the gaps in the hand-offs between parts of the value chain
- Strategy is dynamic, continuously evolving.



STRATEGY

Strategy-Making in Turbulent Times



AUTHORS

Michael Mankins
Partner, Bain

Mark Gottfredson
Partner, Bain

A dynamic new mode



PHOTOGRAPHER
JAMIE CHUNG



STRATEGY

IDEA IN BRIEF

THE PROBLEM

Few companies use the strategic tool kit—scenario planning, Monte Carlo simulation, and real options—for strategy development under uncertainty. Most have stuck with conventional techniques for strategy-making, to the detriment of customers, shareholders, and other stakeholders.

WHY IT HAPPENS

Executives complain that the tools require data that is impractical to gather and analysis that is too expensive to perform routinely. Moreover, the output can be counterintuitive and complicated to explain to senior leaders and a company's board.

HOW TO FIX IT

Business leaders need to think of strategy-making as a continuous process that generates a living, dynamic plan. That demands a new approach and mindset for making decisions along with a new model, proposed here, for strategy development and performance monitoring.



In crafting strategy, companies often struggle to cope with **volatility**. Using the traditional strategic-planning model, managers attempt to forecast how markets will evolve and competitors will respond, and then define a multiyear plan for winning in that future state. The organization is then called upon to execute that plan. Performance is routinely monitored, ostensibly to keep everyone on track.

Trunk Archive

1. Define extreme but plausible scenarios
2. Identify strategic hedges and options
3. Run experiments before locking investmt
4. Identify trigger points, signposts and metrics
5. Provide prescriptive surveillance

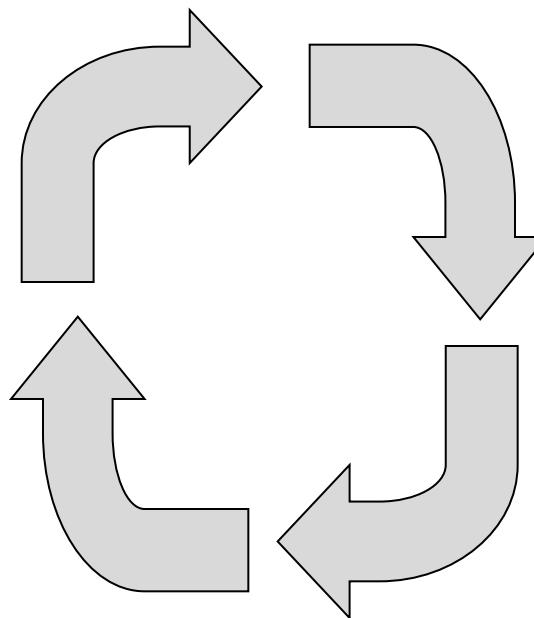
STRATEGY EXECUTION AS A DYNAMIC PROCESS

Make revisions

Compare initial assumptions with experience, explore gaps, and correct mid-course

Make it happen

Ensure people make good promises and deliver on their commitments



Make sense

Develop a shared understanding of an ambiguous situation

Make choices

Choose what to do, not do, and stop doing

How could you know what the next disruption is?



- Have in place early sensing mechanisms such as
 - Predict what you can
 - Trend awareness mechanisms (play with tech, visit SV, meet young people)
 - Invest in setting up a tech exploration hub
 - Mentor start-ups
 - Invest in capabilities with a “Weiji” mindset (Jim Collins on LUCK)
- Decide how you wish to explore (Kodak, Medtronic & NayaMed)
 - Do it yourself?
 - As a dedicated incubator
 - Within existing structures
 - Invest outside but allow independence

How should you respond to disruption?



- Seek clarity on what the disruption is
- Create a sense of urgency in the organisation by balancing emotional and rational arguments.
- Disruption always starts as a niche. How you frame the challenge will determine how you respond. A Threat? Or an opportunity?
- Have two responses, two strategies
- How to develop a disruptive idea? Think like an entrepreneur.

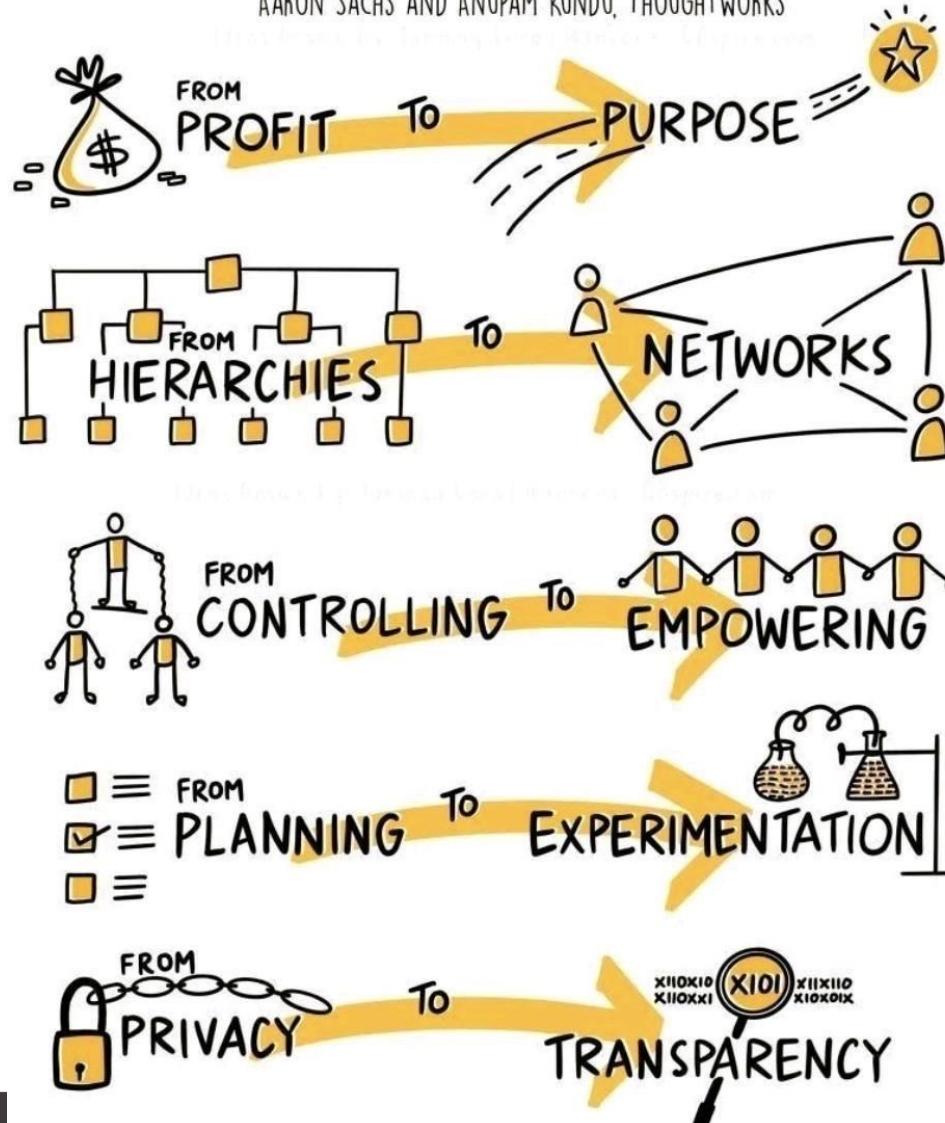
How do you respond as an individual?

- Put yourself first. Have a life plan. 35000 days perspective
- Develop learning Agility. Make learning a lifelong, daily activity
- Embrace change
- Know yourself. Your passion, competence
- Manage your social profile
- Prepare for a portfolio career

MINDSET SHIFTS

for organization transformation

AARON SACHS AND ANUPAM KUNDU, THOUGHTWORKS



- Change or Die
- Successful response to a disruption
- Playing many games together
- How to Develop strategy in disruptive times
- How to Execute Strategy

Open discussion



THANK YOU