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A Tale of Two Companies, two oil billionaires, a Japanese innovator and a whole lot of denial
Assumptions in traditional strategy and investment tools
And yet... inter-industry competition?

VS
And yet... present value decision rules?

Source: Clayton Christensen, “Innovation Killers”
And yet...relatively enduring advantages?
The dynamic of a competitive wave

Advantage

Insight!

Time

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Gaining insights, fostering innovations

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And Eureka! But what happens next?
So maybe you can extend your advantage
But let’s say that isn’t feasible...implications?

Advantage

Launch

Ramp Up

Exploit

Erosion

Extension?
or…

Insight!
Even today, most companies are built for exploitation.

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Advantage

Exploit

Ramp Up

Erosion

Insight!

Launch

Time

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Increasingly…

• Proficiency at every part of the competitive life cycle is not optional
Pause for Questions
The new strategy playbook

- Continuous Reconfiguration
- Healthy Disengagement
- Deft Resource Allocation
- Innovation Proficiency
- A New Leadership Mindset
- Entrepreneurial Career Management
From Stability to Continuous Reconfiguration
But people aren’t good in chaotic environments, so…

- Stability in…
  - Leadership
  - Strategy
  - Values
  - Talent
  - Customer relationships
  - Networks

- Dynamism in…
  - Resource allocation
  - Budgeting
  - Business Portfolio
  - Individual job assignments
  - Decision-making

Innovation, experimentation and excellence are the watchwords

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Ask yourself

1. What in our organization should stay stable? Where do we wish to become more dynamic?

2. Are we ready for a world of continual, small changes, or do we still believe in “punctuated equilibrium”?

3. How many times have we tried “change management” without realizing that the game is different now?
From defending past advantages to healthy disengagement

Telecom
FiOS Customers

Internet Subscribers
(000)

TV Subscribers
(000)

Homes Open for Sale

Accelerating customer growth
Different disengagement strategies

<table>
<thead>
<tr>
<th>Time Pressure</th>
<th>Capability Core to the Future of the Business</th>
<th>Capability Has Value, But Not for Us</th>
<th>Capability is in Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relatively Little Time Pressure</td>
<td>Orderly Migration</td>
<td>Garage Sale</td>
<td>Run off</td>
</tr>
<tr>
<td></td>
<td>Transition Aspects of the Business from Today's Configuration to Tomorrow's</td>
<td>Get Reasonable Prices for Assets We are No Longer Interested In</td>
<td>Be Well Paid to Maintain Support for Customer While Decreasing Investment</td>
</tr>
<tr>
<td>Intense Time Pressure</td>
<td>Hail Mary</td>
<td>Fire Sale</td>
<td>Last Man Standing</td>
</tr>
<tr>
<td></td>
<td>Divest Formerly Core Capabilities and Find a Solution to Migrate to the New Core Fast</td>
<td>Sell Non-Core Assets We are No Longer in a Position to Exploit</td>
<td>Spark Consolidation or Otherwise Try for a Profitable End Game Position</td>
</tr>
</tbody>
</table>
Ask yourself…

1. Are we open to the idea that we may need to disengage? What metrics do we study?
2. Have we got processes in place to manage it well?
3. Do we recoup all the value from a business, product, technology, other, that we need to disengage from?
4. Are we prepared to manage the howls of outrage from the investing community?
From resources held hostage to deft reallocation

1940s-1960's
- Textiles
- Chemicals

1980s-1990s
- Advanced Materials
- Flameproof Products

2000s on
- Specialty Materials
- High-IP specialty chemicals
As opposed to… “the Civil War Inside Sony”
Ask yourself

1. Are powerful people running existing businesses allowed to dictate where resources will go?

2. Do our best opportunities ‘fall between the cracks’ of our current allocation mechanisms?

3. How often have promising initiatives withered away because there was no political constituency behind them?
From episodic innovation to a sustained capability
Ask yourself

• Is there an overall framework and clear roles for innovation?
• Is the ideation process systematic?
• Is the discovery process appropriately managed (redirection and “pivots” allowed)
• Do we have a methodology and a place for incubation?
• Have we devoted enough resources to acceleration, launch and ramp up?
A new mindset: from defending advantages to seizing opportunities
Pause for Questions
So what does it all mean for individual careers & talent?

<table>
<thead>
<tr>
<th>From</th>
<th>To…</th>
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<tbody>
<tr>
<td>Organizational systems</td>
<td>Individual skills</td>
</tr>
<tr>
<td>A stable career path</td>
<td>A series of ‘gigs’</td>
</tr>
<tr>
<td>Hierarchies and teams</td>
<td>Individual superstars</td>
</tr>
<tr>
<td>Infrequent job hunting</td>
<td>Permanent career campaigns</td>
</tr>
<tr>
<td>Careers managed by the organization</td>
<td>Careers managed by the individual</td>
</tr>
</tbody>
</table>
One consequence: The Hourglass economy
## How well prepared are you?

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes or No?</th>
</tr>
</thead>
<tbody>
<tr>
<td>If my current employer let me go, it would be relatively easy to find a similar role in another organization for equivalent compensation</td>
<td></td>
</tr>
<tr>
<td>If I lost my job today, I am well-prepared and know immediately what I would do next</td>
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<tr>
<td>I’ve worked in some meaningful capacity (employment, consulting, volunteering, partnering) with at least 5 different organizations within the last 2 years</td>
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<tr>
<td>I’ve learned a meaningful new skill that I didn’t have before in the last 2 years, whether it is work-related or not</td>
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<tr>
<td>I’ve attended a course or training program within last 2 years, either in-person or virtually</td>
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<tr>
<td>I could name, off the top of my head, at least 10 people who would be good leads for new opportunities</td>
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<tr>
<td>I actively engage with at least 2 professional or personal networks</td>
<td></td>
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<tr>
<td>I have enough resources (savings or other) that I could take the time to retrain, work for a small salary or volunteer to get access to a new opportunity</td>
<td></td>
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<tr>
<td>I can make income from a variety of activities, not just my salary</td>
<td></td>
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<tr>
<td>I am able to relocate or travel to find new opportunities</td>
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Is there any good news in all this? Yes!
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