



Snapchats for Boards

by TPA Global

Strategy Design for Boards



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Stop searching for the single right solution! In a dynamic world only one single question is really important: where is value created?

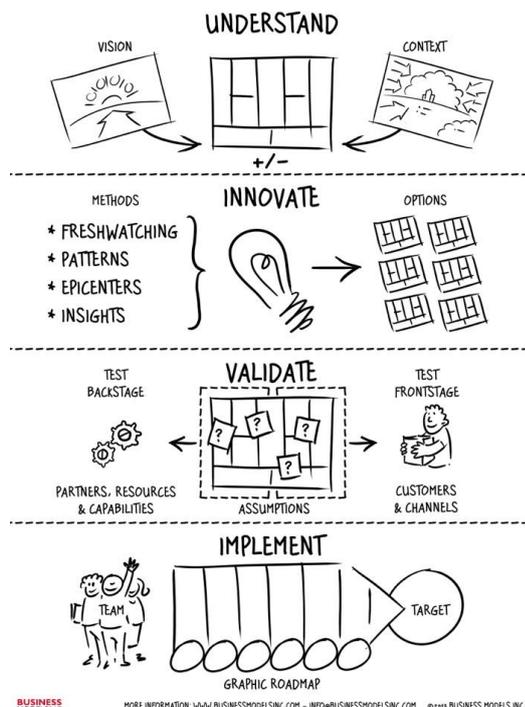
1. What is strategy design and how does it affect multinationals?

We live in a VUCA world: Volatile, Uncertain, Complex and in times Ambiguous. The rules of doing business are changing. We no longer own, we share. New business is born from what we call nowadays the WEconomy. For funding new business we skip the bank and go directly to our launching customers. New technology, globalization and ever changing customer needs pave the way for new business models. Business models that disrupt whole industries. Every home can be a hotel with Airbnb, every car can be a cab with Uber. A board should be on top of how these dynamics create opportunities in their business. Disrupt before you are being disrupted.

Vision is the only constant factor in an ever-changing world. In order to make the right strategic choices there must be a clear and shared vision. Where do we want to play the game? What is our winning ambition? This vision needs to be understood correctly in the entire organization in order to make sure the whole organization puts its effort and time in the right activities. Your vision is like a compass to guide people and processes towards success. In an existing company the vision should feed the upside value of your people. A board should know what this up-side value is and use this as a design criterion in defining the vision. Designing a relevant, supported and actionable strategy is not something you do only at board level. You simply don't have all the relevant information.

Designing successful strategy is about making the right strategic choices. Putting your customer first. In the end it's them who decide if your organization really adds value in the long run. You need to bring different perspectives on the table in order to have the right strategic conversations. Designing means going there where nobody has gone before. In order to stay future proof as an organization, there are four steps to take to innovate your strategy and business model:

- Understand your current Business;
- Innovate your business model;
- Validate your assumptions;
- Scale your validated business model.



Note that this isn't a linear process. Insights in the validation phase make you switch back to the innovation phase for instance.

Understand

Innovating your strategy and business model starts with a common understanding of your current situation. You need to know your starting point before you can move forward. What does your current business model look like? What are the strengths and weaknesses? A business model never operates alone. Constantly understanding what is happening in the world around you and the ability of your organization to adjust to your context determines your success. What does the context look like? What are the future needs of your customers? What is the economic climate and who are your competitors? What kind of rules and regulations and technological developments impact your business? What are trends? Understanding your current situation helps you defining the design criteria for future business models and strategy.

Innovate

After understanding where you are standing today, you can design future business model options. Like designers and architects don't search for the single right solution! In a dynamic world it's hard to know how tables will turn. So design multiple options and check them with your design criteria.

Validate

After designing new business model options, you still have a set of assumptions you need to validate. Assumptions on who your customers are, what their needs are, if your value proposition is a relevant one and if your customers are willing to pay for it. Assumptions on your ability to deliver on time and within the calculated costs. Validating those assumptions helps

you to reduce the risk of investing in a strategy that won't work in practice. Validation is all about testing your assumptions. With small investments, in a short period of time and a small part of your customer segment. You hope to gain new insights and learn. Because that's where you will distinguish your organization's value proposition from those of the competitors.

Scale

Once you've found, on a small scale, a validated new business model, it's time to scale it. Time to design the strategy to implement this new business model. Either within your existing organization or stand alone. What new activities are required to deliver your value proposition? Do you need new channels or partners? And what about your resources, people and skills?

2. What are the practical implications of strategy design to your firm?

- You must stop searching for the single right solution;
- Successfully designing strategy means involving your stakeholders. Involving your customers, partners, employees and other stakeholders in the strategy process improves the success-rate in designing new Business Models. Co-creation further adds to a better commitment of your stakeholders in the decisions you make;
- You must start with customer discovery. Get out of that building! Who are your future customers? Investigate with current and potential customers what are their current and latent needs?;
- You must start creating options;
- You must co-create within your organization: don't develop your strategy in a tower. Design your strategy with a diverse group of people with different roles, backgrounds to bring different perspectives on the table and get a holistic view on where your business can add value;
- You must pivot your business model: challenge your assumptions and search for new insights and learning to distinguish and really create value.

3. Boardrooms agenda on strategy design

The list of ten questions provides structure to an engaged dialogue between board members.

The list of questions on strategy design:

1. What does our current business model look like?
2. What are the 3 most important strengths and weaknesses in our current business model?
3. What does our context look like?
4. What are the three main drivers from this context that affect our business model?
5. What are the three contextual waves on which we want to build our future business?
6. What is our winning mid-term ambition?
7. How do we measure success?
8. What is "the job to get done" for our customers?
9. Where do we add value for our customers?
10. What could our next business model look like?

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