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STRATEGY HQ

EVERY BUSINESS PROBLEM IS UNIQUE.
SOLVE IT ACCORDINGLY.

CAN MASS URBANIZATION LEAD TO MASS OPPORTUNITIES?

DID YOUR STRATEGY WRITE A CHECK YOUR BUSINESS MODEL COULDN'T CASH?

Every BUSINESS PROBLEM IS Unique. SOLVE IT ACCORDINGLY

by David Cooper

What causes business leaders to fail? The internet is bursting with answers to this question. We'll focus on just one: the recycling of worn-out solutions to business problems that are unique or at least very different than those made in the past.

What's wrong with letting earlier events guide decision making? There's no harm in understanding a new business problem by searching for common root causes with old ones. But using these similarities as a reason to use the same solution? That's a big mistake, one that all business decision makers should avoid.

Every unique business problem requires a customized solution.

However, every business problem is unique. That puts the onus on business analysts to start solving every problem from the beginning. That means participants must bring no mental baggage, analytical shortcuts, or preconceived notions to the decision-making process. Scientists call the start-from-the-beginning approach analysis from general principles. Rather than starting from known physical, chemical or geological behavior as scientists do, business problem solvers must keep an open mind and challenge themselves to avoid stereotypical thinking and assumptions. Here are four ways to avoid these dangerous habits

Refining and choosing alternative solutions

There's almost always more than enough data to overwhelm any decision maker. The trick is to create scope statements that limit the types and amount of information that feed the decision-making process. This method also helps analysts avoid using unexamined preferences There are several ways to define and limit your alternatives:

- Identify alternatives that link high-level business goals to critical success factors and can be measured by key performance indicators. This approach narrows down your choice and helps you select alternatives that can measure success and deliver ongoing value to your business.

- If you are blessed with enough alternatives to satisfy the previous requirement, prioritize and list solutions, starting with the highest-priority alternatives. Prioritize the possibilities with whichever criteria you choose (business value usually leads the pack). Just use the same parameter throughout your prioritization.

Standard recommendations suggest using from five to nine alternatives, but there's no reason to use that many if it's too many for your situation. Design a process that satisfies your requirements.

Identify and question all assumptions

Accepting assumptions might be alright for quick decision making, but mistaking assumptions as facts might be harmful to your business' health. There are several ways to minimize the risk of moving assumptions into the FACTS category.

Consider using organizational tools that guide your thought process. A good decision-making tool is a helpful alternative to pen-and-paper analysis. It can help you gather, organize, and analyze relevant data and feed it directly into other steps of the decision-making process.

Get the outlook and opinions of stakeholders for additional points of view. It will help you identify key stakeholders, document their views and preferences, and add the information to your decision-making process.

Identify dependencies, the conditions, events, or resources that must be on hand to gain your objectives.
Think of these types of dependencies:

- Physical resources and assets: (condition, quantity, availability, and capabilities).
- People: (their knowledge, skills, experience and prior behavior).
- Infrastructure: (technologies, processes, and legal and financial frameworks).
- Time: Think of time (an asset) and timing (a process).

Experience is usually a good thing. However, if it creates tunnel vision that prevents solution alternatives from being identified and reviewed, it can harm the decision-making process.

Submit each dependency to this question: is the dependency a fact, provable or measurable information, or an assumption? If you can't prove its existence or measure it, consider it an assumption. This step is a bit of a slog and is often slow and difficult. But this process shines the light on potential killers of your objectives.

Aways ask, "What if...?"

It's all too easy for business problem solvers, even experienced ones, to rely on their experience to identify problem definitions and win now solution alternatives. Experience is usually a good thing. However, if it creates tunnel vision that prevents solution alternatives from being identified and reviewed, it can harm the decision-making process.

What-if analysis is a structured brainstorming technique. It's designed to help decision makers select the best choice possible and think about what effects an alternative might have before final decisions are made. What-if methods are mainly about clearly defined scenarios, which identify possible solutions, and their potential risks. Decision makers engage in what-if analysis by:

- Evaluating all solution alternatives as scenarios. Don't forget outlier scenarios, the low-probability but high-impact events.
- Estimating different levels of risk that different scenarios might entail.
- Estimating the risk of mistakes or bad estimates and the consequences they would have.
- Monitoring the scenario of the solution alternatives you choose to confirm that scenario events occur as predicted.

Developing good habits that help businesses grow

All this how-to information is about new ways of thinking, analyzing, and interpreting business information. What's the point of developing these new skills? You'll see more possibilities—business opportunities and potential pitfalls—and reduce the risk of being blind-sided by unexpected events.

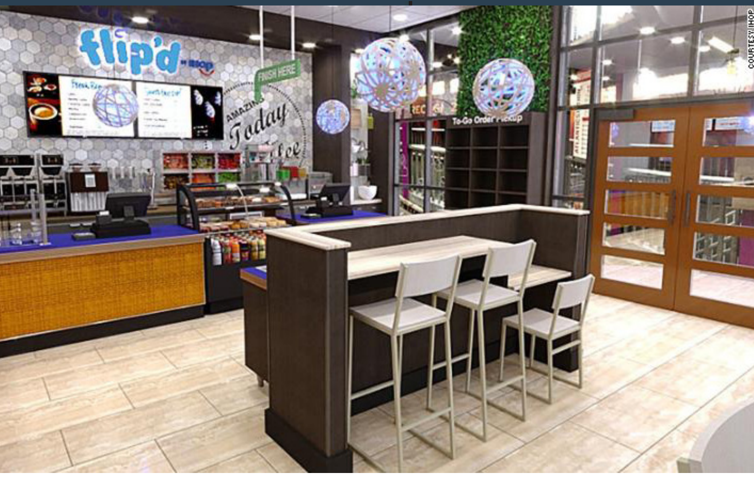
These are just a few of the skills that can help your business become stronger and more agile.

CAN MASS URBANIZATION LEAD TO MASS OPPORTUNITIES?

ENJOY THOSE TIGHT SPACES

Over the past seven years, the United States has seen its large city population grow at three times the rate of the rest of the country. Global forecasts indicate that this migration will continue for the next few decades and this population shift will challenge how businesses provide goods and services to densely populated customers. Innovative businesses have already started shifting their strategies to meet these new customers where they are. They will be the first to conquer the mass urban migration.

by Rohan Rodney



foot restaurants in expensive urban environments. Their new concept, Flip'd, is centered on ordering ahead, with pick-up and go menu offerings catering to a more mobile target market. This is in line with how traditional companies must now think about evolving.

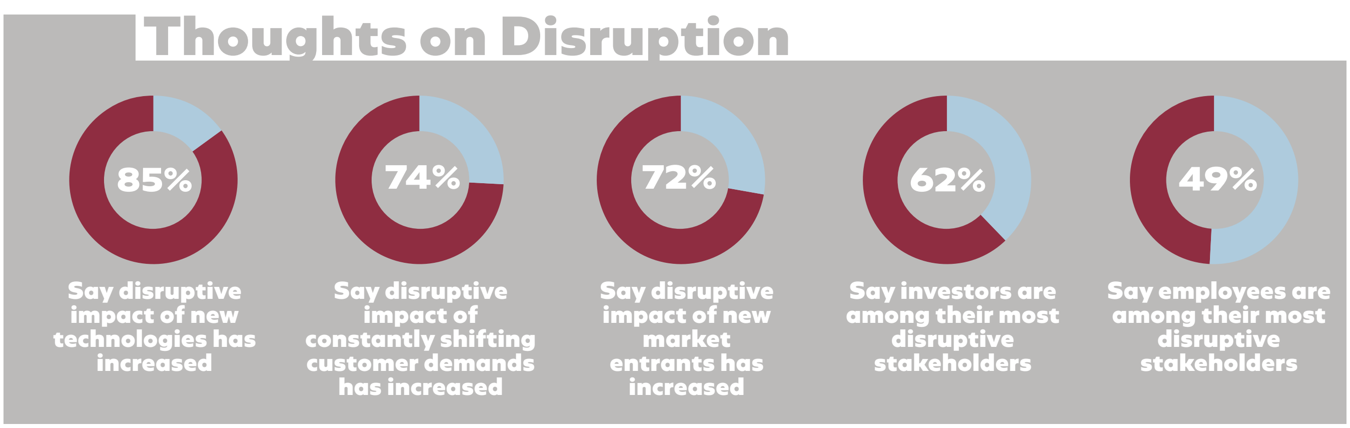
Unfortunately, growing city populations are leading to costs increasing faster than wages for many city residents. Employers will find it increasingly complex to expand in areas as the labor pool will find it challenging to afford to live in or close to city centers. Tight labor pools are forcing businesses to do more with less. The projected changes in the population distribution will lead to fresh retail and hospitality structure formats as businesses also respond to real estate pricing pressure. Those glorious days of cheap suburban rents, which afforded large retail footprints, are making way for streamlined offerings. So how are the great companies adjusting?

Grow Revenue While Purposely Limiting Yourself

With limited physical formats come new opportunities for innovation. With the increasing sophistication of delivery services, smaller store footprints will soon become the norm. Smarter businesses will mix limited offerings in their physical store fronts with delivery services that source inventory from centers in less expensive neighborhoods. Even traditional table service restaurants, such as IHOP, are downsizing and opening new concepts to follow this market shift. IHOP President Jay Johns has stated that there is a high demand for their product in cities, but franchise operators find it prohibitively expensive to open 4,000 square foot restaurants in expensive urban environments.

Other hospitality companies are also leaning away from supersized offerings. Dual and tri-branded hotels are becoming more popular as operators attempt to move away from 800 room conference hotels and incorporate multiple boutique-type offerings on a smaller footprint. This is another example of a fresh concept making use of smart growth. These hotel structures will be located among mixed-use developments that increase walkability and lessens the need for vehicle ownership for transportation. Localized economies will start to flourish as a direct result of affordable housing options when more space is available and this will be largely because of these concepts. Economic diversity will become more achievable as local economies start seeing the positive impact mixed-use concepts have on tempering the rise in real estate prices.

Smart growth means businesses will have to purposely look to disrupt themselves. Aiming to satisfy more people with less offerings sounds counterintuitive until business leaders realize that McMansions and suburban malls were always bloated to begin with. Society just appeared to get used to them until a new generation of consumers came along and felt that bigger is not necessarily better. How long will it take for traditional businesses to realize that smart growth may intentionally need to look physically diminutive to allow for out-sized future success.



Source: Accenture Strategy 2019. STRIKING BALANCE with Whole-Brain Leadership

FROM OUR BLOG

DID YOUR STRATEGY WRITE A CHECK YOUR BUSINESS MODEL COULDN'T CASH?

by David Cooper

There's almost nothing more discouraging than watching a business strategy fail in spectacular fashion. At first, there's only denial: This can't be right. Let's give it a chance to work. Just a little longer. Eventually, though, you're forced to admit the ugly truth: your strategy let you down. Maybe you head straight to Sonic and drown your sorrows in a cherry limeade (or the beverage of your choice).

But did the strategy fail? Was it hopelessly flawed from the start? Maybe not. In my experience, the root cause of failure isn't always with the strategy itself. Instead, it's more often a lack of alignment with your business model. Without this alignment, even the best strategy can't possibly deliver the results you're hoping for.

In colloquial terms, your strategy wrote a check your business model couldn't cash, because it wasn't updated and adapted to support those strategic goals. I've witnessed this weakness quite a few times over the years, particularly in organizations shifting from a retail to a customer-centric mindset and model.

CLICK **to read the complete blog.**

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