

# April 2015 Newsletter

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**Unicorns, Dinosaurs and the Rest of Us – Oh My!**

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Author. Speaker. Consultant.



*Dear Colleagues,*

Well, the discussion seems to be full on. Leaders of established firms like Chase Manhattan Bank’s Jamie Dimon are expressing concern that startups are going to “eat his lunch” by solving customer pain points in novel **new ways**. Even more aggressive writers are arguing that big, established companies are essentially **dinosaurs** and that their smaller, nimbler startup competitors are destined to be victorious in contested market battles.



***But are big companies really doomed to defeat within the next decade?***



**Disrupting  
InsideOut**

There is a riposte, however, from the opposing team, as it were. **Mach49**, (full disclosure, I’m a faculty partner), are of the view that established companies

... have the talent, assets, capabilities and other resources to get good at the corporate entrepreneurship game. In a recent [blog post](#), one of Mach49's founders lays out a theory of what big companies need; which is dedicated teams learning to solve real customer's pain points and get paid to do it, together with exposure to the latest technologies and thinking that swirl around the Valley's entrepreneurial ecosystem.

I would say that there are a few other things involved in the 'mothership' getting out of its own way. This is why I'm looking forward to a fast-paced, idea generating session on identifying specifically what those things may be on June 5th. Will report back on what we discover!



## *Meanwhile, over in the world of strategy...*

The tussles between running big, stable established companies and supporting new ones is also reflected in how the field of strategy has considered drivers of performance over the years. In a fascinating chart, the Boston Consulting Group has summed up a history of theories in strategy, beginning in the 1950's and continuing through 2014 (I'm proud to say the most recent addition to the chart is the concept of 'transient advantage'). The chart is [here](#).

Going through it was déjà vu all over again. From the 50's to the 80's, we had strategy concepts that were, more or less, well suited to dominant firms in relatively stable environments: the Ansoff Matrix, the idea of erecting barriers to entry, the notion that market structure would reward specific strategies, SWOT (still widely used after all these years!), experience curves, the famous BCG Matrix and of course Porter's ideas of five competitive forces and 3 generic strategies.

In the 80's and 90's, we see elements of what I'll call unease show up in the strategy toolkit. While some traditional ideas (such as value chain, six sigma, S-curves) continued to be popular, we start to see discussion of things like [Hypercompetition](#), disruptive innovations, vanishing profit pools and strategic inflection points. [Hamel and Prahalad](#) urged us to compete not in the present, but for the future.

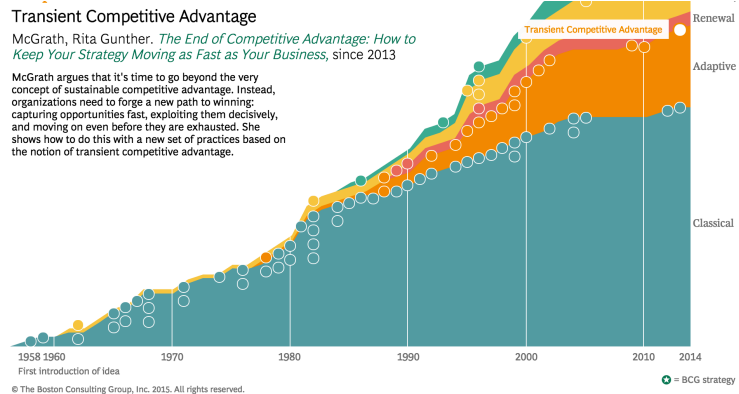
As the chart moves from  
2000 to 2014 a few notable

### The History of Strategy

Adaptive



2000 to 2014, a few notable changes can also be seen. Firstly, there seem to be fewer big strategy ideas than in previous decades. Secondly, what BCG categorizes as “traditional” strategy thinking features fewer new ideas than do strategies of shaping and agility.



These include the **Blue Ocean** concept (go where there is no competition); the **Open Innovation** idea (use concepts from outside your firm to jump-start innovation) and lots of thoughts around **Business Model Innovation** (change what you sell or how you sell it to better serve your customers). And of course, 2014 brought with it the idea of **Transient Advantage** – that you’re often better off assuming your advantages are going to be short-lived and develop a pipeline of new ones to take their place.

This shift in strategy tools in use recognizes a common criticism of the “dinosaurs” – that the future is not going to be won using the tools of the past.

## Latest Articles

### Silicon Valley is gunning for you! (Fortune Magazine)

One reason established firms are so freaked out today is that Silicon Valley firms used to mainly operate in industries that were peripheral, such as semiconductors and computing gear. Today, they are right in your face, competing for customers in traditional industries, unbundling business models and turning activities that used to have to be done in-house into marketplaces.

### Can Nokia re-invent itself, again? (Harvard Business Review)

Trace the history of Nokia’s remarkable ability to re-invent itself which suggests that the acquisition of Alcatel-Lucent may be one more play to bring the company into high growth markets, mirroring the 1992 decision of its then-new CEO Jorma Ollila to go all-in on telecommunications.



## Courses

## *Innovating and Winning in the Transient Advantage Economy*

On April 30th, I'll be giving a *free webinar* on the twin topics of "what the end of advantage means for companies" and "how to create an innovation proficiency to make that pipeline of new advantages a reality". The webinar is sponsored by ExecuNet and Columbia Business School. To register, click [here](#).

## *Leading Strategic Growth and Change*

My 1-week course, [Leading Strategic Growth and Change](#) runs the week of May 18<sup>th</sup>. I've done major redesign work on the course bringing in new tools and concepts. We will also take a field trip to a very cool NYC location – we're not divulging the destination just now but it has to do with an insanely popular confectionery product and the folks who brought it to life. We still have a few open spaces if you are interested in a solid toolkit for understanding how to drive growth and change.

## *The Advanced Management Program*

Columbia's flagship program for executives looking for a truly life-changing developmental experience is also taking place in May. I'm teaching on May 1.

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## *Events*

Strategy Leaders Forum  
Dubai, April 27



I'm heading to the United Arab Emirates where I will be giving a keynote for the first time in the region at the Strategy Leaders Forum. The topic is how the end of competitive advantage both presents challenges and creates opportunities for those with an entrepreneurial mindset. To watch a short video Q&A about the talk click [here](#). To register for the event, click [here](#).

## *In the News*

In a fairly depressing piece on the slow progress of women at the top of organizations, [CNN Money](#) found that only 14.2% of the top five senior executives at the large corporations they studied were female. I commented for the article, pointing out that if you don't have a pipeline of women being groomed for senior leadership roles, the small number of female CEO's isn't likely to get larger any time soon.

Rita was pleased to be considered among the Top 20 Business Strategy [Thought Leaders to Follow](#) (in alphabetical order!)

Andrew Hill, the FT's Business and Management editor, referred to *End of Competitive Advantage* in a [story](#) about how strategy needs to work faster than ever.

Illinois seems to have taken anti-gay sentiment just too far for corporate America. Phil Wahba of *Fortune* covered the [story](#).

What does the future of work hold? Some real differences from more stable times. Check out this podcast on the [Future of Work](#), by Jacob Morgan.

More links to recent press mentions can be found on the [Press section](#) of my website.

## Password for the "Tools" Section of My Website



To access the tools part of the web site (downloadable diagnostics, quizzes, spreadsheets and other cool stuff) go to the [RitaMcGrath.com website](#) and use the password - **mcgr8th!** (*the exclamation point is part of the password*).

**As we leave the deep freeze behind and sneakers replace boots on the streets here in New York, I wish you all an invigorating and renewal-rich Spring season.**

**All the best,**

*Rita*





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