

RGM NEWSLETTER

RITA GUNTHER | MCGRATH

Hello, Uncertainty!

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Dear Colleagues,

Like so many of us, I had a well-crafted plan for what I'd be doing right about now. In between traveling, speaking, and teaching at Columbia, I'd pick a sector of the economy that was poised for an inflection point and use some of the tools from my book *Seeing Around Corners* to help people put the concepts to work, for real.

So much for those plans. I mean, interesting as it is, does anyone really care right now about the great wealth transfer to women that was supposed to be reflective of International Women's Month? (If you do, by the way, let me know!)

Back to the drawing board. In 2020, I'm going to focus on practical ideas that you, dear readers, might find to be useful right now.

Context: Welcome to My World!

When I first started my career in the field of strategy, all the cool kids were doing research mainly at the industry level of analysis. I looked at individual teams and decisions; they looked at order-of-entry and first mover advantages. I pondered how you can plan under conditions of high uncertainty; they looked at relative industry positions and strategic groups.

The field of strategy at the time was looking at situations about which a great deal was known. The industry had already come into being. The business models that work had been discovered. The customers had been trained on how to buy and what to pay. And the technology existed.

In the world of innovation, none of those things existed. Instead, what you had was a very high ratio of assumptions you'd need to make, relative to knowledge that you had. The challenge, therefore, was learning about your sector, business model, customers, technology, and everything else as fast and as cheaply as you could.

As the inflection point that is COVID-19 sweeps across our economic, social, health, and political spheres, previously held assumptions about what is true have been invalidated. The existence of entire sectors that depend on humans being comfortable in close proximity with strangers is threatened.

We are all now in a high assumption : knowledge ratio situation. What then, can we borrow from the world of innovation that might be broadly applicable to where we all are now? I'll go through practical ideas in this and future newsletters.

Start With Tidying Up Your Portfolio — A 5 Part Process

One of the dilemmas with classical innovation programs is that the resources to innovate have to come from somewhere. Ending unproductive operations, killing off “zombie projects,” and otherwise deciding what to stop is a key aspect of innovation. At a time of crisis, a similar logic applies — with business changing quickly, you're going to need both resources and bandwidth to take the business to wherever its future lies. Here's an overview of the path through the process.

1. Do a portfolio inventory. Conduct an inventory of what your organization is working on right now — bearing in mind that parts of the business you thought were predictable have now been pushed into a highly speculative space — and get a feel for what projects, programs, or initiatives might no longer be relevant.

2. Revisit your strategy. While it may seem that in the midst of a struggle for survival, spending time on strategy makes no sense, it is actually crucially important. A good strategy statement is enormously clarifying and helpful as everyone in the organization will be needed to make and support tradeoff decisions.

3. Create your screening statements. With the strategy articulated, develop a set of screening statements. I like to try to turn the strategy into specific attributes that would make a project or line of business more or less attractive. If an attribute is really desirable, it gets a disproportionately high score. If it has a really undesirable dimension, it gets a 1 or even a negative score. Go back to your inventory of projects and initiatives and score them. Once each major initiative has a score, rank order them. The top ranked ones should get the highest priority. The second group can be maintained if you still have resources. The lowest group are candidates for discontinuation, and should go through a disengagement process.

4. Explore new areas that your capabilities may allow you to enter. The next step is to learn — fast — where the capabilities that you’ve decided are strategically relevant might be useful, even if not in markets you currently serve.

5. Use discovery driven practices for rapid learning. Document your assumptions and then look at ways you might convert them to knowledge by market tests, experimentation, or other efforts. The period of learn-and-test concludes in what we call a checkpoint. At each checkpoint, ask yourself the question that my colleagues Alex van Putten and Ron Pierantozzi call “RACE.” Should we redirect? Should we accelerate? Should we continue? Or should we exit?

The core idea in an uncertain situation is to accelerate the conversion of assumptions to facts as rapidly as you can, being mindful that in a situation such as we are in, much will only be revealed over time.

[Read more](#)

Reading List

A curated roundup of interesting articles to get you thinking:

- **Discovery-Driven Digital Transformation.** “What is your digital strategy?”
That’s the core question behind my co-authored *Harvard Business Review* article

[“Discovery Driven Digital Transformation.”](#) The article makes the point that just as with any other kind of uncertain project, you’re better off planning to learn than trying to prove you were right! You can watch a short video overview [here](#). My co-author Ryan McManus and I have also developed a webinar on this topic that can be customized to an organization’s needs. If you’re stuck, uncertain, or don’t know where to start, it might be a nice way to get the process going. Please contact missy@ritamcgrath.com for more information.

- **WeWork’s Lessons for US Real Estate in a Post-Covid-19 World.** The coronavirus pandemic is poised to reshape the real estate sector — and WeWork’s troubles offer a glimpse at what’s to come. ([Financial Times](#))
- **Could the Pandemic Wind Up Fixing What’s Broken About Work in America?** “Crises like pandemics ... have, at times throughout history, ended up reordering societies — shrinking the gap between the rich and the poor, or empowering the working class.” ([The New York Times](#))

Upcoming Events

With a wish to create some islands of positivity amidst all the anxiety and concern, I’ve started to have [conversations each Friday](#) with people who I think can help shed light on what is going on and offer some ideas of how to move forward. So far, Sally Helgesen, Alexander Osterwalder, Dave Ulrich, David Kidder, and Rebecca Henderson have shared their ideas and insights. View recordings on [YouTube](#).

May 1: [Fireside Chat With Greg Galle & Mike Burn](#) (Virtual)

Einstein famously said, “We cannot solve our problems with the same thinking we used when we created them.” Greg Galle and Mike Burn, the architects of the ThinkWrong approach to creatively solving problems will be joining me to discuss the ThinkWrong principles, which are essential ideas when you need to come up with really novel concepts, and will give you a taste of their methodology.

May 7: [Nordic Business Forum Webinar](#) (Virtual)

Join me for a strategy-themed webinar, part of the Nordic Business Forum LIVE webinar series.

May 8: [Fireside Chat With Amy Webb](#) (Virtual)

There is one question on everyone’s mind just now, and that is, “what happens next?” I’m absolutely delighted that my friend and colleague Amy Webb, a quantitative futurist, best-

selling author, and founder of The Future Today institute, will be joining me. We're going to discuss her methodology, perspectives on what's next and what organizations should be doing now to prepare.

May 15: [Fireside Chat With Zeynep Ton](#) (Virtual)

The COVID-19 crisis is shining a sharp light upon workers at the front lines, many of whom are laboring in dangerous situations for little pay. I'm thrilled to be hosting my friend and colleague Zeynep Ton, author of the groundbreaking book The Good Jobs Strategy and founder of the Good Jobs Institute. Zeynep shows us why creating rotten jobs is a prescription for under-performance.

May 22: [Fireside Chat With Jeffrey Pfeffer](#) (Virtual)

Every assumption we've made about the workplace is up for grabs in the midst of the COVID-19 crisis. In this chat, I'll be talking to one of the world's leading authorities on just this topic, Stanford's Jeffrey Pfeffer, author of Dying for a Paycheck. We'll discuss what's likely to change and what isn't, and how to come out of this crisis with healthier, safer, and better workplaces.

May 29: [Fireside Chat With Geoffrey Moore](#) (Virtual)

Geoffrey Moore is one of Silicon Valley's best-known authorities on innovation and disruption, beginning with his hugely influential book Crossing the Chasm through to his latest, Zone to Win. We'll discuss his latest thinking, what company leaders should be paying attention to now, and where tech and disruption are headed.

Interested in having Rita speak at your organization or event?

[Learn more](#)

In the Press

- How To Build Your Leadership Resilience ([Forbes](#))
- Winning in the Age of Hyper-Competition ([People Matters](#))
- Rita McGrath on How Business Should Act Now ([Techonomy](#))
- Seeing Inflection Points of Innovation ([Idea to Value](#))
- The End of Competitive Advantage ([Beyond Users](#))

Where there is uncertainty, there is also opportunity.



Here's to your next advantage! - Rita

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