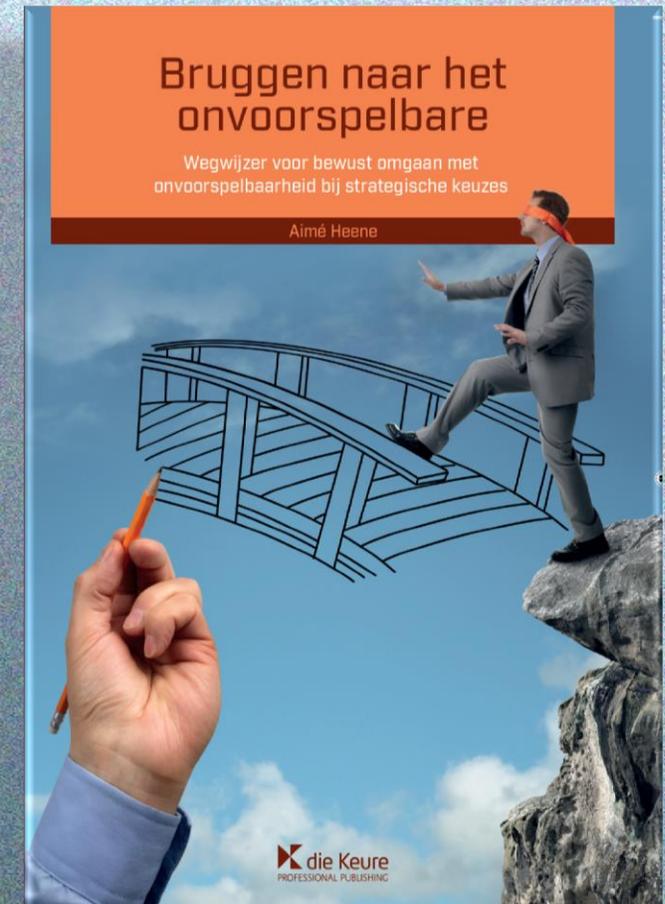


Coping with unpredictability in making strategic decisions

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The challenge of strategic management



Strategic decisions are intended to align the firm and its environment (in either direction).

Strategic decision making implies an exploration of the future (of the firm's environment).

In exploring the future strategic managers are **inevitably confronted with the unpredictability of the future environment.**

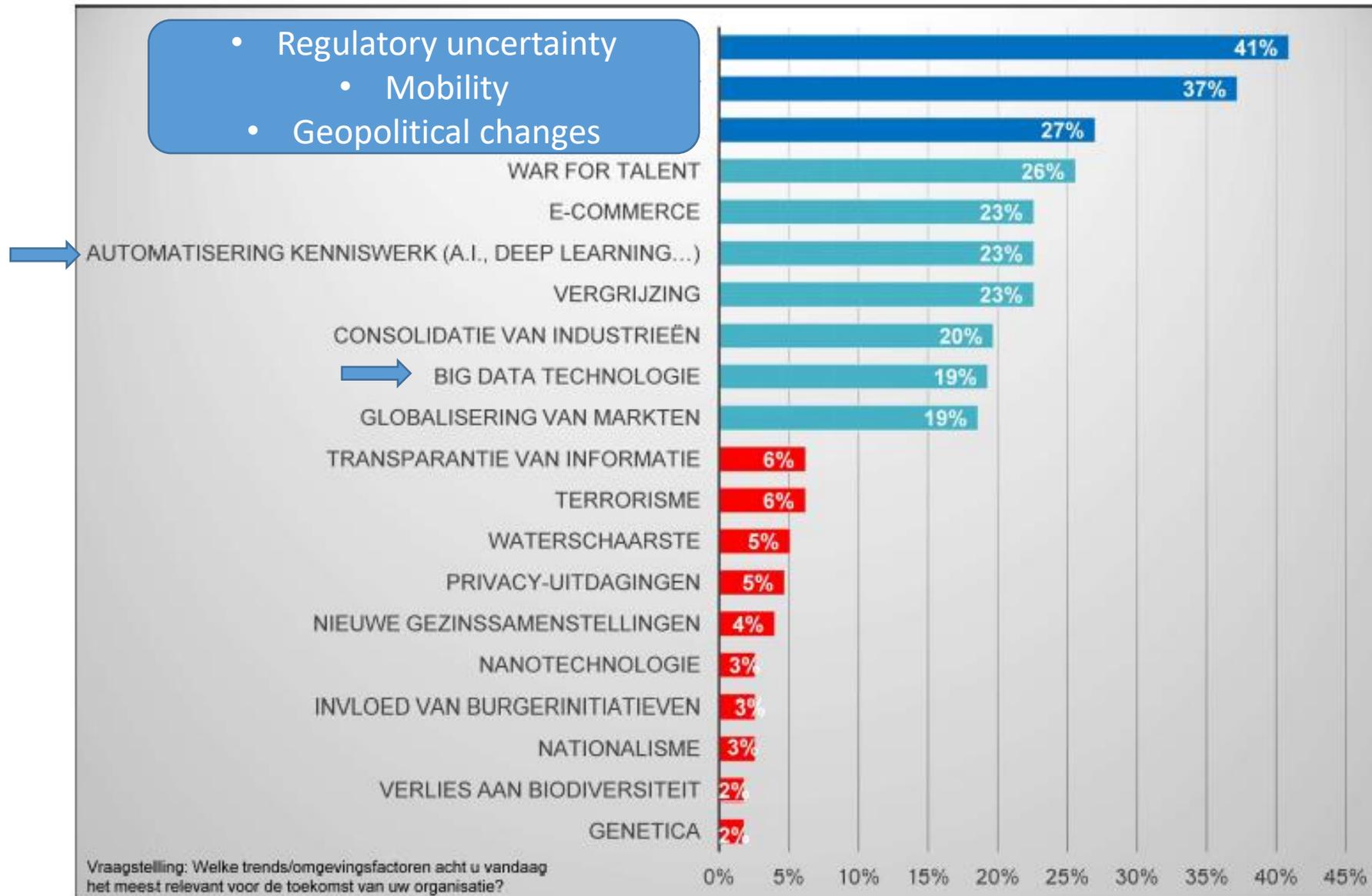
Managers are aware of the unpredictability of their firm's environment

Waar loopt u tegenaan bij het formuleren van uw strategie?



Kaal, H. J., van Lanen, R. & Ambrosius, W. (2012). *Hoop in bange dagen. Strategy Trends 2012*. Utrecht. Berenschot Groep B.V., p. 21

Waar liggen ondernemers wakker van? (top 10 meest en minst relevant)



How can managers (at best) cope with the unavoidable environmental unpredictability they are confronted with?

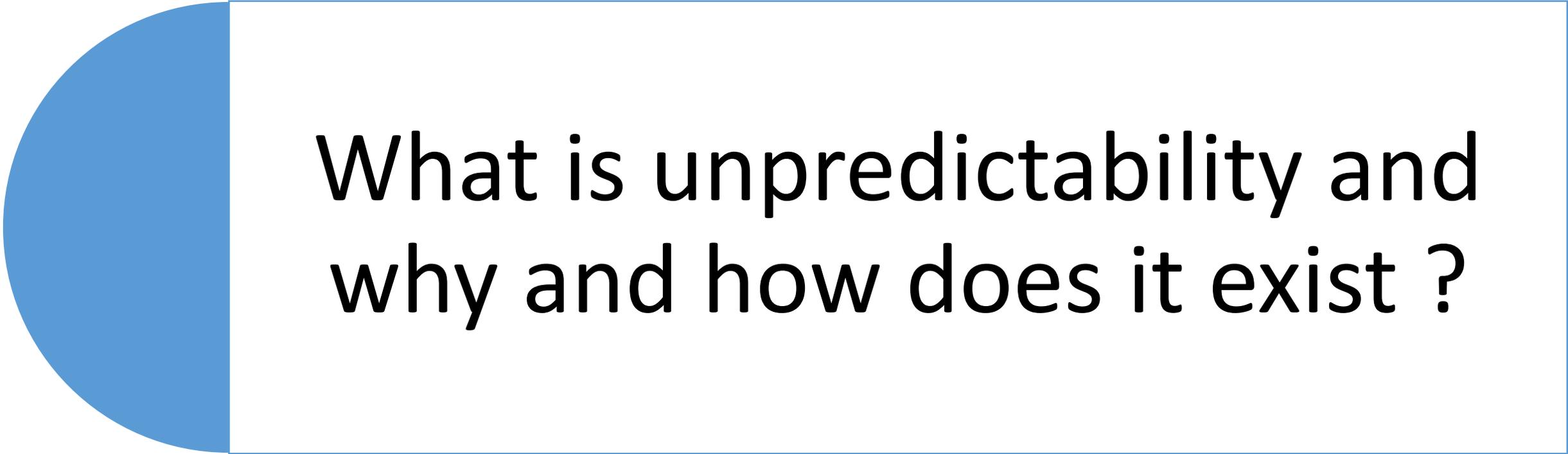
- **What** can they do with unpredictability?
- **How** can they do it?

Themes

What is unpredictability and why and how does it exist?

How can managers cope with unpredictabilities in making strategic decisions?

How can unpredictabilities and ways to cope with them be systematically identified and analyzed?



What is unpredictability and
why and how does it exist ?

Unpredictability: what, why, and how?

“Unpredictability”
is a conceptually
complicated domain

- (Properties of) events or evolutions are unpredictable if *an observer* can not foresee them.
- Unpredictabilities can be located at different domains.
- **Unpredictability has multiple causes.**
Different causes invite to apply different coping strategies.
- **There are different degrees of unpredictability.**
- Unpredictabilities result from different kinds of ignorance.
- **There are different kinds of unpredictabilities.**



How can managers cope
with unpredictabilities in
making strategic decisions?

The two basic patterns of behaviour

There are two basic patterns of behaviour for coping with unpredictability:

- Influencing unpredictability
- Developing organizational “adaptability”

Influencing unpredictability

1. Reducing by knowledge management.
2. Reducing by steering the changes in the environment.
3. Reducing by changing the environment.
4. Nourishing.
5. Avoiding through choices in terms of "space".
6. Avoiding through choices in terms of "time".
7. Dodging.
8. Suppressing and ignoring.
9. Giving less weight.

Leadership- and management styles

Command and control

- control
- steer
- top down
- centralization of power and decisions
- planned change
- certainty
- steering leadership
- top down planning and budgeting
- many goals
- avoid failures
- pressure from the top
- oriented towards external competition
- external steering of employees

The Adaptive Organization

- change
- experimenting and learning
- bottom-up
- decentralization of power and decision
- emergent change
- unpredictability
- uncertainty
- binding leadership
- bottom-up planning and budgeting
- one overarching goal
- failures are allowed
- pressure from “peers”
- oriented towards internal competition
- internal steering



How can unpredictabilities
and ways to cope with them
be systematically identified
and analyzed?

A six step plan for systematically identifying and analyzing unpredictabilities and coping strategies

Inventorise and define the crucial unpredictabilities



Analyze the known unknowns and the risks



Determine all possible patterns of behavior towards the unpredictabilities



Evaluate and choose the most preferred pattern of behavior



Develop a system for permanently monitoring the unpredictabilities



Integrate the results of the analyses in the strategic plan