Solving the problems of today's strategy development process

Willard Zangwill, PhD, Founder

Decision Command

Better Information, Better Decisions

TABLE OF CONTENTS

Breakthrough strategies

Breakthrough strategies—those exceptional perceptions, are at the core of what makes a firm successful and beat the competition. And in today's furiously competitive environment, a firm must produce breakthrough strategies and ideas consistently. However, the present process of developing strategies imposes some major difficulties that impair that critically needed flow of breakthrough ideas—and without abundant breakthroughs… you lose. Here is how the present process inflicts impediments to conceiving breakthrough strategies, and how the Decision Breakthrough Technology software can help eliminate them and help unleash the vital production of excellent breakthroughs.

Some examples

Consider some precise examples of how DBT software assisted the firms involved to achieve breakthrough strategies that they would have missed otherwise. In each instance the firm was about to embark on a different strategy. It was not until DBT shined intense light on the situation and warned that other considerations and issues were relevant, that the breakthrough strategy was conceived.

A firm was planning to enter a new market with their product. Although they did not expect it, use of DBT warned them that the customer reception in this new market would not be as good as they expected. As the product had been successful in other markets, this definitely surprised the firm, but after this new analysis with DBT, the firm appreciated the warning of danger ahead. DBT then assisted the firm to modify the product to be considerably more successful in this new and evolving market.

An investment firm was bidding to be the major partner of a promising company that sought funds to expand. Much to the amazement of the investment firm, the DBT software signaled that the company would not likely partner with them. This was disheartening as the investment firm was virtually certain the company would select them as the partner and not another investment firm. At this point, however, DBT did help suggest how to change their offer to improve the investment firm's chances of winning. That change did make the critical difference and enabled the investment firm to beat their competitor and win the deal. In retrospect, the ups and downs of this deal were exciting, although that was not apparent at the time, and the result could have been quite different. DBT did help them examine the situation in a new light, which led them to the breakthrough insight.

A firm with multiple divisions was examining a weak division and how to turn it around. The belief was that the recent economic down turn had hurt that division and that the division would improve and become more profitable once the economy recovered and was more normal. Use of DBT, however, revealed that the problems with the division ran deeper and had to do with the furious competition in the market that division was in. An improving economy would not eliminate that more fundamental difficulty, and more drastic action was required. That information led to a totally different and considerably superior strategy for that division, namely, divestiture.

Now let us probe some of the capabilities of DBT that assist in developing breakthrough strategies such as these.

Present methodologies lack metrics to warn of risks

Invariably some issue, consideration or risk is missed. That is because we are not aware of what we are not aware of. It is here where Decision Breakthrough Technology notably assists because it expressly warns about the probability of risks including the black swans. One tends to be oblivious to risks that one is not aware of. The critical advancement that permits the alerts is the perception that inconsistencies and discrepancies in the information signal the possibility of missed issues. The greater the extent of inconsistencies and discrepancies the greater the chance of surprise, and DBT determines that statistically.

That means, when making a decision, DBT provides alerts about possible surprises and missed issues ahead. The metric might, for example, reveal that the particular strategy being considered has a 22% chance of surprise and missed issues. That is a strong and unmistakable warning. Also, due to overconfidence bias and the common tendency to be excessively optimistic, such warnings occur quite frequently in practice. DBT then helps to reduce the risks and issues missed and to elevate the chance the strategy will be successful.

Present methodologies lack a metric for the quality of the decision—its probability of success

How do you know how good a strategy is? Right now there is no quantitative metric for that. What is the quality of the decision? What is its probability of success? That information is not available now. DBT estimates those numbers by examining the probability the underlying factors that determine success, are themselves successful.

The metrics open up new possibilities. Now it is much easier to compare different alternative strategies to determine which is better.

Importantly, now it is possible to establish a goal for the quality of a decision, and a typical goal might be an 80% chance of success, which in practice, is difficult to achieve and roughly breakthrough level.

With present approaches there is no means to determine if a proposed strategy has that chance of success. But with DBT it becomes possible to determine if the proposed strategy is sufficiently good, breakthrough level. Say, as often occurs, the proposed strategy is expected to have only a roughly 62% chance of success. Interestingly, the probability DBT provides is often less than the executives assume, due to overconfidence bias. DBT thus signals that the strategy is not good as assumed, and then DBT helps improve it and more likely obtain the breakthrough.

Present methodologies lack an organized means to promote breakthrough thinking

Right now breakthroughs occur infrequently and randomly, if at all. That is because the present process has no organized means to promote breakthrough thinking. With the DBT approach, one builds up ideas better and better, higher and higher, so the strategy gets increasingly excellent. The software signals to what degree you have improved the strategy and if more improvement is needed. It also helps you make that improvement. Typically and quite rapidly, a considerably better strategy has been achieved.

Results of this process

The DBT process is often surprising to some users. Typically, they were almost ready to embark on a different strategy when DBT warned them that they could do better and then helped them develop a superior strategy much more likely to achieve breakthrough success. More concisely, DBT both alerts that you can do better and also assists in getting better strategic ideas, and that process promotes the breakthrough.

About Decision Command

Decision Command's software designed by Professor Zangwill of the U of C Booth Business School helps decision-makers at every level achieve breakthroughs far beyond traditional strategic planning. We help key decision-makers focus on success through the following:

- Highlight areas ripe for improvement or considerations that may have been missed
- Identify and address risks; Expose possible biases and assumptions
- Estimate the probability of outliers, black swans, and other highly unlikely events
- Test your decision against key metrics
- Compare alternative solutions that are not directly comparable and iterate as many times as needed to improve your outcome

For more information visit us online:

www.decisioncommand.com

Decision Command

Better Information, Better Decisions