

# Editor's letter

**S**ometimes articles being prepared for publication surprise us with an unexpected lesson during the editing process. A case in point in this issue is “**Learning by revisiting assumptions: an adaptive decision process**” by Vince Barabba, who had a 50-year career as a corporate executive and retired in 2003 as the general manager of corporate strategy and knowledge development at the General Motors Corporation. His article advocates adding “The Learning and Adaptation Decision Process” into corporate decision making. The process is designed to revisit major strategy decisions and reassesses their assumptions versus their outcomes. Seemingly it is a historical approach, and his illustrative case study of the erroneous assumptions Kodak made in the 1980s about the future of the digital image market furthers that impression.

The story of Kodak's failure to adapt to digital technology and its ultimate bankruptcy is well known. But as a participant in Kodak's decision analysis process at the time, Barabba has intimate knowledge about assumptions that were wrong and those that were on target but were ignored by Kodak. Instead of investing in its early lead in digital cameras, acquiring companies with digital know how or recruiting executives who saw a digital future, over the decade Kodak chose to double down on its investments in film. It's the story of a hugely successful business that refuses to acknowledge coming disruption, one that strategists know well. One reviewer suggested the article belonged in a historical journal. Given today's pace of change, it would be easy to assume that executives reading *Strategy & Leadership* would find the idea of a historical review of decision making antiquated.

So we tested the article with a veteran strategist who happened to be in the midst of purchasing and installing a variety of digital systems in a rapid, multi-phase IT implementation project. In such a project “history” is measured in months. The strategist gave the article a “thumbs up” and quickly adopted some key parts of “The Learning and Adaptation Decision Process” into the project's record keeping practices. By keeping track of decision assumptions and reviewing outcomes, as well as monitoring and assessing alternative technology innovations and competitor initiatives the IT implementation could now be continuously updated. Having a corporate record of recently made decision assumptions about emerging technology — both those that support a critical decision and those that rebut it — offers a gold mine of insight for executives charged with monitoring and updating a complex system. So in doing business today in an era of continuous technological innovation we need to reassess our notion of decision “history.” It can now be applied to a review of assumptions made last month or even last week.

Other insights from articles in this issue:

**Succeeding in an increasingly Agile world** by Steve Denning: “Firms are learning the hard way that software process and value innovation require a different way of running the organization to be successful. The whole firm has to become nimble, adaptable and able to adjust on the fly to meet the shifting whims of a marketplace driven by dynamic changes in customer value.”

**Value innovation and how to successfully incubate “blue ocean” initiatives** by Brian Leavy: The emergence of the “value innovation” perspective is arguably the most exciting development in the strategy field in the last two decades. There have been at least three major variations on this theme to date: “blue ocean strategy” (Chan Kim and Renee Mauborgne), “disruptive innovation” (Clayton Christensen) and “value co-creation” (C.K. Prahalad and Venkat Ramaswamy).

**Becoming a leader – first, take charge of your own learning process** by Robert Allio: “The core of the do-it-yourself approach is to learn to lead by doing [. . .]. Mastering the role of a leader is a challenge that, like mastering any craft, requires continual practice.”

**Visionary customers: source of long-term competitive advantage** by Robert Chapman Wood: “Varian Medical Systems created a business with \$11.6 billion in market cap by listening to dreams of its

physician customers and their scientist colleagues and finding ways to fulfill them over several decades [. . .]. A key business opportunity is to identify the most perceptive thought-leader customers, then bring them into a long-term, system-building partnership.”

**Three value-focused strategic questions for continuously updating your business model** by Vladyslav Biloshapka and Oleksiy Osiyevskyy:

“Our research results suggest that a well-functioning, competent system of self-evaluation of customer value creation and delivery is an essential part of a corporate initiative to reach or sustain the winner state.”

Good reading!

**Robert Randall**

*Editor*

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