

Scenarios to Strategy Inc.

The Case for Change

Creative Destruction authors Foster & Kaplan concluded that successful organizations embrace uncertainty and anticipate, understand and respond to change

Corporations are built on the assumption of **continuity** and become dependent on the processes and structures that allow businesses to be operated successfully

Capital markets are based on the reality of **discontinuity**, reward value creation and assure the demise of those failing to innovate (e.g., “build the better mousetrap”)

In association with **McKinsey & Company**, Foster and Kaplan researched more than 1,000 companies in 15 industries and found:

- ✓ Even the best companies cannot create value at the pace and scale of capital markets for more than 10-15 years
- ✓ Entrepreneurial values get lost as organizations become more established
- ✓ Internal processes deaden the ability of organizations to adapt to change

Foster and Kaplan warned that unless companies can change at the pace and scale of the market, their performance will eventually slide to mediocrity and ultimately end in failure

To deliver long-term value, Foster and Kaplan recommend that organizations:

- ✓ Relax conventional notions of control and abandon outdated processes
- ✓ Embrace uncertainty and open decision-making processes to new ideas
- ✓ Consider new opportunities and the divestiture of low-growth businesses

Ride the wave of change ...



Anticipate, understand and respond to change

Engaging key stakeholders in strategic dialogue and decision-making



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