

Strategize and Act in uncertain times in Europe

As unprecedented events such as the global pandemics and war in Ukraine unfold, **environment has seldom been that volatile and future has never been harder to foresee**. From a macro-economic perspective recent “truth” including reflation (consensus: ~3,5 %) and longer-term rate (consensus: + 60-90 bp for 10 Year maturity) is re-challenged by Ukraine turmoil which reflects into VIX surge (back to 30+ level).

Covid crisis has put emphasis on resilience, robustness, anti-fragility in the first place and has then shed light on strategic agility to reposition out of impaired sectors. We believe that this “New Normal” calls for a new set of strategy formulation and implementation techniques. Two paradigm changes are worth experimenting:

Relaxing perfect accuracy to embrace a much wider set of influential factors and rely on human judgement. This calls for **“big data aided” scenarios** completed by judgmental inputs

Making sure strategy implementation in shorter time frames **and windows of opportunity reconciles with internal constraints** (e.g. CapEx commitment, change readiness of talents)

Numerous **“War Schools” across the globe** have equipped their troops with techniques and tools to cope with “VUCA” battle fields.

Recent developments have urged us to single out **two techniques** out of many to **complement traditional strategic thinking** (i.e. vision on Where to compete / How to compete) but a) in a combined manner as opposed to a sequential manner and b) with a much more digital aided and bottom-up talent mobilization.

A handful of large corporates have already begun embracing this new mindset (cf. bottom-up strategic conversations of Engie mobilizing more than 150k people or digital aided innovation cycles at Decathlon gathering about 90k employees). A couple of European Mid-Caps have also **demonstrated strategic agility by turning around their business models in the wake of the Covid** pandemic (cf. “supply chain agnostic strategies”). With COVID and Ukraine crisis, Western countries have been entering a kind of cosmological episode in which all our beliefs have been shaken. Most of our mental patterns do not apply anymore. It's time now to move from a model of **“ethics of conviction”** to a model of **“ethics of responsibility”** in which the consequences of a decision are assessed.

WHERE TO COMPETE

We believe that **“Scenario Based Strategic Planning”** is well suited to tackle current disrupted environments by:

FOCUSING ON NEW RULES OF THE GAME:

- Reflecting volatility through the developments of alternative futures (e.g. lower frequency, higher severity)
- Coping with complexity through the consideration of numerous influence factors and “weak signals” (e.g. artificial intelligence)
- Identifying blind spots through the involvement of internal and external experts (i.e. expert judgment)
- Focusing on speed and simplicity based on a set of management tools that support an easy process
- Inputting flexibility concerning planning horizon by applying different time horizons

RUNNING ITERATIVE STEPS SUCH AS:

- Trend and Uncertainty Analysis
- Perception Analysis
- Scenario Building
- Strategy Definition
- Testing / Monitoring / Launching new iteration

HOW TO COMPETE

We believe that **“Light Footprint Management”** is well suited to maximize strategy impact, under timing and resources constraints, by relying on:

STRATEGIC ENABLERS:

- Reviewed chain of command (e.g. delayed, tactical)
- Alliances (e.g. enabling new value chains, securing ability to win, limiting CapEx)

“TACTICAL FORCES”:

- “Unmanned strategies” leveraging technology to limit human commitment (cf. drones)
- “Special Operations” to gather agile “best teams forward” and achieve targets (cf. squads)
- “Environment neutralization” to make war impossible in certain battlefields (cf. cyber-attacks)

Let's get in touch to start the adventure