Chapter 1

DYNAMICS IN THE BUSINESS WORLD AND THE APPROACH OF THE BOOK

On the challenges in a VUCA world, *Bob Johansen* (2013) has highlighted:

GOOD TO KNOW

Business in the VUCA world is a different game than it has been.

"

Executives are facing considerable new challenges in a so-called *VUCA world,* where *volatility, uncertainty, complexity* and *ambiguity* set the future pace of competition. In such an environment executives need to understand how to make use of short-lived opportunities, quickly and decisively. The acronym *VUCA* was originally introduced by the U.S. Army War College to describe the dynamics and the strategic impact of today's multilateral world. The elements of *VUCA* pinpoint the strategic significance of foresight and insight, as well as the insight into the behavior of stakeholders, groups and individuals, outside and inside organizations. The following elements represent the context in which organizations in the field of business view their current and future state:

- **V > Volatility:** addresses the nature of change and the dynamics of those forces and catalysts causing the change. Forces of change are often found in new technologies, regulations and trends. This creates new competition, substitutes and shortened life cycles. As a consequence, external change may be faster than the organization's ability to respond.
- **U > Uncertainty:** describes the lack of predictability and the prospects for sudden surprise. The uncertainty of decision-makers about the durability of business models, the use of technologies and changing customer needs is increasingly rising. Forecasts and experiences from the past are losing their validity and relevance. Here the leadership challenge is the requirement to develop a sense of awareness and the ability to anticipate and interpret issues and events effectively.

- **C > Complexity:** indicates the variety of forces influencing an organization and its ability to survive. Multiplex issues and missing understanding of cause-and-effect chains may lead to confusion. Leaders may be lacking the time to reflect and think through these complexities. They end up acting too quickly or getting stuck in analytic paralysis. And, consequently, they may be acting too late.

- **A > Ambiguity:** addresses the haziness of reality and the resulting potential for misreads and confusion. In the digital age information spreads rapidly and is growing exponentially. This makes orientation difficult. The more sources, the more complex the overall picture of an issue becomes. Leaders may not understand the significance of a trend or an event and may respond in an ineffective way. Therefore, the focus is more on the 'why' and 'how' rather than the 'what'.

Bob Johansen (2012) points out that in an uncertain world there is urgent need for a future paradigm of leadership, turning the original *VUCA* idea on its head:

- The threats of *volatility* can be countered by a clear *vision* to think ahead to the future and enable navigation in turbulent times.
- *Uncertainty* can be countered by a deep and solid *understanding* of the developments in the business environment using the ability to listen, to look, to perceive and to understand what makes the environment tick.
- *Complexity* can be countered by *clarity* and the ability to think in networks and systemic cause-and-effect patterns.
- *Ambiguity* can be countered by *agility*, the ability to communicate, to share paradigms for better understanding, to exploit short-lived opportunities. Being agile means remaining flexible and able to act in the face of future changes.

Abidi / Joshi (2015) draw the conclusion that there is a need for resilient leadership skills, comprising engagement themes in planning, knowledge management, impact models, recovery systems and perception systems for behavioural and systemic failure detection.

Rita G. McGrath (2013) shows that some of the traditional paradigms of strategic business development no longer continue to exist. A set of future paradigms has to be developed to keep the strategy moving as fast as the VUCA world requires. In these future-oriented paradigms the understanding of competitive advantages has to recognize that advantages are not sustainable, but transient, on rather short notice. Because of this need for agility the approaches of strategy and innovation – formerly separate disciplines – now have to be interlinked. The understanding of market attractiveness and the relevant competition are shifting from the traditional industry focus to competitive *'arenas'*. This is where the real threats and opportunities happen between industries, caused by functional substitution rather than by product substitution and by competitive business models. The rules of the game are becoming more important than compelling product offers.

Table 1.1 lists the changing paradigms for leadership. It shows that the future paradigms from the VUCA world have considerable influence on the way companies have to manage strategy and innovation in their competitive arenas. The approach of *Strategy Design Innovation* is inspired by these future paradigms.

Table 1.1 Volatility, uncertainty, complexity and ambiguity create a VUCA world – changing the paradigms for leadership. ▼

Aspect of Strategy Design	Traditional paradigm	Future paradigm
Idea of competitive advantage	Presumption of relative stability in industry competition – competitive advantages can be sustainable	Uncertainty, volatility, complexity and ambiguity lead to transient competitive advantages
Relation between strategy and innovation	Two separate disciplines: finding favorable positions in a well defined industry by strategy and creating new business by innovation	Combining strategy and innovation into one discipline in order to keep pace with the speed of markets
Emphasis on strategy	Focus on analyzing industries and achieving sustainable competitive advantage	Focus on transient competitive advantages by exploiting short lived opportunities with speed and decisiveness
Competition	Competition within the industry and its forces matters most	Competition in arenas of market segments, offers and geographical location, as well as between industries
Customer advantages	Advantages created by product economics	Advantages created by customer oriented solutions and lock-in approaches

Further reading:
Abidi, S. / Joshi, M.: The VUCA company, How Indian Companies have faced Volatility, Uncertainty, Complexity & Ambiguity, Mumbay 2015.
McGrath, R.G.: The end of competitive advantage: how to keep your strategy moving as fast as your business, Boston 2013.
Johansen. B.: Leaders Make the Future: Ten New Leadership Skills for an Uncertain World, San Francisco 2012.
Hax, A. / Wilde, D.: The Delta Project: Discovering New Sources of Profitability in a Networked Economy, New York 2011.

The Suez Canal blockage and its impact on global trade

Volatility: *The block in international supply chains led to production risks and financial losses*

Uncertainty: *The unclear duration of the blockade led to uncertainty in customer supply and to financial risks*

Picture: Adobe Stock | Corona Borealis
Ever given grounding 3D illustration.

Complexity: *High dependencies for companies with purely global supply chains and lack of (local) alternatives*

Ambiguity: *In a tense market environment, even minor announcements caused confusing situations and irrational price changes for production factors*

CASE STUDY AND REAL-LIFE APPLICATION

- On March 23rd, 2021 the 'Ever Given,' a 400-meter-long and 59-meter-wide container ship owned by Evergreen, became unable to maneuver in the wake of a sandstorm, it ran aground and blocked the Suez Canal for a week.
- This led to traffic jam of hundreds of ships (up to 422) unable to pass the canal.
- The nearly 200-kilometer-long Suez Canal is one of the world's most important trade routes.
- Every year almost 19.000 ships (more then 50 per day) pass through the canal carrying a total of more than one billion tons of cargo.
- The traffic jam caused delays in global trade and supply chains from Asia for electronic components such as semiconductors, chemical precursors etc.
- Because oil tankers were among the blocked ships, the price of oil increased during this period due to supply concerns.
- What did this mean for the global economy and for individual companies? How would this affect your leadership approach?

Sources: faz.net, acc. April 3rd, 2021. tagesschau.de, acc. March 24th, 2021.

Chapter 2

STRATEGY DESIGN INNOVATION – INTRODUCING THE ENTIRE MODEL

INTRODUCTION TO CHAPTER 2

In chapter 2 we will introduce the entire model of *Strategy Design Innovation* providing the basic definitions of

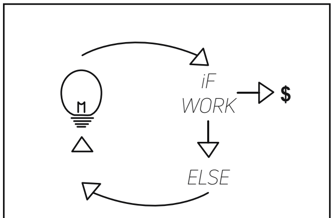
- *Strategy Design,*
- *the Strategy Design Toolbox,*
- *Strategy Design Modelling* and
- *Strategy Design Innovation.*

2.1 Strategy Design

Here is the definition of *Strategy Design:*

A STRATEGY DESIGN IS

1. a consistent set of measures
2. aligning a company and its environment,
3. with the overriding goal of creating value for all stakeholders
4. in a balanced way.



Strategy Design

❶ 'Set' means more than just one measure and 'consistent' means that all measures must be aligned in a common strategic direction.

❷ Aligning a company and its environment according to *Michael E. Porter's (1986)* definition of strategy.

❸ It is our conviction that the purpose of any strategy must be: to create value for all stakeholders.

❹ The term 'balanced' applies to points 1, 2 and 3.
It means that the different parts should be held in a relatively acceptable equilibrium.

We use the word *'Design'* to underline that the process of creating a strategy is based on the methodology of Design Thinking.

The concept of *Strategy Design* replaces the traditional concept of a Business Plan or a Business Strategy.

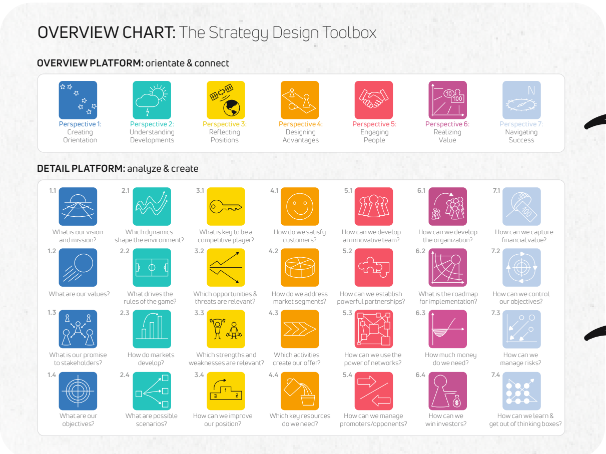
2.2 Strategy Design Toolbox

Here is the definition of the *Strategy Design Toolbox*

The Strategy Design Toolbox is a framework

- **of seven perspectives**
- **with four methods each**
- **allowing to ask strategic questions and to find answers.**

Table 2.1 The Strategy Design Toolbox and its two platforms. ▼



As shown in Table 2.1, the 'seven perspectives' give a holistic overview of all the relevant aspects of *Strategy Design*. This is what we call the 'Overview Platform'. It helps to find orientation and to connect the answers in a consistent way.

The four strategic questions per perspective and the associated methods allow to find answers. This is what we call the 'Detail Platform'. It helps to analyze problems and to create solutions for *Strategy Design*.

2.3 Strategy Design Modelling

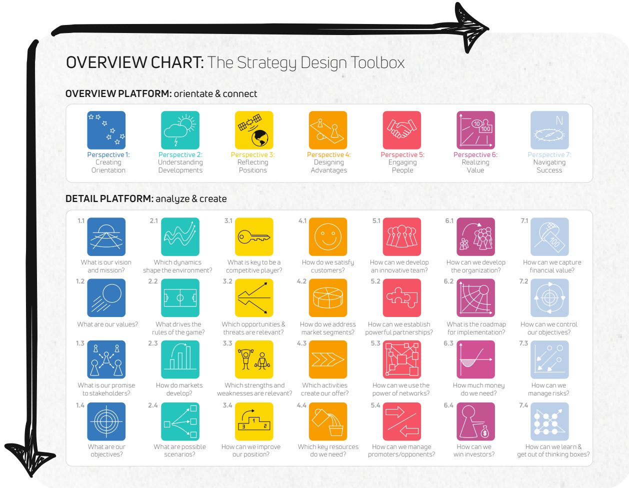
Here is the definition of *Strategy Design Modelling:*

Strategy Design Modelling is the process of applying the Strategy Design Toolbox to concrete strategic cases.

Strategy Design Modelling can be done using two different approaches:

1. A linear process allows working from top to bottom and from left to right of the *Strategy Design Toolbox.*
   Example: If you intend to analyze, develop and validate a new business idea, it makes sense to opt for the linear approach.

2. A flexible and networked process allows jumping from perspective to perspective and from tool to tool.
   Example: If you want to analyze an existing business and validate it reacting e.g. to critical incidents in the environment, it makes sense to opt for the flexible and networked approach.



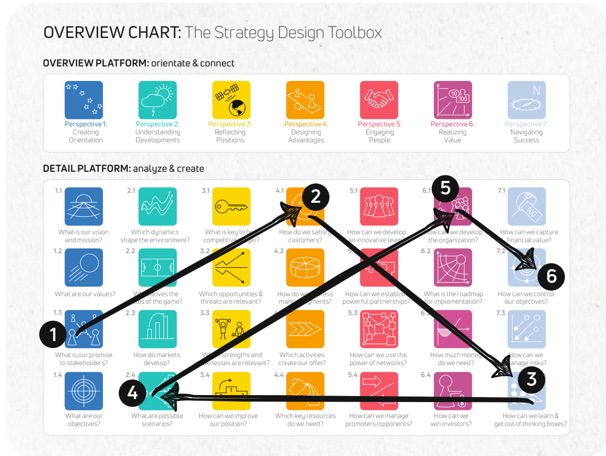


Table 2.2
The Strategy Design Toolbox and the main approaches for Strategy Design Modelling. ▶

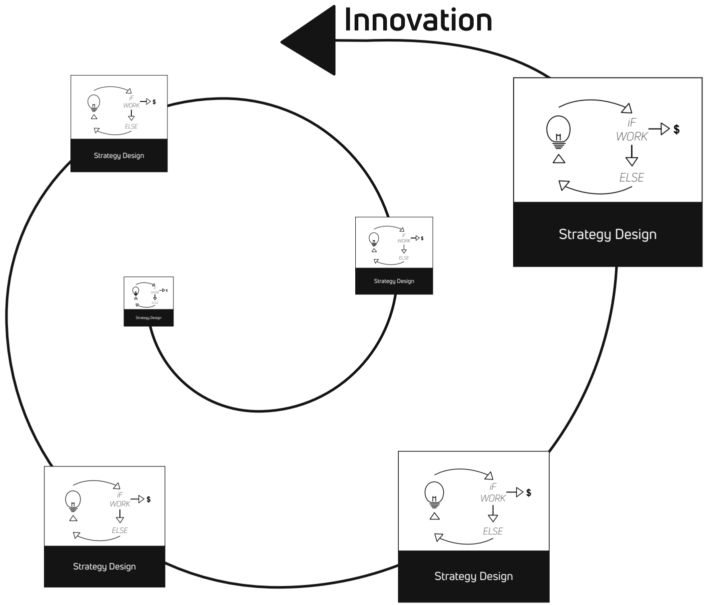
2.4 Strategy Design Innovation

Here is the definition of *Strategy Design Innovation:*

Strategy Design Innovation is
— **a continuous strategic adaption and improvement process,**
— **pushing a Strategy Design to the next higher level.**

Strategy Design Innovation takes into account the experience
— both from the current implementation of a given *Strategy Design*
— and from new developments and influences
— so that innovation takes place whenever this is required or reasonable – not just when a revision cycle is over (e.g. one fiscal year).

The result will be that
— the *Strategy Design* never grows old or obsolete
— innovation will not lag behind, because it is now part of the strategic process.



Chapter 3

THE STRATEGY DESIGN TOOLBOX – ASKING ENTREPRENEURIAL QUESTIONS AND CREATING ANSWERS

3.1.3 What is our promise to stakeholders?

Freudenreich / Lüdecke-Freund / Schaltegger (2020) state about the stakeholder theory:

GOOD TO KNOW

Stakeholder theory, as a complementary perspective, asks, [...] with and for whom value is being created.

What it does

According to *Freeman / Harrison / Wicks (2007)* four main trends changed traditional approaches to management: the liberalization of markets, the emergence of environmentalism and social values, the liberalization of political institutions and the explosion of information technology. How to cope with these challenges? Managing for Stakeholders (MFS) is, according to *Freeman / Harrison / Wicks* the key management approach for an organization's survival, reputation and success. Stakeholders in this model are defined as 'any group or individual who can affect or is affected by the achievement of an organization's purpose'. The basic idea is that business can be understood as a set of relationships among groups that have a stake in an organization's activities. Business focuses on how customers, complementors, suppliers, employees, financiers, the society, the government and, indirectly, competitors interact and create value. For entrepreneurs the task is to know how these relationships work and how they can be shaped strategically. Entrepreneurs have to concentrate on creating and sustaining value for those stakeholders that are key for the survival. This principle is true for any kind of organization, no matter what overall purpose or direction the particular business has set. Several developments lead to fundamentally new conditions and challenges in the relations with key stakeholders:

Customers have always been taken as stakeholders with the highest importance. In nowadays' hyper competition in saturated markets it is no longer that simple to just offer superior quality or low prices to create customer advantages. Outpacing strategies must create segment specific bundles of benefits and customer advantages around price, quality, service and speed. Organizations have to create new and dispruptive rules for the bilateral relation with their customers.

Suppliers, traditionally perceived as 'just somebody to buy stuff from', have to be understood from a new perspective, as certification standard liability aspects have become key success factors over the last years with reference to the idea of Total Supply Chain Management. Nobody can accept materials or services from a supplier who creates the offers in an environmentally dangerous or in a socially questionable way. The quality of the value chain is questioned backward and liability does not stop at the point of sale. So the traditional value chain has mutated into a responsibility chain.

Complementors, a rather new category of players, are those players who add value to one's own offer, but without necessarily having an initial contract with this organization. Specifically in digital business models and open innovation approaches complementors take over an important and ambiguous role of *'coopetition'*: cooperation in a common value creation approach on the one hand, and potential competition on the other hand. Entrepreneurs need to balance this ambiguity, for example when creating platform strategies for technological lock-in strategies.

Employees need to be given challenging assignments, training skills and comprising perspectives in order to create their individual potential for employability, flexibility and market value. Enabling employees who are different from each other in terms of race, gender, sexual orientation, age, education and culture, has become a new and challenging task for **Managers**, and diversity is considered to be a key enabler for the innovativeness of an organization.

Financiers – external investors and shareholders – have changed their relationship to organizations they could invest in after the scandals of Enron, Tyco and WorldCom at the beginning of the new millennium. The scandals have created a deep skepticism and, as a consequence, tough legislation requires companies to prove, more and more, that all of their strategies, processes and actions can be qualified as compliant. In addition, transparency rules have made the financial markets more competitive, thus creating new challenges for companies to get the buy-in of financiers.

Society expects from a local company to be a good citizen in a new quality: not just obeying the law, donating for charities or sponsoring, but taking responsibility in a virtual and global world.

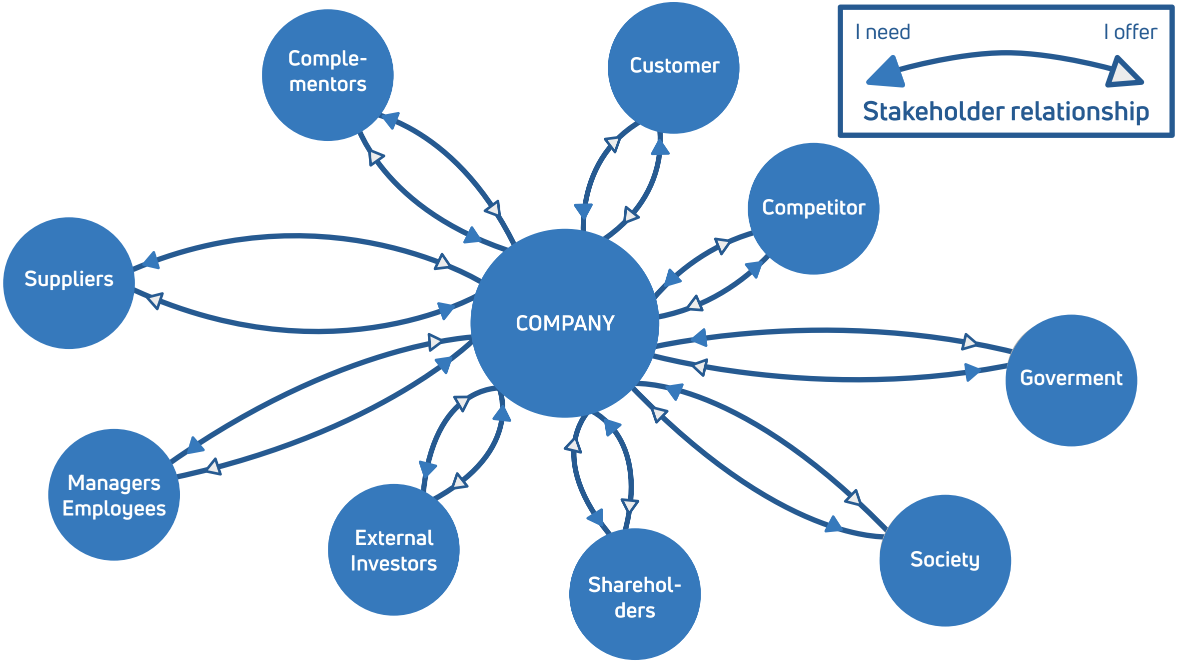
Governments are no longer monolithic entities but highly differentiated systems creating policy regulations, product liabilities, anti-trust legislation, tax regulations, social policy and constraints and space for national and international economic growth.

Competitors create global and local competition at the same time. Non-domestic competitors, with a different cultural and institutional background and with the financial backing of their governments, emerge with high speed and considerable disruptive power.

Indirect stakeholders, such as **consumer advocates, environmentalists** and other **special interest groups** and the **media** take over important roles. They may have high interest in the activities of the company and, at the same time, they may create considerable impact on an organization's development by influencing their network of promotors and opponents.

Table 3.5 outlines stakeholder relations.

Table 3.5
The executive's job is to manage the relationships among groups that have a stake in the organization's activities.



Further reading: Freeman, R. E. / Harrison, J. S. / Wicks, A. C.: Managing for Stakeholders – Survival, Reputation and Success, New York 2007.

How it works

Freeman / Harrison / Wicks (2007) pinpoint some fundamental techniques for effective stakeholder management and its application in the real world of business:

Understanding stakeholders in depth. Helpful questions:

- **Interests**
  What are the stakeholder's main interests?
  How do we affect these interests?
  How are we affected by these interests?
- **Networks**
  Who are the groups and individuals who can affect this stakeholder?
  Who are the stakeholder's stakeholders?
- **Paradigms**
  What does this group think about us?
  What assumptions are they making?
  What assumptions do we make about them?
- **Coopetition**
  What are natural coalitions that could occur?
  Where are joint interests? What are the major points of conflict? What might cause a stakeholder to engage in a behavior that is either more cooperative or more competitive?

Mapping stakeholder relations. The relationships between one's own company and specific stakeholders must be evaluated according to the mission and strategy of the organization on the one hand and the interests of the stakeholders on the other. Based on the outlined questions, *Jünger / Wittmann (2021)* have developed the *STIEM* model to understand these relationships and to enable proactive stakeholder management. The *STIEM* model is published for the first time in this book.

Assignement SD-T 1.3 invites you to work out *STIEM* about your organization's stakeholder relations.

STAKEHOLDER MAPPING USING THE STIEM MODEL BY JÜNGER/WITTMANN (2021)

Assignment SD-T 1.3

Stakeholder	Typology	Influence	Expectations	Measures
Who is the specific individual stakeholder or stakeholder group?	Is the stakeholder internal or external to the organization?	How strong is the influence of the respective stakeholder to the organization; and how likely can the organization influence the stakeholder?	What are the bilateral expectations and offers between stakeholders and the organization?	How does management cope with the specific stakeholder and what strategy and measures does it pursue?

3.3.2 Which opportunities and threats are relevant?

What it does

Reflecting one's own position is not a static task, as already outlined in the context of Perspective 2 – Understanding Developments. Perspective 3 – Reflecting Positions builds on the dynamic perspective of the previous findings, looking at the developments that have the potential to impact the business in its competitive position. The Opportunity-Threat Radar is a method for deriving the potential impact on one's own business by classifying opportunities and threats.

Heger / Rohrbeck (2021) highlight the importance of a regular observation of opportunities and threats:

GOOD TO KNOW

To succeed […] many firms have understood the importance of identifying trends and opportunities early and monitoring them continuously.

"

How it works

The **Opportunity-Threat Radar** is harking back to the results derived in the PESTEL analysis in the *Strategy Design Toolbox (SD-T 2.1)* Which dynamics shape the environment? The essence of the respective discussion is split up into opportunities and threats, allocating them to three different levels of importance:

- **Incremental** opportunities and threats are those having only a marginal impact on the competitive situation of the business. Nevertheless, their development should be monitored.
- **Radical** opportunities and threats are those changing the business in its competitive roots, as indicated by the Latin word 'radix'. A typical example is a quantum leap in the technological approaches of running business processes.
- **Disruptive** opportunities and threats are those changing the rules of the competitive game dramatically. They have the power of substituting needs, existing offers or even existing business models, they may have the power to threaten the organization's survival.

Table 3.13 outlines the Opportunity-Threat Radar approach, merging the PESTEL method with the different levels of incremental, radical and disruptive change.

Assignment SD-T 3.2 invites you to work out the upcoming incremental, radical and disruptive opportunities and threats.

A case study …

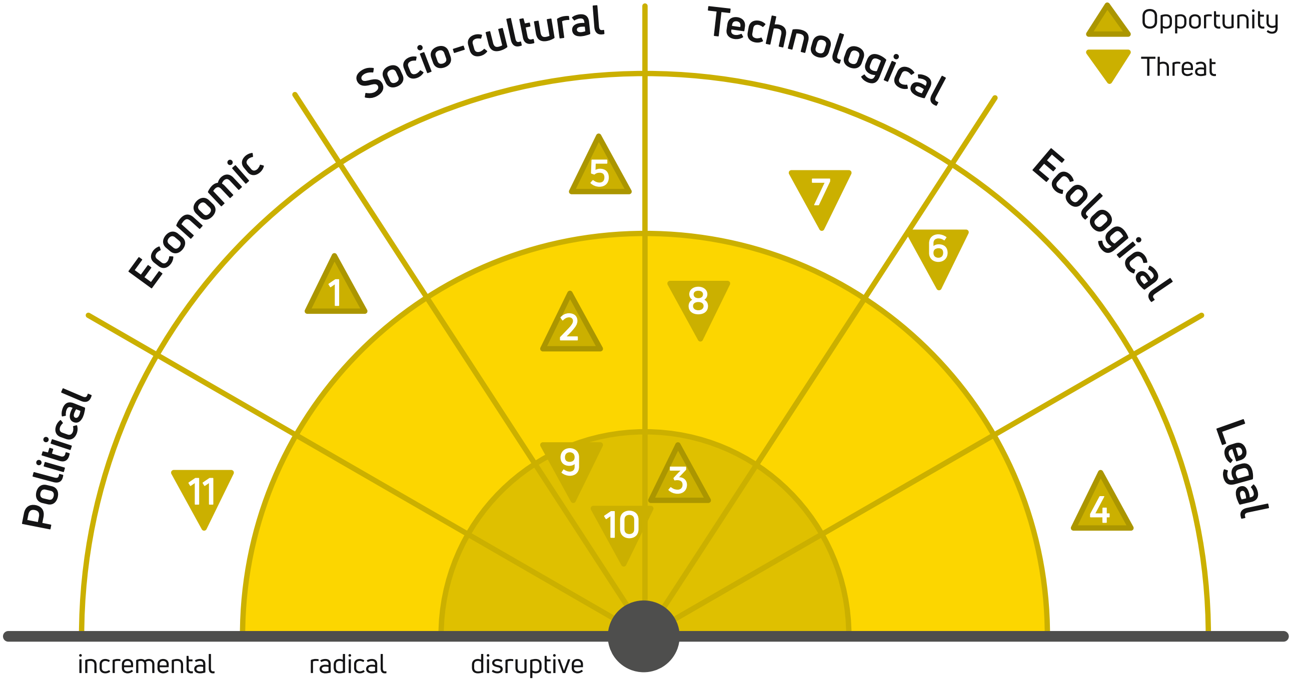
The following example shows the trend in e-commerce sales of pharmaceuticals in the U.S. The focus lies on the opportunities through increasing online sales for vitamins, minerals, and supplements (VMS).

REAL-LIFE APPLICATION

- In *2013 Kurt* first indicates, that retailers should see online sales of VMS as an opportunity rather than a threat (economical factor / incremental opportunity).
- An article of 'Nutraceuticals World' highlights in 2017, that online sales for vitamins, minerals, and supplements (VMS) grew dramatically by 20% from $2 billion in 2016 to $2.4 billion in 2017 (change towards radical). From 2016 to 2017 Walmart and Amazon grew its number of VMS transactions by almost 15% within one year.
- For the year 2021 a market study indicates a VMS market volume of $19.0 billion and continues strong growth until 2026 (keeping radical).

The knowledge of the development of opportunities and threats enables to act proactively.

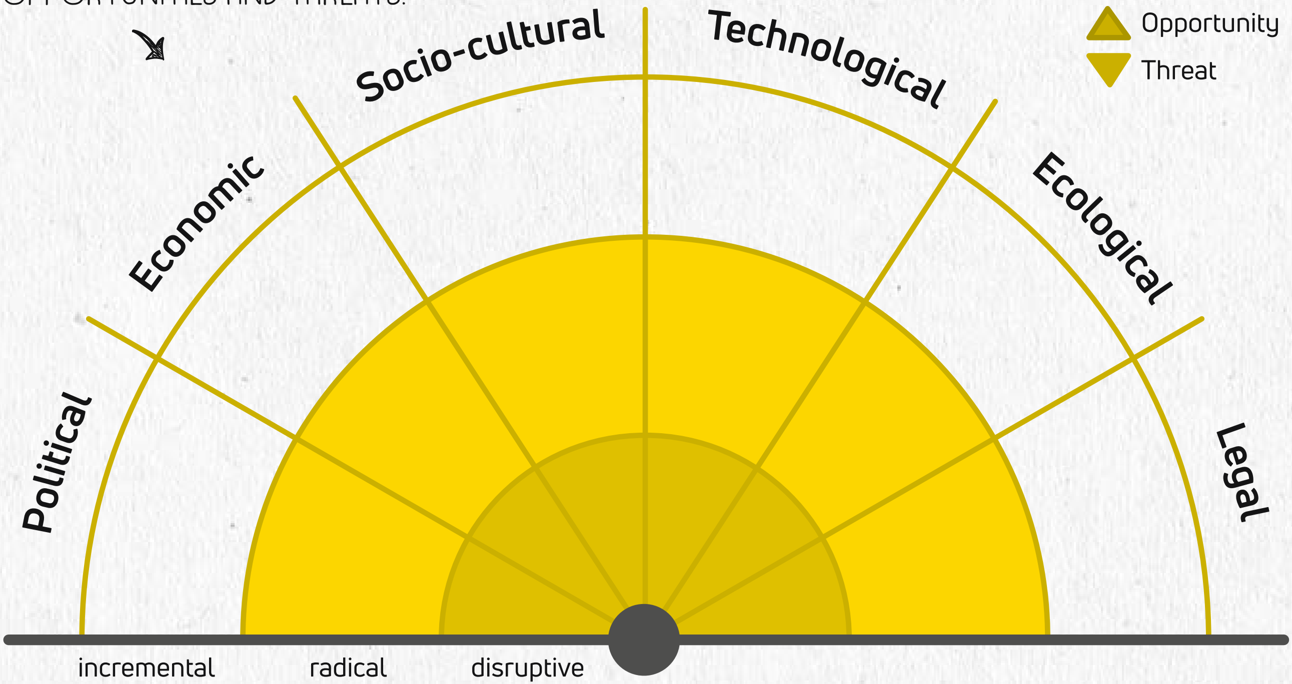
Table 3.13 The Opportunity-Threat Radar contains incremental, radical and disruptive influences.



Source: Wittmann, R.: Opportunity-Threat-Radar, add|venture consulting, Augsburg 2016.
Further Reading: Christensen, M.C. / Raynor, M.E.: The Innovator's Solution, Creating and Sustaining Successful Growth, Boston 2003.
Further exploration: www.trendexplorer.com, www.trendone.com

Assignment SD-T 3.2

HERE YOU CAN WORK OUT UPCOMING INCREMENTAL, RADICAL AND DISRUPTIVE OPPORTUNITIES AND THREATS.



3.5.3 How can we use the power of networks?

Frankenberger et al. (2021) sum it up in their book 'The Digital Transformer's Dilemma' with the following statement:

GOOD TO KNOW

The digitization of your core business is necessary, but the future of your company lies in its new, disruptive business.

What it does

Looking at companies like Google, Amazon or Wikipedia, the power and the success of networking companies is evident. Disruptive business approaches, such as crowdsourcing, open innovation or crowdfunding open up completely new opportunities. They launch innovative business models in the digital world and unleash considerable scalability and a tremendous profit potential. Striving for professionalism in the digital world requires new competences for understanding the mechanisms of digital business models and for setting up one's own and innovative digital *Strategy Design*.

How it works

Historically, digitization had a restrained impact on companies. *Frankenberger et al. (2021)* state in this context, that companies often did not drastically rethink their business models. Questions like 'why', 'what', 'where' and 'how' to transform often hindered the progress.

However, with the dynamic development of technologies, platform businesses, digital networks, artificial intelligence, new competitors and new customer demands, the development of digital business models has picked up speed. Using the words of *El Sawy / Pereira (2013)*, the world becomes more digitally intensive, and the business environment becomes more turbulent. Existing boundaries between digital platforms, companies and environments are becoming more blurred. It is therefore of particular importance that strategists and entrepreneurs have a clear understanding of digital network modeling, as digital business models are a trade-off of technological, organizational, and monetary relationships.

Table 3.29 outlines six elements of a *Digital Value Creation Framework (DVC Framework)*, which, according to *Christian Hoffmeister (2017)*, are needed to analyze, model and plan a digital business model, including its relationships.

The six elements are:

1. **Platform:** How is the platform designed?
2. **Services:** What is offered?
3. **Gratifications:** What is expected for the service?
4. **Performance groups:** Who should use the service?
5. **Transactions:** How do the exchange relationships work?
6. **Interface:** Does the model get extended?

More details can be found in the book of Hoffmeister, C.: Digital Business Modelling, München 2017.

Good to know: *Libert / Beck / Wind (2016)* describe in their book 'The Network Imperative' ten principles to get progress in a digital transformation. Take the time to read through it. It's worth it!

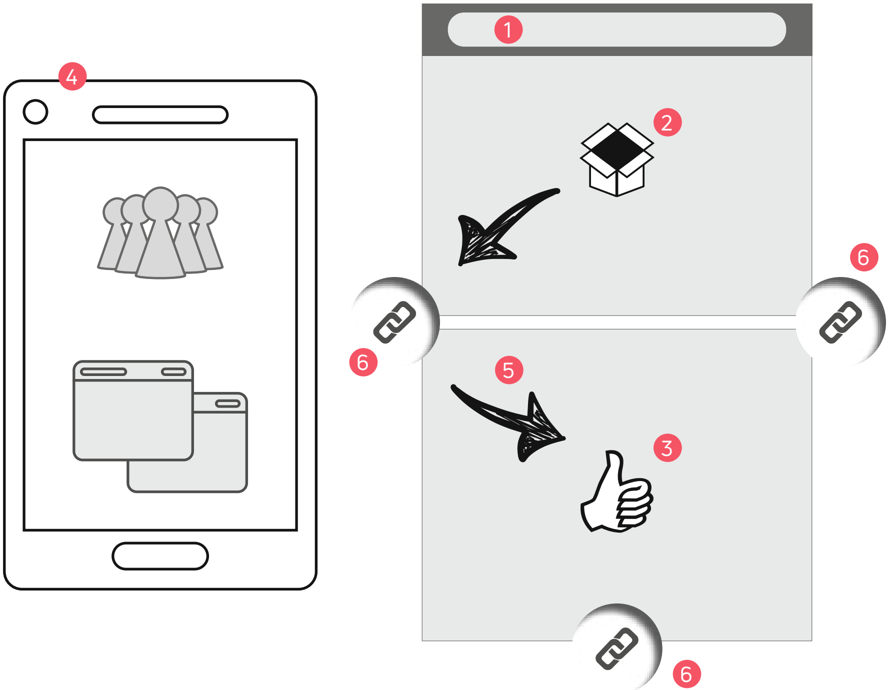
The ten principles at a glance:

1. Create **digital capabilities**
2. Invest in **intangible assets**
3. Actively **allocate** your **capital**
4. Lead through **co-creation**
5. Invite your **customers to co-create**
6. Focus on **subscription**, not transaction
7. Embrace the **freelance movement**
8. Integrate **big data**
9. Choose **leaders** who **represent your customers**
10. Open your mind to **new possibilities**

In a digital transformation process an organization should get evaluated on each of the ten principles.

Table 3.29
The DVC Framework and the relevant elements for describing digital business models.

1. Platform
2. Services
3. Gratifications
4. Performance groups
5. Transactions
6. Interface



Source: Hoffmeister, C.: Digital Business Modelling, München 2017.

REAL-LIFE APPLICATION

A case study ...

Lemonade is a US direct insurer which offers a completely new and innovative concept. With a digital and platform-based business model, Lemonade's goal is to deliver an enjoyable and transparent insurance experience.

How does Lemonade's business model compare to a traditional insurer?

Lemonade only takes a fixed portion of the insurance premium and uses the rest to pay claims. If there are any unused premiums left, Lemonade donates them to charity. Lemonade values the fact that it is a Public Benefit Corporation and a certified B Corporation, which means that the company cares not only about business results, but also about the community and the environment.

Lemonade's Digital Value Creation Framework:

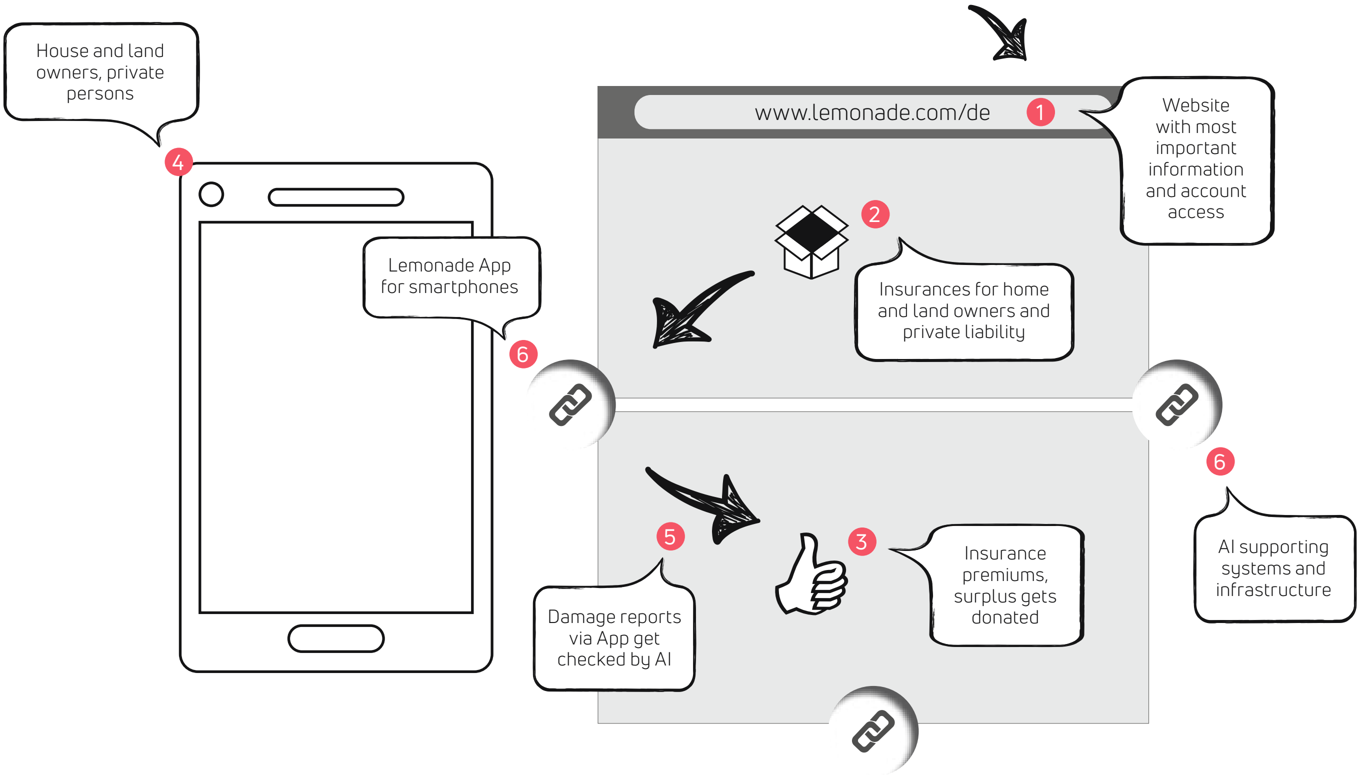
1. **Platform:** On the internet, Lemonade offers all necessary information on products and prices as well as access to the individual customer account. Via the Lemonade App, a damage can be reported effortlessly and at any time via smartphone.
2. **Services:** Depending on the country, the range of insurance products is specialized. In Germany, for example, Lemonade only offers products in the area of household and personal liability insurance. As stand-alone or in a bundle.
3. **Gratifications:** Lemonade uses surplus insurance premiums to donate to nonprofits. Customers are involved in the selection process.
4. **Performance groups:** The insurance products are designed for specific target groups and partly differ in the countries. In the USA, for example, there are also e.g. products for homeowners, tenants and pet owners.
5. **Transactions:** If a claim is reported via the Lemonade App, the report is checked by an AI. If the damage is approved immediately, the AI pays directly. Otherwise, the AI transfers the claim to customer care. Lemonade highlights that approx. 40% of the damages are processed immediately.
6. **Interface:** Communication is done through digital media and supported by new technologies such as AI.

How does the digital business model look like in the DVC framework? Try visualizing it right now!

Source: lemonade.com, acc. October 6th, 2023.

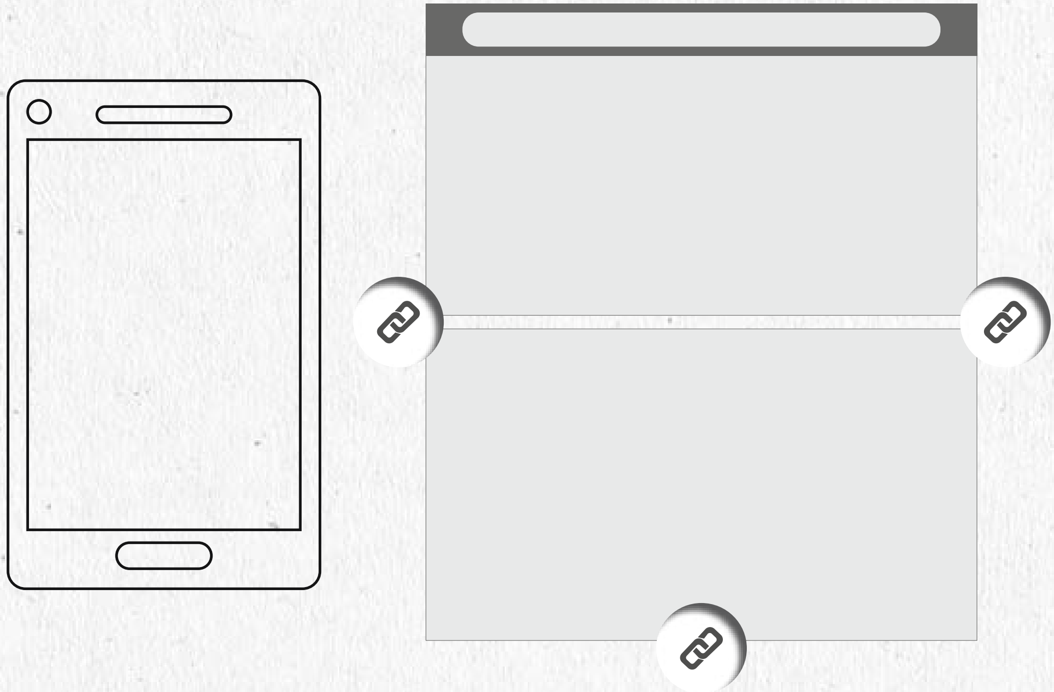
A case study ... continued

TRANSFER OF THE LEMONANDE EXAMPLE (GERMAN MARKET) TO THE VISUAL DVC FRAMEWORK / REAL-LIFE APPLICATION



Assignment SD-T 5.3

HERE YOU CAN WORK OUT YOUR IDEAS ABOUT YOUR DIGITAL NETWORK AND THE RELATIONS IN YOUR BUSINESS MODEL.



Source: Hoffmeister, C.: Digital Business Modelling, München 2017.

3.6.2 What is the roadmap for implementation?

What it does

Perspective 6 – Realizing Value is focusing on all the aspects you need to get things done. *With question 6.2, 'What is the roadmap for implementation?'*, the *Strategy Design Toolbox* takes the discussion to the methods of project management. You and your team need to derive all the actions that have to be taken to bring your *Strategy Design* to life.

Roadmapping therefor is one of the most important approaches for strategy implementation. *Imoh Ilevbare (2011)* highlights in this context:

GOOD TO KNOW

The value created in roadmapping arises from both the finished form of the roadmap created and the process of its creation. It is strongly suggested that roadmaps be updated frequently.

"

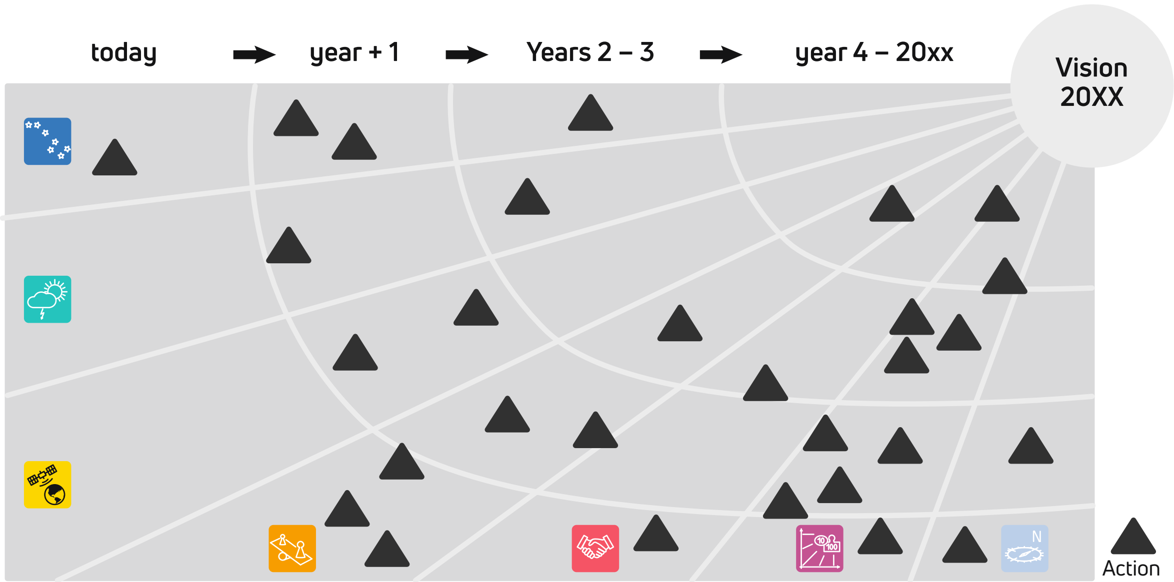
Since there are only few theoretical approaches and concepts in the literature *Jünger / Wittmann (2015)* have closed this gap within the framework of Strategy Design Innovation. They call it the *'Strategy Design Roadmap (SDERO model)'*. It is published for the first time in the book Strategy Design Innovation (SDI).

How it works

The *SDERO* model follows a 4-step plan:

- Open up a roadmap along a time funnel – starting from today, moving to the next few years (e.g. 4-5 years) and finally to your 'Vision 20XX' (see Table 3.34).
- Walk through all the fields you analyzed and the findings you created during your journey within the Strategy Design Toolbox tools.
- By using e.g. brainstorming in workshops you can create a list of necessary actions. Integrate all relevant people who will later support or manage actions.
- Clearly name (and describe) the actions and allocate them into your Strategy Design Roadmap *(SDERO)*.

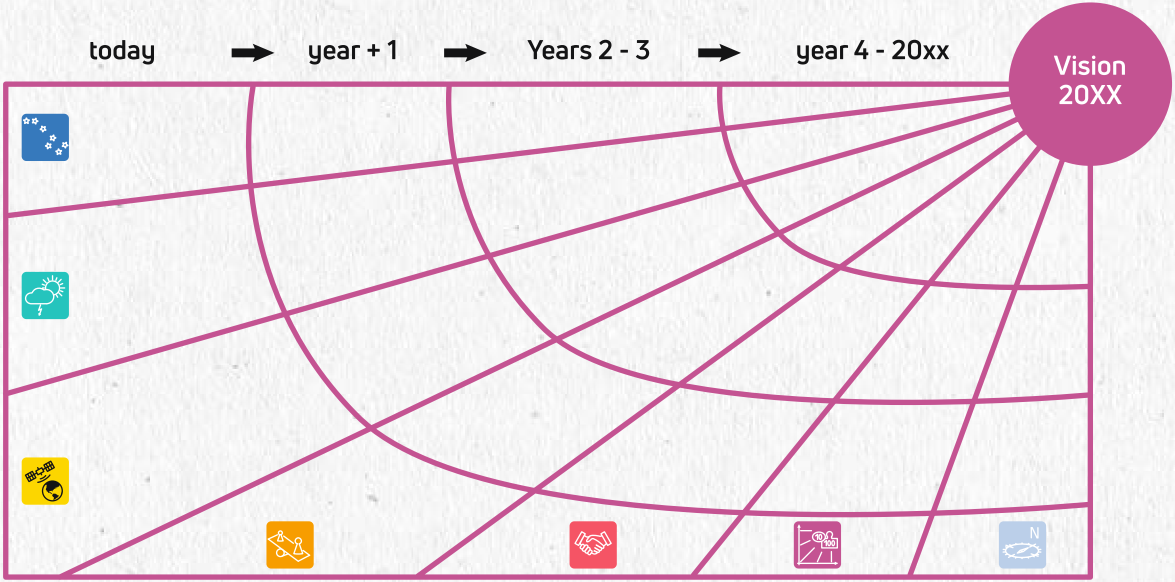
Table 3.34
The SDERO model (roadmap) allocates milestone activities for effective implementation.



Source: Jünger, M, Wittmann, R.G., Workshop result (SDERO) within the development process of Strategy Design Innovation (SDI), Augsburg 2015.

Assignment SD-T 6.2

HERE YOU CAN WORK OUT YOUR IDEAS ABOUT YOUR ORGANIZATION'S ROADMAP FOR IMPLEMENTATION.



Of course some of the actions depend on the completion of other actions. Therefore, it is necessary to discuss the portfolio of actions with respect to their interdependencies in time and with reference to the necessary budget.

Assignment SD-T 6.2 will help you to create and allocate the activities of your *Strategy Design* Roadmap. Our recommendation: use sticky notes because they offer you high flexibility for discussing the interdependencies and for positioning and repositioning the actions during your discussions.

In a next step each of the actions have to be defined. Table 3.35 offers you a smart concept for this task, the *FOCUS⁸ Framework*. According to this instrument the following eight building blocks have to be specified for each of the actions:

- How can the initial situation be characterized before the action is started?
- Which stakeholders can be identified as promotors or opponents?
- What are the targets that should be reached with the action and, what is in scope and what is out of scope?
- Which concept will help carrying out the action?
- What are the milestones in the action's work-breakdown structure?
- Which resources are required in terms of time, money, knowledge and people?
- What are the risks the action will face and how can you mitigate them?
- What are the opportunities of the action and how can you exploit them?
- Business experience shows the negative effects occurring if one of these building blocks is not specified. These effects are shown in the diagonal of Table 3.36. So make sure that all the activities are pinpointed using all eight building blocks of the *FOCUS⁸ Framework*.

Table 3.35

With the Focus[8] Framework implementation projects can be specified effectively – and typical negative effects can be avoided.

Initial Situation	disorienta-tion							
Stakeholders		under-estimation						
Targets			confusion					
Key Concept				concern				
Milestones					false start			
Resources						frustration		
Risks							failure	
Opportunities								below optimum

Source: Wittmann, R.: Focus[8] Framework, add|venture consulting, Augsburg 2016.

In order to involve stakeholders substantially and to ensure the realization of the actions, a clear assignment of responsibilities is required. Table 3.36 shows an exemplary *RACI* chart which therefor offers an effective method. It lists the main actions down the side and the various stakeholder along the top.

According to *Paul / Cadle (2020)* the stakeholder responsibilities *(RACI)* can be the following:

- **Responsible:** This person or role is responsible for creating or developing the deliverable or performing the task.
- **Accountable:** The person or role who decides if the task was done correctly and in expected quality.
- **Consulted:** This person or role has to be consulted to provide relevant information.
- **Informed:** This stakeholders must always be informed about the deliverables and current developments.

The literature knows different variations, e.g. an extension to 'RASCI'. Here, the 'S' describes a supportive person or role.

Table 3.36
Exemplary illustration of a RACI chart.

Action #	Executive	Project Manager	Business Analyst	Business Advisor	...
Action 1	A	R	...	C	I
Action 2	I	A	R	...	C
Action 3	I	A	...	R	C
Action 4	C	A	R	I	...
Action 5	...	...	...	...	...

Further reading: Ilevbare I., et al.: Integration of TRIZ and roadmapping for innovation, strategy and problem solving – TRIZ, roadmapping and proposed integrations, Papers Centre for Technology Management, University of Cambridge, July 2011.

REAL-LIFE APPLICATION

A case study ...

A *hospital* assigned a turn-key contractor to build a new ambulatory department. The contractor is responsible for the complete realization and completion. This includes the coordination of possible subcontractors.

To get an overview of the stakeholders involved and their contribution to the project, the purchasing department of the hospital created a *RACI* chart.

Action #	Project Manager	Architect	Contractor	Hospital	Investor
Clarity on functional needs	I	R	I	A	I
Planning technical solution	A	C	R	C	I
Create clinical pathway	A	R	C	R	I
Allocation of third-party services	A	I	R	I	I
Realization	A	C	R	I	I
Handover	C	C	R	A	I

Assignment SD-T 6.3

HERE YOU CAN ASSIGN YOUR STAKEHOLDERS WITH CONCRETE RESPONSIBILITIES (RACI).

Action #					