Alliant International University
California School of Management and Leadership
2018 Doctoral Colloquium
Concise Version
4/25/2018 - San Diego, CA, USA

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Many Thanks to:
Dr. Rachna Kumar, Dean
&
DR. René M. Naert
The Big Picture

TURBULENCE & FRAGILITY

- Me and My Firm with Skin in The Game
- Operational & Strategic Leadership Complement Each other and are part of Leadership
- Rules and Regulations
- Other Firms, Customers & Suppliers
- Society and its Institutions
The Metaphysics of Aristotle begins with: "All men naturally desire to know.

Epistemology is the theory of knowledge, especially with regard to its methods, validity, and scope. Epistemology is the investigation of what distinguishes justified belief from opinion. Source: Oxford Dictionaries

**Origin** - "The point or place where something begins, arises, or is derived.
**Nature** - "The basic or inherent features, character, or qualities of something.
**Method** - "A particular procedure for accomplishing or approaching something, especially a systematic or established one.
**Dimension** - "A measurable extent of a particular kind, such as length, breadth, depth, or height.
**Limitation** - "A limiting rule or circumstance; a restriction.

Source: Oxford Dictionaries
**Profit & Growth = Revenue – Cost / Time**

In Practice

Growth & Profit $\propto \frac{\Delta \text{Knowledge} + \Delta \text{Action}}{\Delta \text{Time}}$

*Action = Effective, Efficient and Equitable (E31)*

*Knowledge = Education, Experience and Expertise (E32)*
"Our practice is multi-disciplinary in the sense that it seeks an optic appropriate to the problem and not to a particular scientific discipline."

H. Igor Ansoff (1918-2002) - Father of Strategic Management

Theory

"Optimum performance occurs when turbulence, strategy and capability match each other while managing change.

Unless structure follows strategy, inefficiency results."

Alfred D. Chandler (1918-2007) - Founder of a Discipline - Business History

Law of Requisite Variety: "variety absorbs variety, defines the minimum number of states necessary for a controller to control a system of a given number of states."

William Ross Ashby (1903-1972) - Psychiatrist & a Pioneer in Cybernetics

\[ S \& S \propto \frac{\Delta E + \Delta S + \Delta C}{\Delta T} \]
Turbulence over time is accelerating, expanding, overlapping, urgent and impactful. Therefore, accurate perception(s) of the Levels of Environmental **TURBULENCE** is a must, in terms of:

1. **Unpredictability:**
   - Visibility of Future
   - Speed of Change

2. **Discontinuity:**
   - Novelty of Events
   - Complexity - business scope + extent of importance of each of the following CHANGE(s), as they affect your decision making in the industry: economic, political, technological, social, information & media, educational, health, law & order and marriage & the family.

If not, then **Strategic Myopia** will materialize.
Illustration 1. Me and My Firms’ Management$^1$ and Leadership$^2$ of People$^3$ & Things$^4$

1) Management: “The process of dealing with or controlling things or people.

2) Leadership: “The action of leading a group of people or an organization.

3) People: “Human beings in general or considered collectively.

4) Things: “Equipment, utensils, or other objects used for a particular purpose.

5) Function: “An activity that is natural to or the purpose of a person or thing.

6) Operational: “In or ready for use.

7) Strategic: “Designed or planned to serve a particular purpose.

8) Strategic Management: Matching perception of turbulence level, responsiveness of strategy and supporting capability to each other while, managing the change process. Based on Ansoff

9) Strategic Leadership: “We shall refer to influence on strategic behavior which contributes to success and survival of the ESO (environment serving organization) as strategic leadership. H. Igor Ansoff. “Strategic Management” 1979:125.
Illustration 2. Acceleration, Expansion and Overlap of the Relevant Business Environment

Key Concepts

Turbulence (1) perception in terms of;
- Unpredictability: Visibility of Future
- Speed of Change: Discontinuity

If not, then Strategic Myopia will materialize.

“People Leading & Managing with SITG(2) must be attained otherwise Harm or Ruin (Black Swan) will materialize. If confronted with non-Ergodicity then consider redeployment and/or exit.

Antifragility & Skin in The Game (SITG)(2) must be attained otherwise Harm or Ruin (Black Swan) will materialize. If confronted with non-Ergodicity then consider redeployment and/or exit.
Market Segmentation: “...the aggregating of prospective buyers into groups, or segments, that have common needs and respond similarly to a marketing action.

Strategic Segmentation: 
Need, Technology, Geography, Customer Type and Distribution

1. Need
2. Technology
3. Geography
4. Customer Type
5. Distribution

Environment

SBA 1
SBA 2
SBA 3
SBA 4
SBA X

SBU 1
SBU 2
SBU 3

SIU 1
SIU 2

- SIU could be part of SBU

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To succeed, you must answer (Ansoff, 1965):
1. Where we are now?
2. Where do we need to be?
3. How do we get there?
4. How do we manage transition?
Illustration 5. Leadership: “The action of leading a group of people or an organization.

Operational Leadership: “In or ready for use. Source: Oxford Dictionaries

Strategic Leadership

“We shall refer to influence on strategic behavior which contributes to success and survival of the ESO (environment serving organization or firm) as strategic leadership. H. Igor Ansoff, 1979:125.

Leadership is practiced by people to respond to future turbulence. It contains operational and strategic leadership. Both are applied through a type. Its role is supplemented by a matrixed interaction (style) per strategic business area over time.
Illustration 6. Strategic Leadership:

Leadership

Political / Custodial
Disciplinary/Controllership
Inspirational/Common Purpose
Entrepreneurial/Dynamic
Creative/Futurist

<table>
<thead>
<tr>
<th>Year</th>
<th>Repetitive</th>
<th>Expanding</th>
<th>Changing</th>
<th>Discontinues</th>
<th>Surprising</th>
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<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
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Ford +GM +Chrysler +VW, Honda & Toyota +Alternative Energy

Operational Leadership

Antifragile & Skin In The Game

FUTURE

Strategic Myopia/Black Swan

Survival Success

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Illustration 7. Perception and Risk

Accurate Perception
• Before – Variance Ready
• During – Correct & thrive on impact
• After - Rapidly expand

Strategic Myopia
• Before – “The calm before the storm
• During - Embrace for Impact
• After - Redeploy and/or Exit

Insurance
• Precaution
• Prevention
• Preparation
• Persistence

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Illustration 8. Critical Success Variables

“If it isn't broken, fix it before it breaks.
H. Igor Ansoff (Father of Strategic Management)

“If you break it you own it.
Nassim Nicholas Taleb (Decision Theory, Risk & Probability Guru)

“Do not be an Ink Squirting Squid.

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??? = book on the way.