



Rita Gunther McGrath

Popular Topics

Rita Gunther McGrath, a Professor at Columbia Business School, is a globally recognized expert on strategy in uncertain and volatile environments. Her thinking is highly regarded by readers and clients who include Pearson, Coca-Cola Enterprises, General Electric, Alliance Boots, and the World Economic Forum. She is a popular instructor, a sought-after speaker, and a consultant to senior leadership teams. She was recognized as one of the top 20 management thinkers by global management award Thinkers50 in 2011. She's also been recognized as one of the top ten business school professors to follow on Twitter. In 2009, she was inducted as a Fellow of the Strategic Management Society, an honor accorded those who have had a significant impact on the field. In 2013 she will serve as Dean of the Fellows. McGrath is the author of three books in addition to her upcoming book *The End of Competitive Advantage: How to Keep Your Strategy Moving as Fast As Your Business* (Harvard Business Review Press).

McGrath has designed and delivered speeches and workshops ranging from 45 minute keynotes to several days-long strategy retreats. She is known for her flexibility and ability to customize her programs to the precise needs of her audiences.

For more information on McGrath visit www.ritamcgrath.com or follow her on Twitter @rgmcgrath.

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Strategy Talks

The End of Competitive Advantage and the New Strategy Playbook



For years, the ultimate goal of strategy was presumed to be a ‘sustainable’ competitive advantage. Strategy when advantages are not sustainable, however, can be just as powerful. It does require completely different approaches to budgeting, resources, and talent management, as well as an increased emphasis on creating a pipeline of innovations. This talk describes some of the counter-intuitive aspects of dynamic strategies, for example that it may make sense to sub-optimize some processes in the interests of preserving flexibility.

The core differences between conventional strategy and the new strategy playbook fall into the following categories:

- Continuous Reconfiguration, rather than massive restructuring
- Healthy Disengagement, rather than abrupt exits
- Deft Resource Allocation, avoiding the resources-as-hostage trap
- Innovation Proficiency, rather than innovation that is episodic
- Discovery Driven Leadership mindset
- Entrepreneurial Career Management

This material forms the backbone of McGrath’s forthcoming new book on strategy.

The End of Competitive Advantage and Entrepreneurial Opportunity

While the fast pace of competitive advantage puts many established firms, with their carefully built up sets of assets and capabilities at risk of being trapped, it opens up vast opportunities for entrepreneurs who aren’t wedded to the status quo. In this talk, aimed primarily at smaller firms, McGrath goes through the principles of both disruption and of sound business model development and illustrate how small firms can outrun larger ones. The cautionary example of Groupon and the provocative ones of the music business serve as examples.

Lessons from the Growth Outliers

Of 4,793 publicly listed companies as of the end of 2009, only ten were able to consistently grow their net income by at least 5% a year for ten years in a row. This talk explores how these remarkable firms – very different from one another in many ways – seem to do it. The major finding was that although they are very dynamic, experimental and innovative, they maintain a core of stability in leadership, strategy and values. In

this engaging talk, lessons from these firms are described, and the difference between them and the typical organization is explored. The research was published in the *Harvard Business Review* in 2012.

Business Model Competition: A New Dynamic for Strategy

Traditionally, people have thought of competition between firms within an industry. Increasingly, we are learning that the most significant competition can arise from companies from different industries or with different business models, as industries blur and competitive advantages shift. In this talk, the business model concept is described, the tell-tale signs of business model erosion are identified and ideas for discovering your next business model are discussed. This can be extremely hands-on, with a workshop component if that is desired, and include a diagnostic for the robustness of a business model. This talk was featured in a *Harvard Business Review* article published in January of 2011.

Business Disengagement: When the period of advantage is over

In a transient advantage context, shutting down businesses is as important as starting them and disengagement is as important as innovation. And yet, few companies have put into place a systematic process to effectively disengage from a business and free up resources to invest in the next generation innovation. This talk uses the following framework to anchor a discussion about how disengagement might be more effectively managed.

	Capability core to the future of the business	Capability has value, but not for us	Capability is in decline
Relatively little time pressure	Orderly migration	Garage Sale	Run off
	Transition aspects of the business from today's configuration to tomorrow's	Get reasonable prices for assets we are no longer interested in	Be well paid to maintain support for customer while decreasing investment
Intense time pressure	Hail Mary	Fire Sale	Last Man Standing
	Divest formerly core capabilities and find a solution to migrate to the new core fast	Sell non-core assets we are no longer in a position to exploit	Spark consolidation or otherwise try for a profitable end game position

Guerrilla Strategies: Speed, Stealth and Selective Attack

In many markets, innovators don't have the luxury of competing with a great deal of resources. This session outlines the principles of so-called 'guerrilla' approaches to entering new markets, involving very selectively targeting precise client groups and serving them in such a way that other organizations can't or don't want to compete for them. Also called "judo" strategies, these reflect ways in which entrepreneurial companies can use competitors' strengths against them.

Designing Multi-Market competitive strategies: Arena vs. Arena

Strategy takes on a different form when you meet your competition in multiple markets – what McGrath calls arenas. The fundamental issue here is that a move made in one arena can affect a company's activities in another area. The key learning is that if you are not aware of multi-market dynamics, your competitors can force you to spend resources in ways that do not benefit you. This can be combined with a workshop exercise to plot competitive moves.

Innovation Talks

Discovery Driven Planning

Discovery Driven Planning is a planning and learning process that helps executives systematically convert assumptions to knowledge so that they can access significant opportunities while containing risk. The core premise of the method is that when there isn't enough information to develop a conventional business plan, the thrust of planning must instead be on learning, while at the same time reducing cost and risk.

Conventional planning tends to lock an organization in, too early, to a specific operational trajectory. Discovery driven planning comprises five interdependent practices: 1) define success and drive the plan from this definition; 2) benchmark against key external variables; 3) think through operational specifications; 4) document assumptions and 5) re-assess assumptions and goals at key checkpoints. It imposes strict discipline on new projects, but discipline that is appropriate to their uncertain nature. Examples might include an entrepreneurial business, SAP contemplating entry into SaaS, and a chemical company evaluating a new product introduction. With a bit of preparation, an example can also include an in-company project.

The talk is based on the best-selling article in the *Harvard Business Review*, where it is consistently named as one of the most important management innovations. It has been cited by Clayton Christensen as the antidote to “innovation killers.” This work has also been recognized as a foundational input to the “lean startup” movement which is currently so popular.

Project Disengagement: When it's time to constructively exit

Most companies have poor processes for constructively shutting down projects and capturing whatever value and learning might have been generated within them. This seminar covers the topics of first, recognizing when you may be escalating commitment to a project that is failing, next, developing a disengagement plan if you have concluded that stopping it is the best thing to do, and finally coming up with a way of capturing as much value as possible from the experience of having done the project. Depending on the interest of the group, the example of Hewlett Packard's “Kittyhawk” venture may be used as an exercise.

Creating an Opportunity Portfolio

While it should be obvious that companies need to use different practices for new ventures that are highly uncertain than they do for their established businesses, all too

often this is not what happens in practice. Further, growth strategies often flounder because an organization lacks an effective process for creating a solid growth portfolio. What you want instead is the right mix of initiatives to support the core business, create opportunities in adjacent spaces and invest in options for the future. It's essential to figure out how to best align your growth strategy with the projects and people necessary to make it happen. This session helps participants understand their existing portfolio of projects within a given portion of the company and discuss processes to bring portfolio elements into better alignment. The financial logic that makes sense for each component of the portfolio will also be addressed.

Entrepreneurial Mindset: Leadership roles essential for innovation and growth

Three critical leadership roles are needed in any company that seeks to develop an organic growth program. The first is the framing and establishing the commitment to growth at the most senior level – if this isn't done correctly, the organization simply churns in trying to find its way. The second is the internal entrepreneurs who manage specific ventures. And most importantly, and most invisibly, is the difficult job of the manager in the middle, who has to navigate the political and resource dilemmas of fitting together the growth mandate with individual business opportunities. For this session, real examples of companies who do this well (such as Procter and Gamble and United Parcel Service) are contrasted with companies who have struggled (such as Sony and Motorola).

Disruptive Innovation and Category Evolution

Clayton Christensen famously introduced the concept of 'disruptive' innovations some years ago. In this session, we'll review those ideas – that the most powerful sources for growth can be non-users, that often the biggest threats come from places which incumbent players do not find attractive, and that low-end markets can be highly disruptive to one's business model. Disruptive innovations in this talk are placed within the context of category evolution as a way of identifying which types of firms will be at an advantage and which will be disadvantaged as categories evolve.

Screening and Scoring Projects

Most companies have far more promising projects than they could ever fund and develop themselves. There is therefore a need to develop some way of screening and scoring opportunities to make sure that they are consistent with the firm's strategy and that sufficient resource commitment is made to allow those that are 'screened in' to be successful. This talk covers the basics of what makes a screening system useful, how it works, and how past projects might have been scored (to help validate the screens). This set of ideas can be immediately applied in practice.

Managing the internal politics of innovation

Any innovative project, by its nature, will tend to threaten the status quo within an organization. Being able to navigate the political environment is essential, therefore, if an innovation is going to be successful within the internal context of the firm. In this seminar, the basics of how one might prepare a political game plan are covered. Then, specific moves for influencing key stakeholders and handling resistance is discussed. Participants will be asked to think through a political analysis for an innovation or change effort they are currently involved in.

Complexity and Uncertainty Talks

Learning to Live with Complexity

Business has always been unpredictable and surprising, and the systems in business have always been complex. But due to the IT revolution, complexity affects everything—products, supply chains, organizations. This makes managers' jobs far more difficult. It is harder to make sense of what is going on, make predictions about the future, and place bets. Complex systems go beyond the merely complicated because you can't predict what is going to happen just from knowing the initial conditions. Our analytical tools have not kept up. The secret is making fundamental changes in how managers approach tasks such as:

- Forecasting. Drop certain analytical tools. Embedded in many are assumptions that don't hold true for complex systems. Focusing on a few types of predictive information can do the job.
- Mitigating risks. Reduce the need for accurate predictions. In an unpredictable environment, the best investments may be those that minimize the importance of predictions.
- Making tradeoffs. Take a real-options approach. Small investments can give you the right, but not the obligation, to invest more later on.
- Ensuring diversity of thought. Diverse thinkers better equip companies to deal with the unforeseen changes that are inevitable in complex systems.

The financial discipline of high uncertainty: Real options reasoning

We are all familiar with the logic of using tools such as net present value to estimate the attractiveness of making corporate investments. But net present value calculations, which project cash flows into the future and discount them back, are basically meaningless under two conditions that are highly prevalent in today's environment: 1) when you can't really anticipate the probability of cash flows; and 2) when rapidly

changing environments can de-stabilize the boundary conditions under which your projections were made. Instead, you can learn from organizations that are highly successful, even though they struggle with considerable amounts of disappointment. The financial logic they use is far closer to ‘real options’ reasoning, in which you make small investments today to create the right, but not the obligation to make more investments in the future. This approach allows you to limit risk and learn as you go. A possible example is the failed “Iridium” project to illustrate how using the wrong kind of financial discipline can end up resulting in substantial disappointment. There are of course no shortage of other cases that can be used, including some that have to do with acquisitions.

Failing by Design: Making the Most of Intelligent Failures

Most of us suffer from a pervasive anti-failure bias, in which things that go wrong instantly become undiscussable and the potential benefits of failure are lost. Here’s the problem: in fundamentally unpredictable environments, failure is unavoidable. Moreover, it is essential if your organization is to take the risks and engage in the innovations crucial to effective competition. Failures are critical to competitive advantages because they facilitate trying more; attract resources and attention; help you learn what doesn’t work; create leadership variety; and help you build skill and intuition. To gain these benefits, follow six principles: 1) Plan to convert assumptions to knowledge; 2) be quick about it; 3) contain the downside risk; 4) uncertainty is genuine, but not overwhelming; 5) intelligent failures are celebrated; and 6) Learning is codified and transferred.

Opportunity Identification Talks

MarketBusting: Overview

What do coin-changing machines, smart aircraft brake shoes, cement delivered within a delivery window and new ways to package materials for the Internet all have in common? They are examples of “marketbusters” – strategic moves companies made that allowed them to capitalize on significant strategic growth opportunities. A talk on MarketBusting can cover one or more of five ‘lenses’ that companies can use to identify opportunities for breakthrough growth. Each ‘lens’ comes with a strategic framework or tool and the opportunity for application.

The examples and application can be tailored to the needs of the audience.

Insightful Customer Segmentation

All too often, companies show surprisingly little imagination in the way that they

conceive of and serve their customers. Demographic segmentation not only reveals very little about what drives customer behavior, but is often based on data that are readily available to all competitors, making it impossible to derive an advantage from this segmentation scheme. Instead, in this talk, McGrath explores the potential in behaviorally segmenting customer based on their perceived and actual needs. Participants develop a hierarchy of needs for different customer segments, which can create insight into those offers that the varying segments might be prepared to pay for. This is often a far better point of departure for a new strategy than typical segmentation.

Using the Consumption Chain to create customer insight

Sad, but true: Most companies have potentially disastrous blind spots with regard to truly understanding their customers' experiences with their products and services. This session introduces a simple, intuitive tool – the customer consumption chain – to help companies visualize the activities customers go through to address their own needs, some of which might involve making a purchase. When the chain breaks down, is unsatisfying, or is less convenient than that offered by a competitor, a company can be at a competitive disadvantage. Choice of customer segment, based on behavioral differences, is key. The goal is to improve the customers' total experience, thus improving margins, revenue opportunity and loyalty. Examples might include Amazon.com, Coinstar, and the Kone Corporation.

Redesign your offer to unlock opportunities using attribute mapping

For any given customer segment, every product and service has some attributes (or features) that that segments regards as positive, some they regard as neutral, and some they don't care about at all. By understanding the tradeoffs customers are willing to make, companies can better tailor their offerings to the needs of specific segments, often adding positive elements and reducing cost in the process. This session introduces a simple tool, the attribute map, to help companies gain a better understanding of the reaction of specific customers to the attributes of an offer and potentially redesign the offer. Examples could include business-focused hotels, diabetes treatment and car rentals. If desired, the tool can also be used to speculate on current product competitions, such as that for e-readers.

Identifying & capitalizing on new business models

In many industries, competition is not so much between different industry participants as it is between different business models. With the advent of on-line music, for instance, the CD-based business model is losing share to the by-the-song-online business model. In this session, participants will be provoked to consider whether it is

time to explore a new business model. The issue focuses on two interrelated questions: Can the unit of business be changed (what you sell) or can the operational activities that deliver a unit of business be altered? Changes in unit of business might involve selling products as services or subscriptions rather than by the unit, while changes in key metrics might involve reconfiguring (sometimes drastically) how operations take place to generate efficiencies or customer differentiation. Examples might include GE's locomotive operation, Mexican concrete producer Cemex, Provide Commerce ProFlowers offer and Software as a service as opposed to on-premises operations.

Anticipate industry shifts

Industries go through different types of changes that can, to some extent be anticipated. Step changes are sudden and irreversible. Cyclical changes are those that appear and then reverse themselves. Trends are slower, but significant. Value chain shifts result in changing power relationships among buyers and suppliers in an industry. This workshop will ask participants to identify key shifts that they can foresee in their industries, and then to consider one of three possible responses: anticipating and preparing for the change; benefitting from second-order effects or even provoking a change themselves.

Finding entirely new opportunity categories

Slow shifts in underlying social, technological and other forces can sometimes create the opportunity to explore entirely new markets. In this session, McGrath explores some of the ways in which new categories, capabilities, and needs emerge to create a fruitful ground for opportunity. The practice of developing early warnings of a new category evolving can be used.

Organizational Leadership and Change Talks

Leading Change and Dealing with Resistance

If change is the only constant in business life, why do companies still struggle so hard to cope with it? One reason is that there are not many clear, agreed-upon ways to constructively motivate change, inspire those affected and break through the obstacles that stand in the way of moving forward. In this talk, McGrath walks through an approach to dealing with change that addresses these issues and takes on the substantive and symbolic challenges of dealing with resistance. The workshop can be accompanied by a diagnostic tool which change leaders can use to determine where they can usefully place their emphasis.

Assessing Organizational Alignment: The Kite Framework

The “kite” metaphor is meant to symbolize the interrelated processes of strategic execution, many of which are not amenable to formal control or dictates. If any element of a kite’s structure is not coherent, a kite will not fly. Similarly, one can’t force a kite to fly – it needs to be built correctly, launched into a suitable windy environment and guided appropriately by its string. As with a kite, if the elements comprising an organization’s core systems do not align and support each other, the organization will not deliver high performance. This talk is accompanied by a diagnostic that participants can use to self-assess their degree of organizational alignment and make appropriate changes.

Diagnosing and Motivating the Culture of your organization

The major dilemma with changing the culture of an organization is that it refers to the invisible, often taken for granted beliefs that underlie behavior. One goal of the session is to make these invisible beliefs tangible, so that people can start to discuss them and act on changing them. Building on a foundational cultural framework, in this lively and hands-on session, participants “live” a real culture contrast situation in a simulation. They then use the experience to design a culture change workshop or other intervention.

Select List of Recent Engagements

Workshops and senior level retreats

AllianceBoots: major management development program over the course of three years. The CEO of the Health and Beauty Division was so pleased with the outcome that he wrote the foreword for McGrath's new book.

General Electric: design and deliver a program on 'entrepreneurial leadership' for their most selective high potential population

Grace Kennedy Financial Services: major strategy workshop (they are a leading Jamaican firm)

The Holtzbrinck Group: seminar on the transformation of their business

Kantar: facilitate a workshop on change for their senior leadership team.

Microsoft: a wide variety of engagements, from helping to design their CEO Summit to educating their future leaders.

Moody's Analytics: major management retreat after which their CEO said it was "exactly what we needed"

Singtel, Singapore's telecommunications carrier: seminar and workshop with their senior team

Unilab in the Philippines: strategy retreat and project event.

Ventas, a fast-growing real estate investment trust: facilitate a senior level retreat which their CEO described as having had a huge impact on her approach to leadership.

Wolters-Kluwer: innovation board and senior management retreat

UBS Wealth Management: major role advising the company on the transformation of its business.

Recent Speeches & Lectures

Accenture Denmark's major management event in Copenhagen

Many Columbia alumni events

Benchmark for Business Leadership event in London

Coca Cola Enterprises speech at major summit for their Information Technology organization.

DigitalNow Annual Conference (video at www.ritamcgrath.com) in Florida

Goldman Sachs client events

The Business Design Summit in Berlin, where I shared the closing keynote with Steve Blank

The ILO Institute seminar (Innovation in Large Organizations)

World 50 CEO Forum speech

World Economic Forum annual meeting in Davos

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