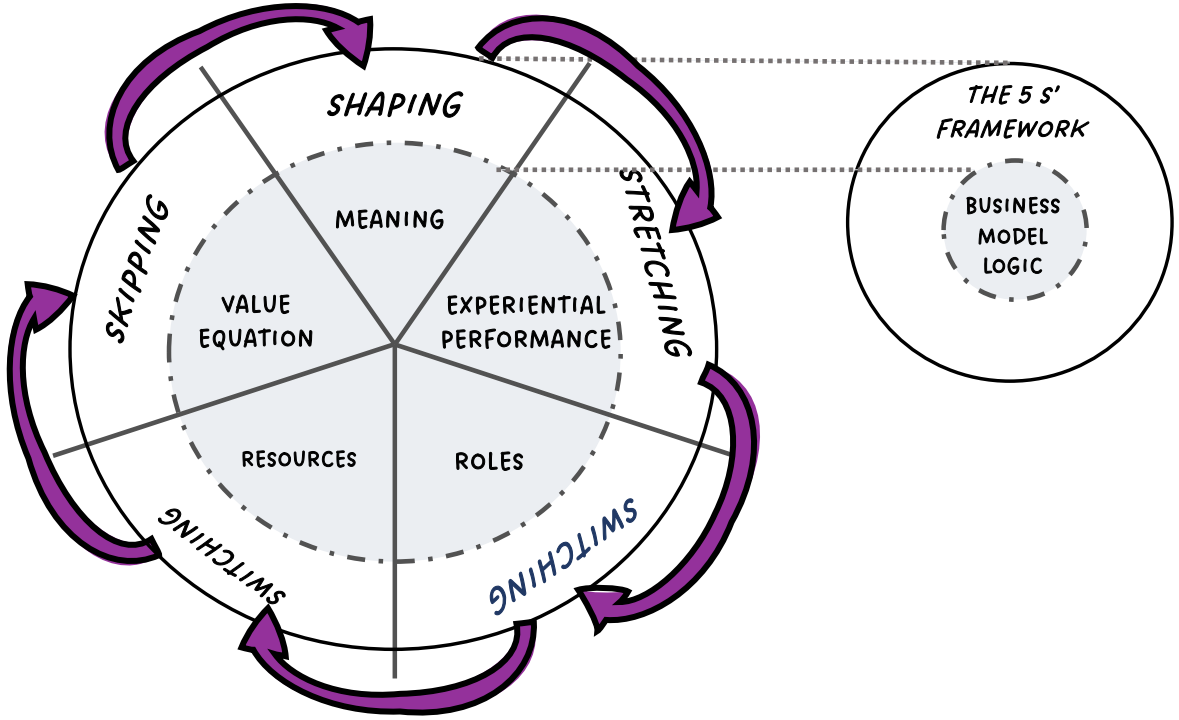
# Transformative Strategic Thinking

## The Art of Disciplined Business Creativity

Michele Simoni, Eva Panetti,
Marco Ferretti



# Transformative Strategic Thinking (TST)

RELY UPON A CONSISTENT AND COHESIVE **LOGIC** THAT BINDS DIFFERENT ASPECTS TOGETHER

**BUSINESS MODELS**

ARE BASED ON A SET OF MOSTLY HIDDEN **ASSUMPTIONS** THAT LEGITIMATE THE MODEL

DISRUPTING THE EXISTING **LOGIC**

**INNOVATING A BUSINESS MODEL IMPLIES:**

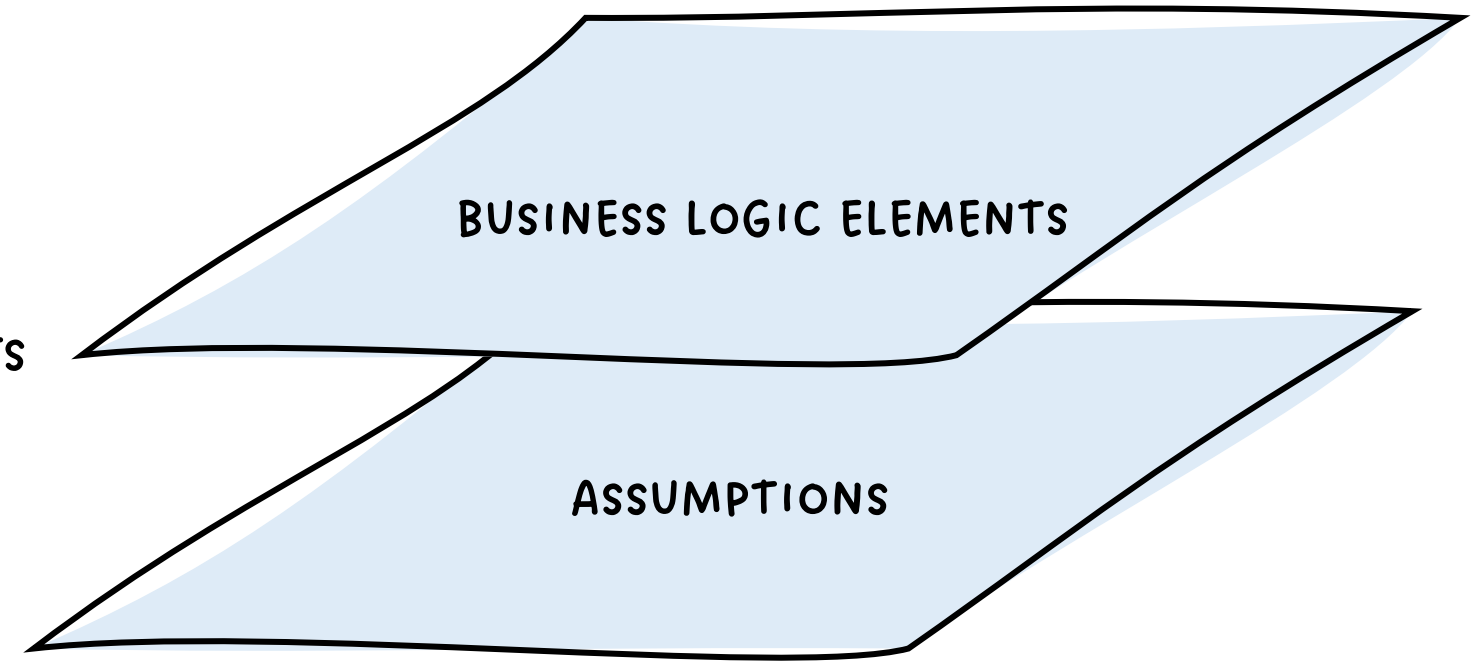
RECOGNIZING AND CHALLENGING THE CURRENT MAIN **ASSUMPTIONS**

**MANAGERS MINDSET IS EMBEDDED IN CURRENT BUSINESS LOGIC**

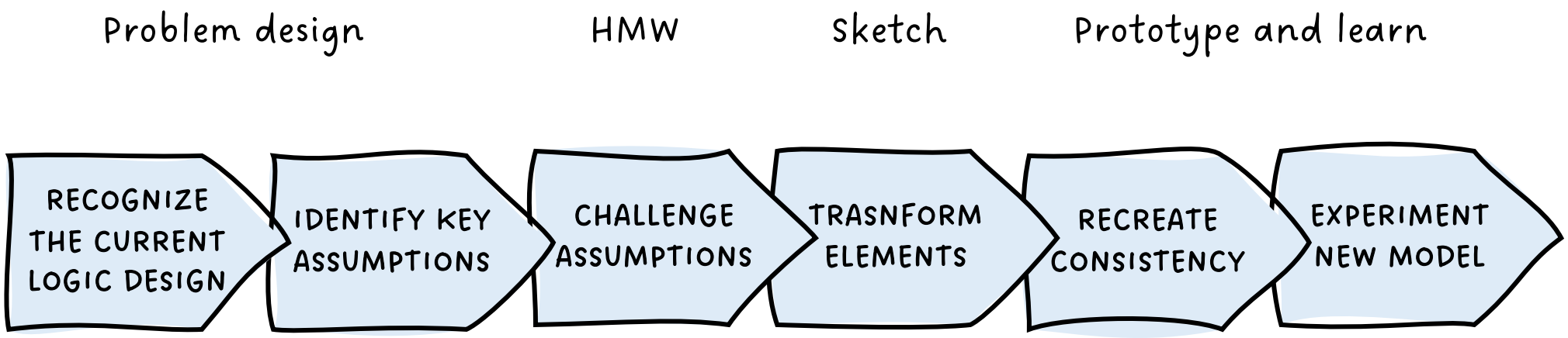
# Transformative Strategic Thinking (TST)

TST is a tool to:

- RECOGNIZE ASSUMPTIONS THAT UNDERPIN CURRENT BUSINESS LOGIC
- PROVIDE PRACTICES TO TRANSFORM CURRENT BUSINESS LOGIC ELEMENTS
- RECREATE A NEW CONSISTENT BUSINESS LOGIC



# Transformative Strategic Thinking (TST)



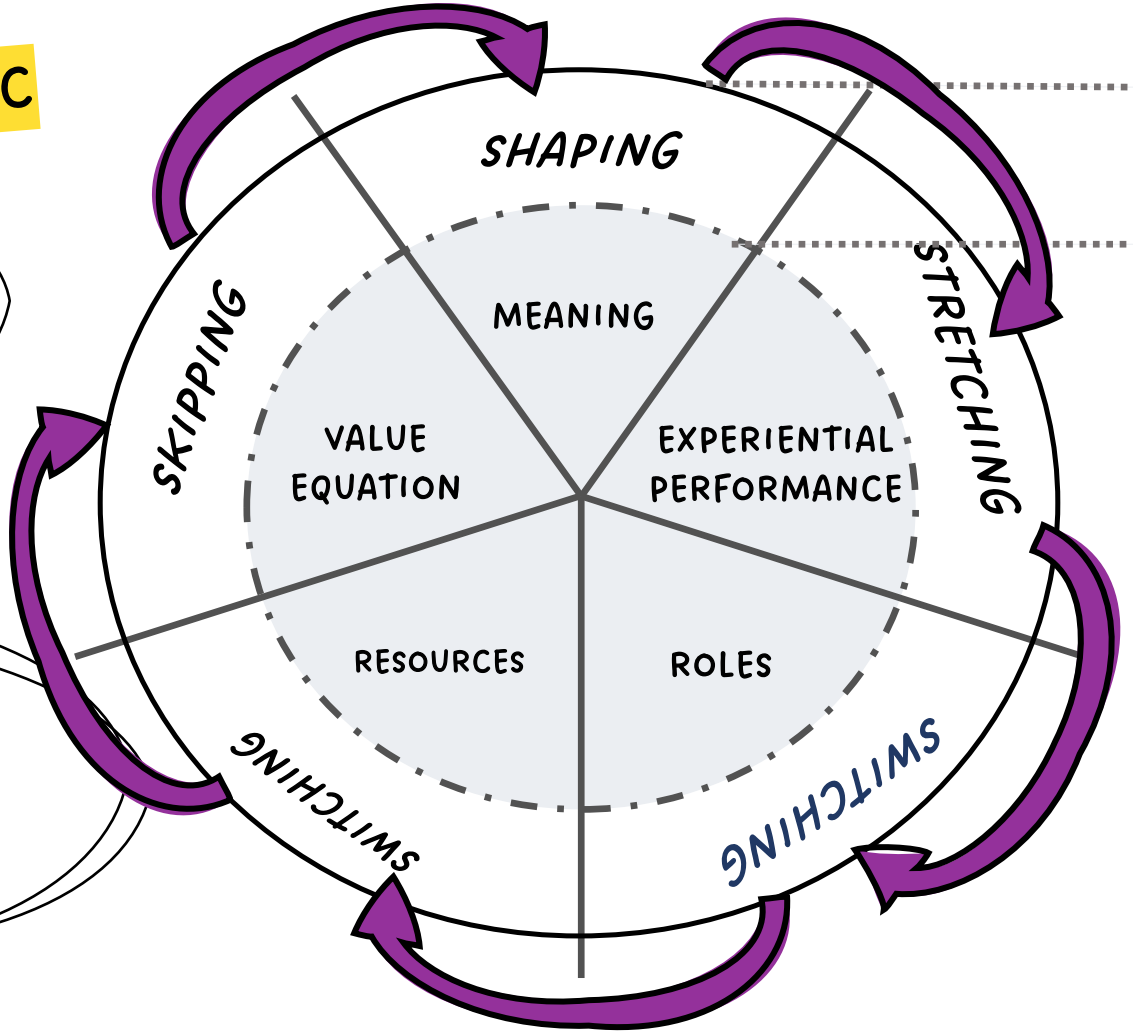
# Transformative Strategic Thinking (TST)

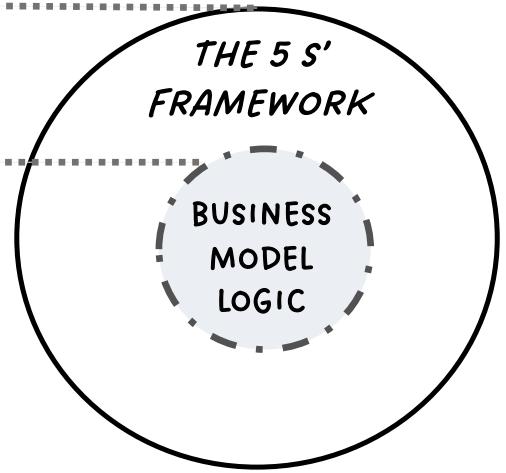
## BUSINESS MODEL LOGIC

5 ELEMENTS TO DEFINE HOW VALUE IS CREATED

## 5 S' FRAMEWORK

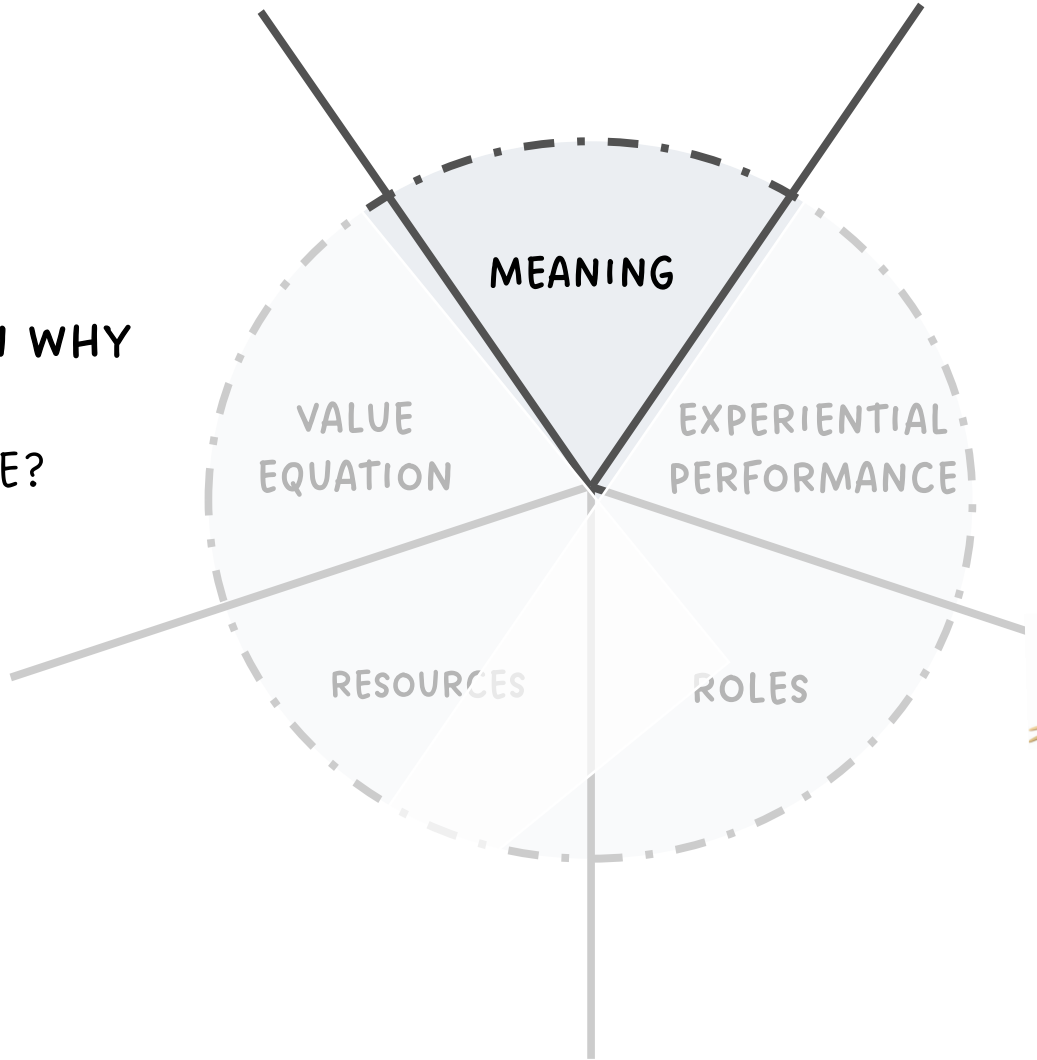
5 TRANSFORMATIONAL PRACTICES TO RETHINK & TRANSFORM THE BUSINESS MODEL LOGIC

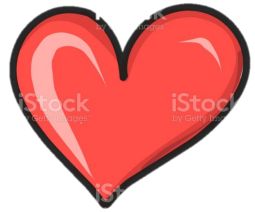


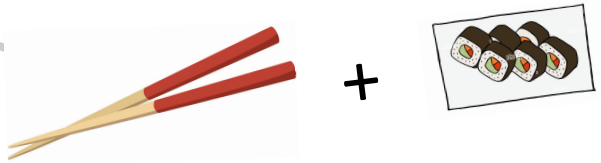
# TST Element #1 The Meaning

WHAT IS THE **REASON WHY** PEOPLE **LOVE** A PRODUCT/SERVICE?

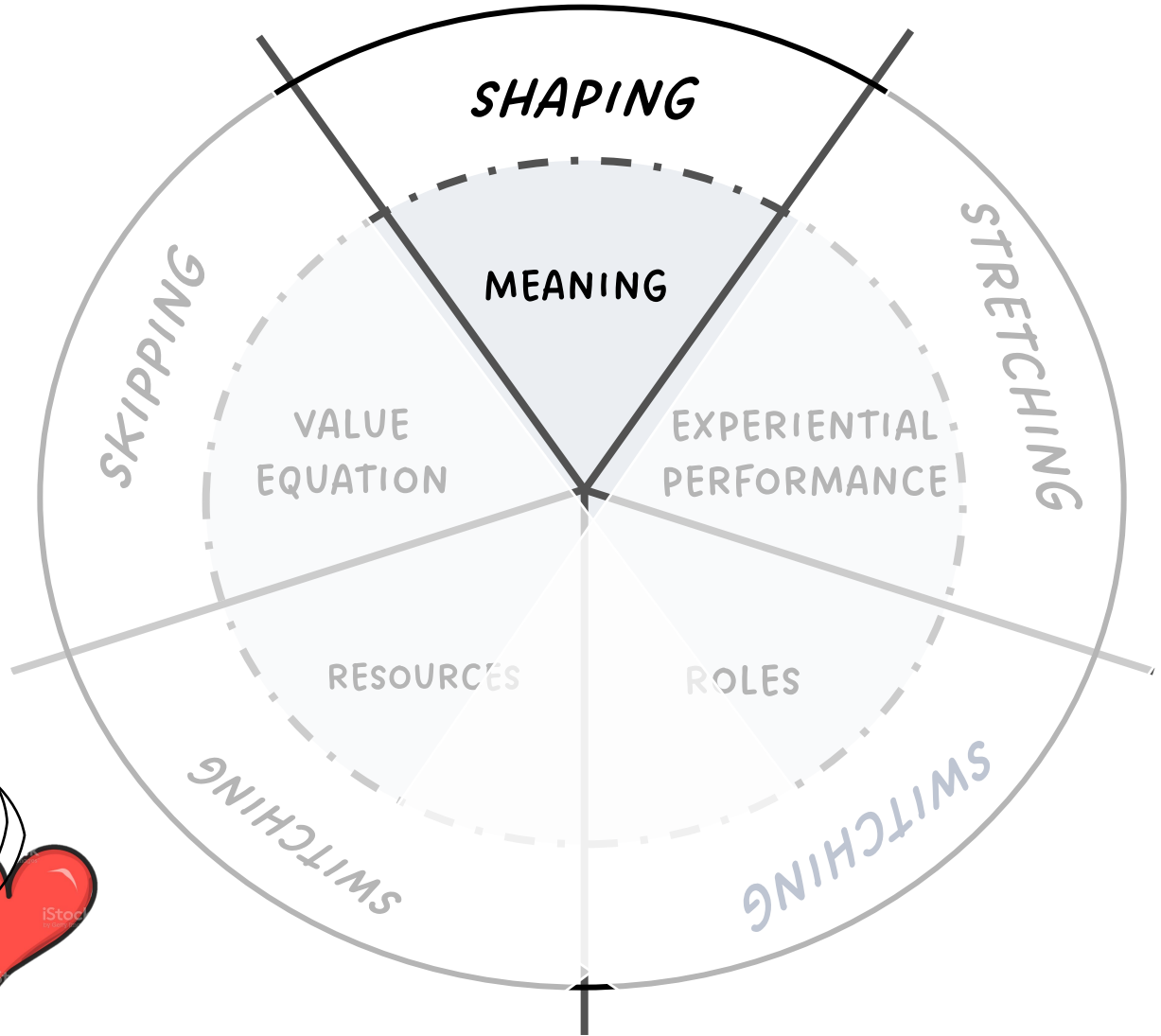


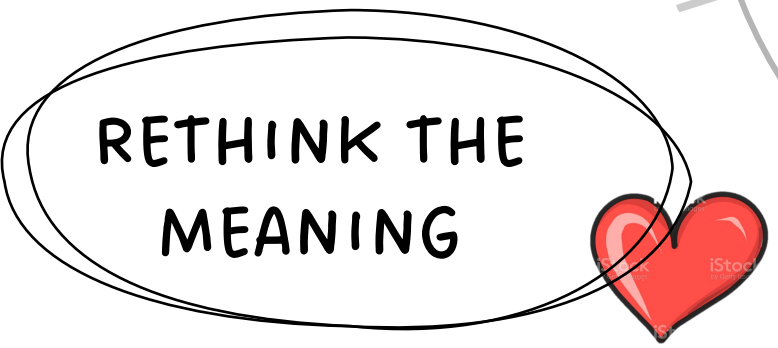



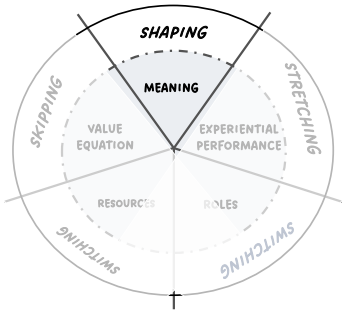
HOW **RELEVANT** IS A PRODUCT/SERVICE IN PEOPLE'S **CONSUMPTION SYSTEM?**



# TST Practice #1 Shaping the Meaning



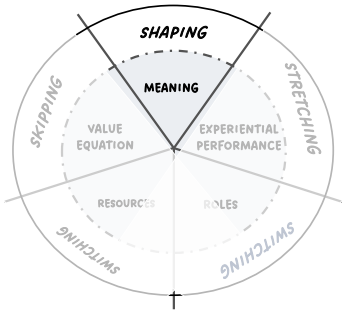



# TST Practice #1 Shaping the Meaning

## MEANING

The reason why people **love** a product/service

| A. END-USE | B. USAGE CONTEXT | C. SYMBOLIC SIGNIFICANCE |
|---|---|---|




# TST Practice #1 Shaping the Meaning

## MEANING

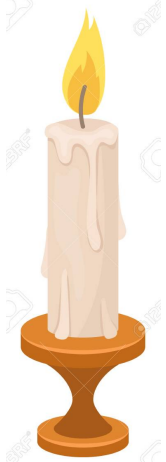
The reason why people **love** a product/service

REPORPUSING

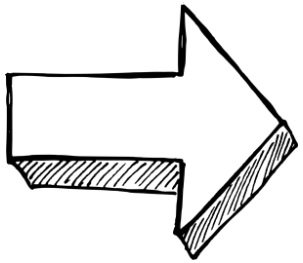
A. END-USE

B. USAGE CONTEXT

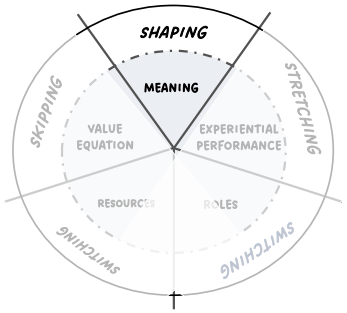
C. SYMBOLIC SIGNIFICANCE



AN ITEM USED FOR LIGHTNING
(IN CASE OF EMERGENCY)



AN ITEM USED
FOR CREATING AN ATMOSPHERE




# TST Practice #1. Shaping the Meaning

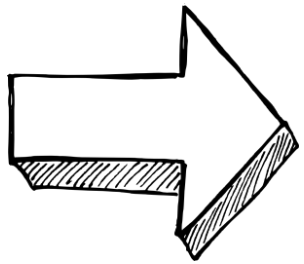
## MEANING

The reason why people **love** a product/service

MOVING

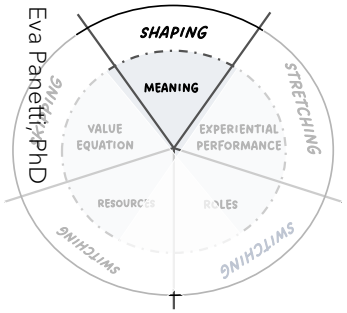
A. END-USE | **B. USAGE CONTEXT** | C. SYMBOLIC SIGNIFICANCE

THE NORTH FACE



A PRODUCT USED IN EXPLORATION, ADVENTUROUS & OUTDOOR ACTIVITIES

A PRODUCT LINE USED IN CASUAL & SOCIAL OCCASIONS




Eva Panetti, PhD

# TST Practice #1. Shaping the Meaning

## MEANING

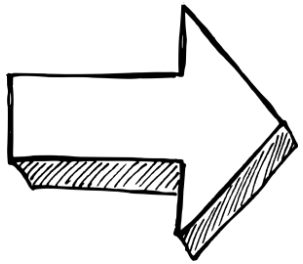
The reason why people **love** a product/service

A. END-USE

B. USAGE CONTEXT

CHANGING

C. SYMBOLIC SIGNIFICANCE

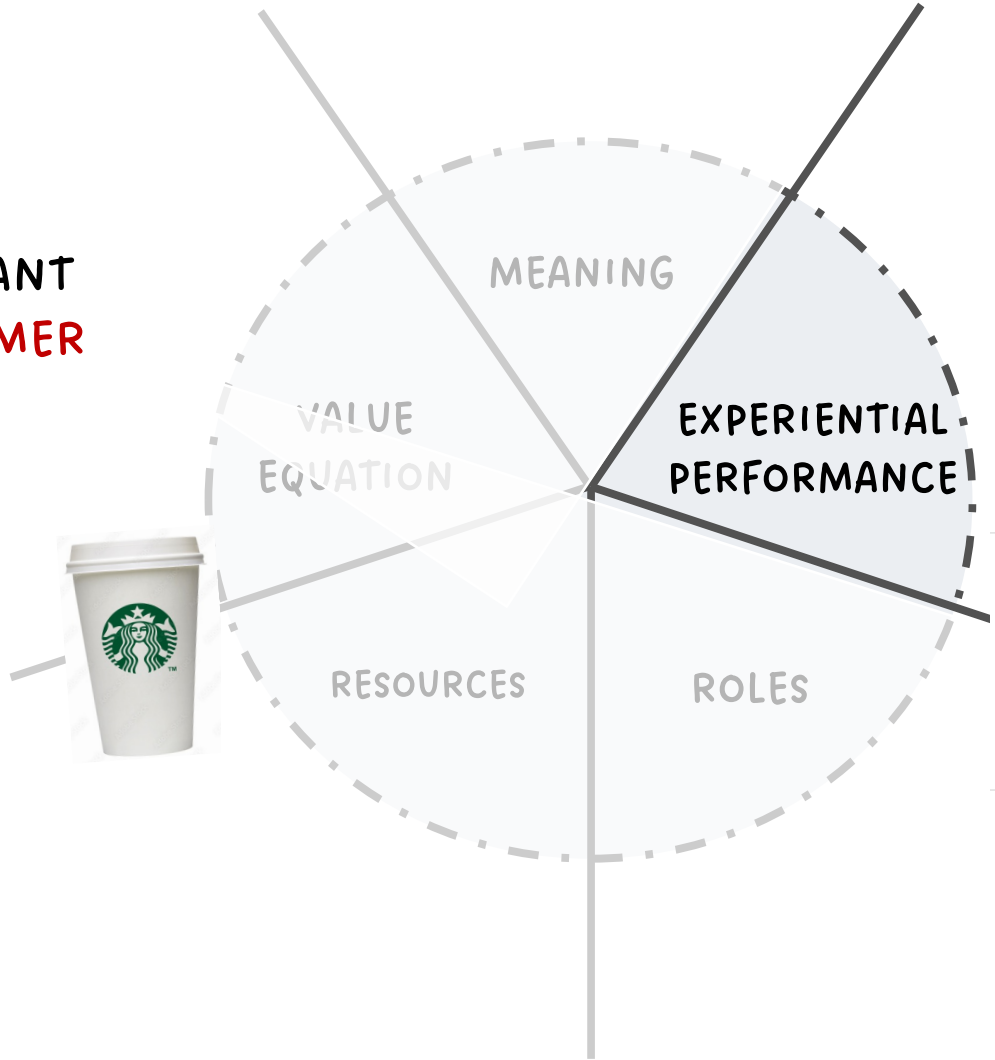


A SERVICE USED TO RECONNECT WITH PEOPLE

A SERVICE USED FOR GAINING SOCIAL ACCEPTANCE & SELF-APPROVAL

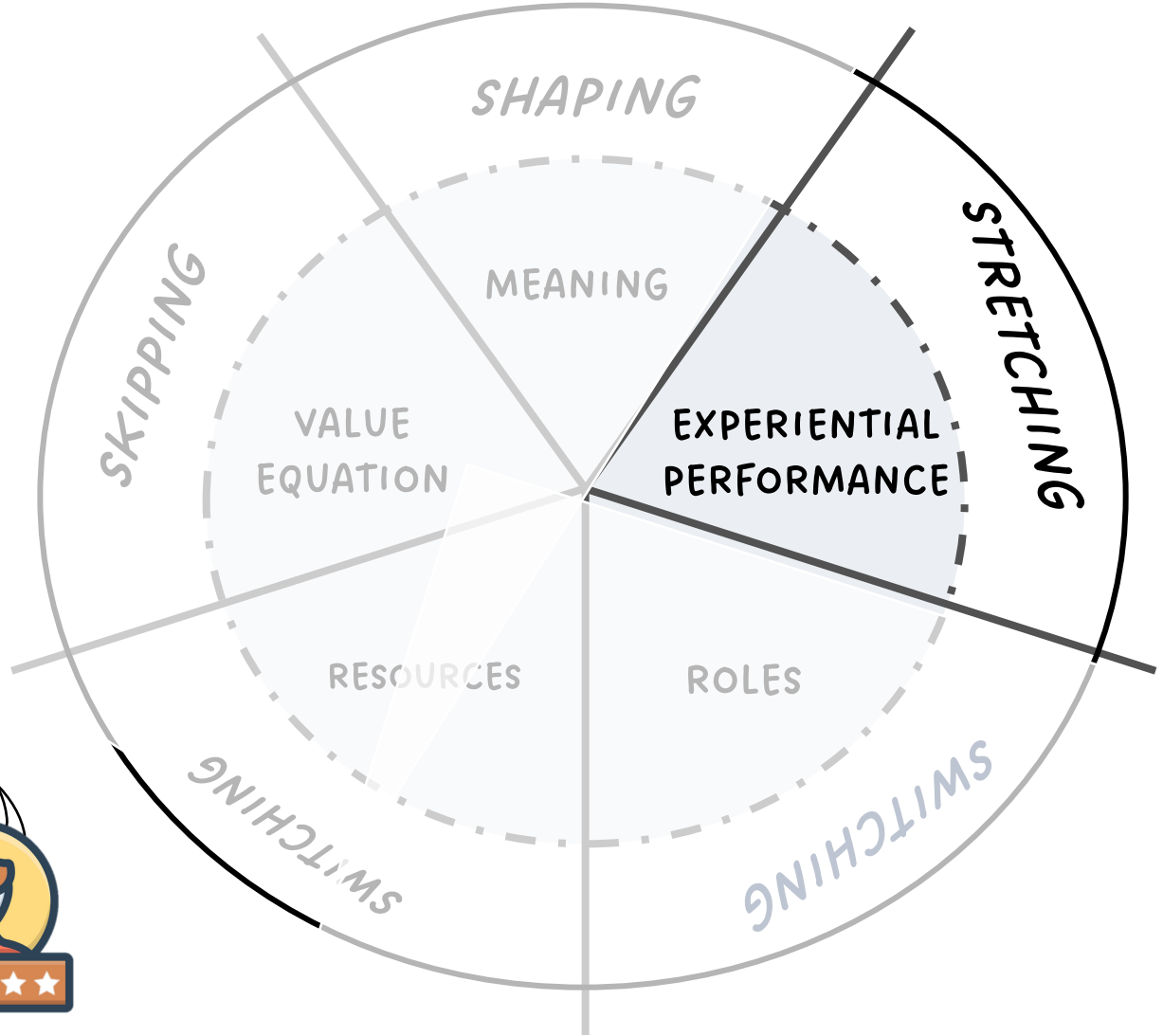
# TST Element #2 The Experiential Performance

WHICH ARE THE **RELEVANT ASPECTS** OF THE **CUSTOMER EXPERIENCE**?

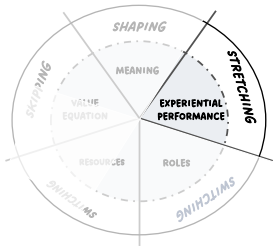



HOW ARE THESE ASPECTS **PRIORITIZED**?

# TST Practice # 2 Stretching the Experiential Performance




EMPHASIZE/DE-EMPHASIZE CERTAIN ASPECTS OF THE EXPERIENCE




# TST Practice # 2 Stretching the Experiential Performance

## EXPERIENTIAL PERFORMANCE

The relevant aspects of the customer experience

| A. EXPERIENTIAL BUILDING BLOCK | B. EXPERIENTIAL QUALITY | C. EXPERIENTIAL BENCHMARK |
|---|---|---|

# TST Practice # 2 Stretching the Experiential Performance

## EXPERIENTIAL PERFORMANCE

The relevant aspects of the customer experience

ADD/REMOVE

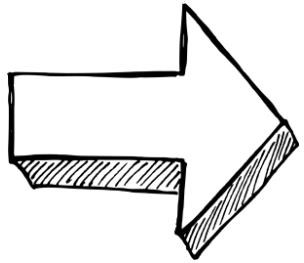
**A. EXPERIENTIAL BUILDING BLOCK**

CHANGING

**B. EXPERIENTIAL QUALITY**

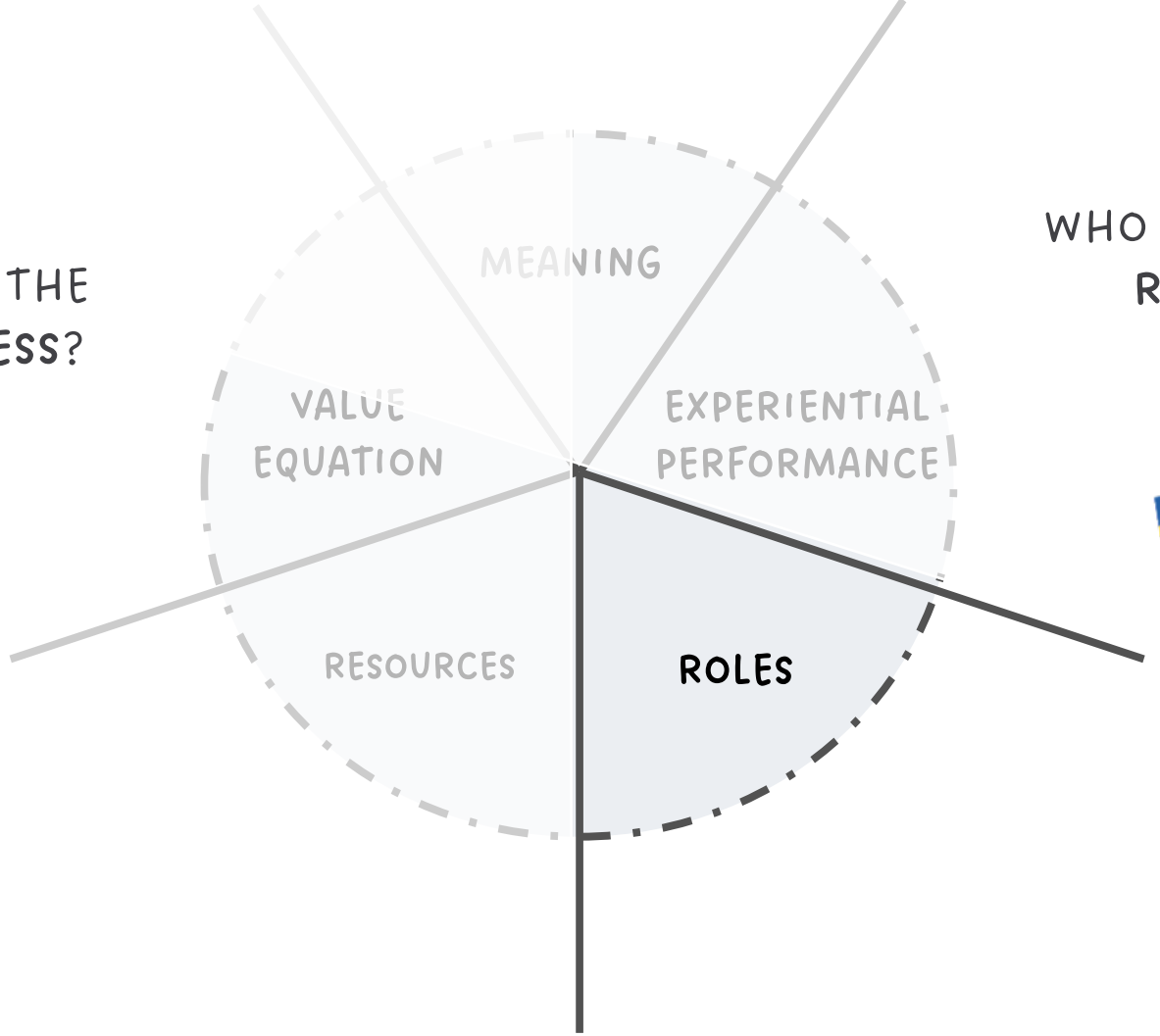
MOVING

**C. EXPERIENTIAL BENCHMARK**



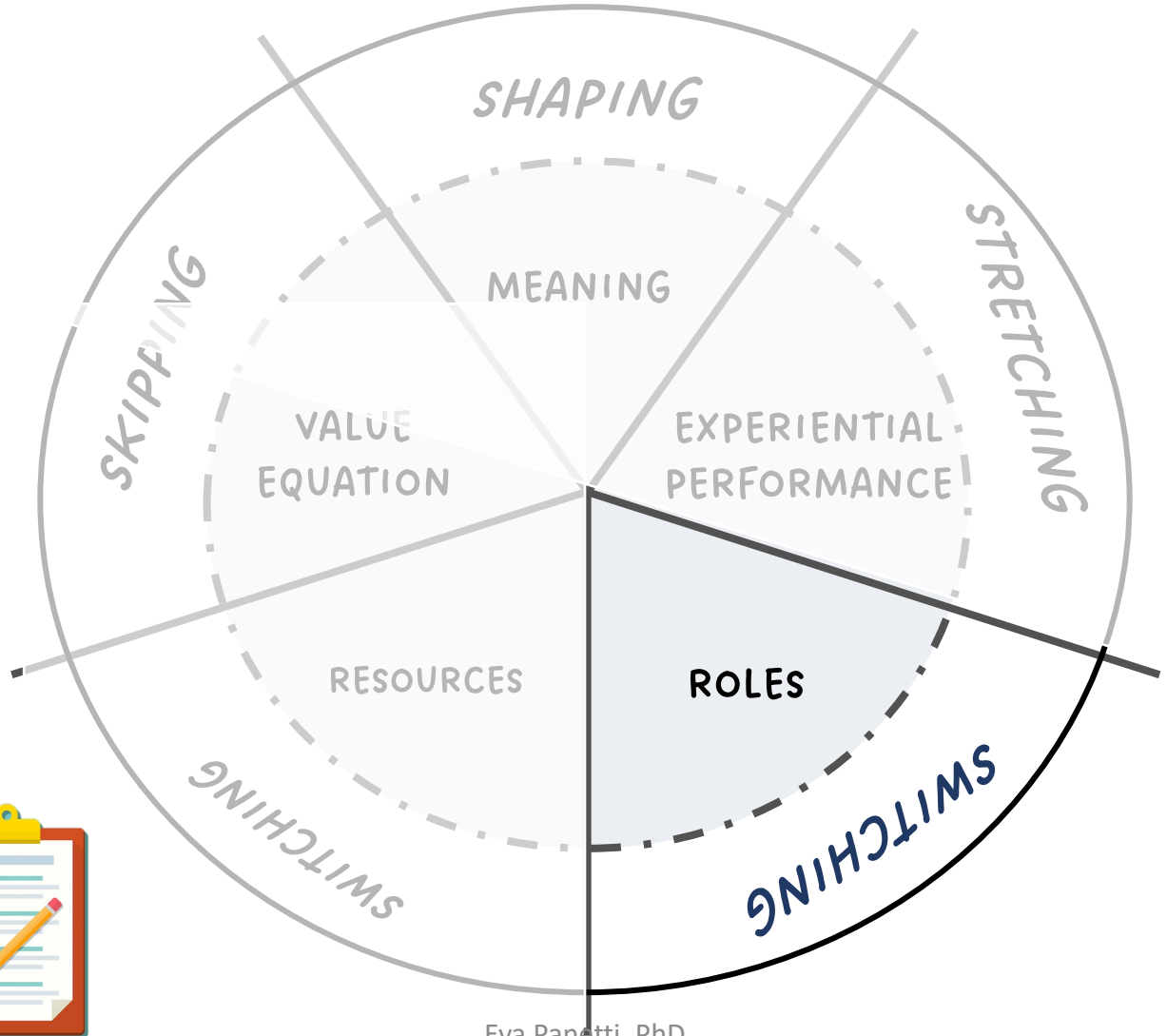
# TST Element #3 The Roles

WHAT ARE
THE KEY ACTIVITIES OF THE
VALUE CREATION PROCESS?

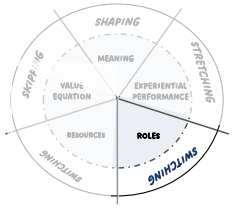



WHO ARE THE ACTORS THAT ARE
RESPONSIBLE FOR THESE
ACTIVITIES?

# TST Practice #3 Switching The Roles

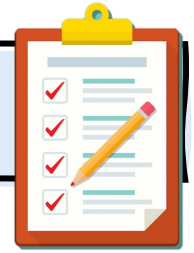



CHANGE THE ACTIVITIES' FLOW & DEFINE NEW ROLES



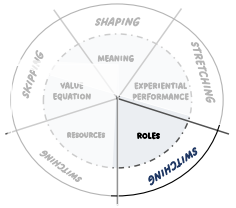

# TST Practice #3 Switching The Roles

## ROLES



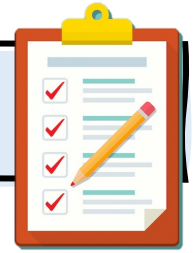
The flow of key activities and who is responsible for them

| | | | |
|---|---|---|---|
| ON-STAGE ACTIVITIES | ACTIVITY 1 | ACTIVITY 1 | ACTIVITY 1 |
| BACK-STAGE ACTIVITIES | ACTIVITY 2 | ACTIVITY 2 | ACTIVITY 2 |
| SUPPORT ACTIVITIES | ACTIVITY 3 | ACTIVITY 3 | ACTIVITY 3 |
| | A. PARTNERS | B. COMPANY | C. PARTNERS |




# TST Practice #3 Switching The Roles

## ROLES



The flow of key activities and who is responsible for them

ON-STAGE ACTIVITIES

BACK-STAGE ACTIVITIES

SUPPORT ACTIVITIES

ACTIVITY 1

a. CHANGE THE FLOW

ACTIVITY 2

ACTIVITY 3

b. CHANGE THE ACTORS

ACTIVITY 1

ACTIVITY 1

ACTIVITY 2

ACTIVITY 2

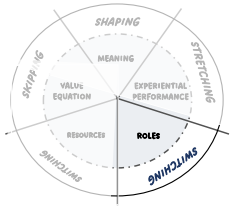
ACTIVITY 3

ACTIVITY 3

A. PARTNERS

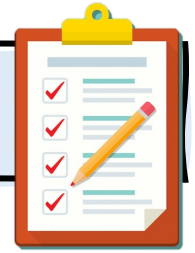
B. COMPANY

C. PARTNERS




# TST Practice #3 Switching The Roles

## ROLES



The flow of key activities and who is responsible for them

| | | | |
|---|---|---|---|
| ON-STAGE ACTIVITIES | Concentrate dilution | Bottle refill | Send pouches for recycling |
| BACK-STAGE ACTIVITIES | Product delivery | Reusable bottle procurement | Recycling |
| SUPPORT ACTIVITIES | Platform maintenance | packaging design | |

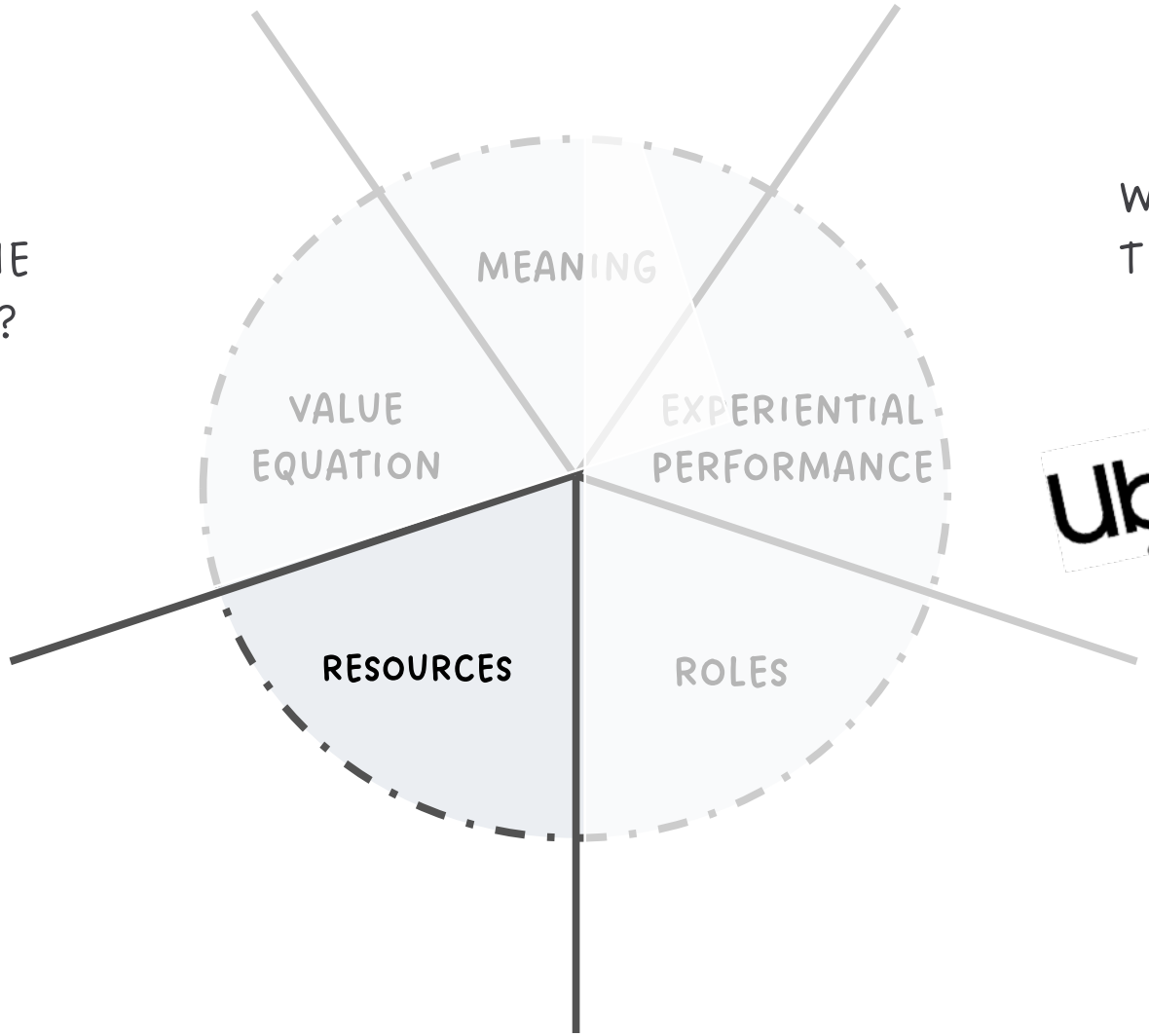
A. PARTNERS

B. COMPANY

C. CUSTOMERS

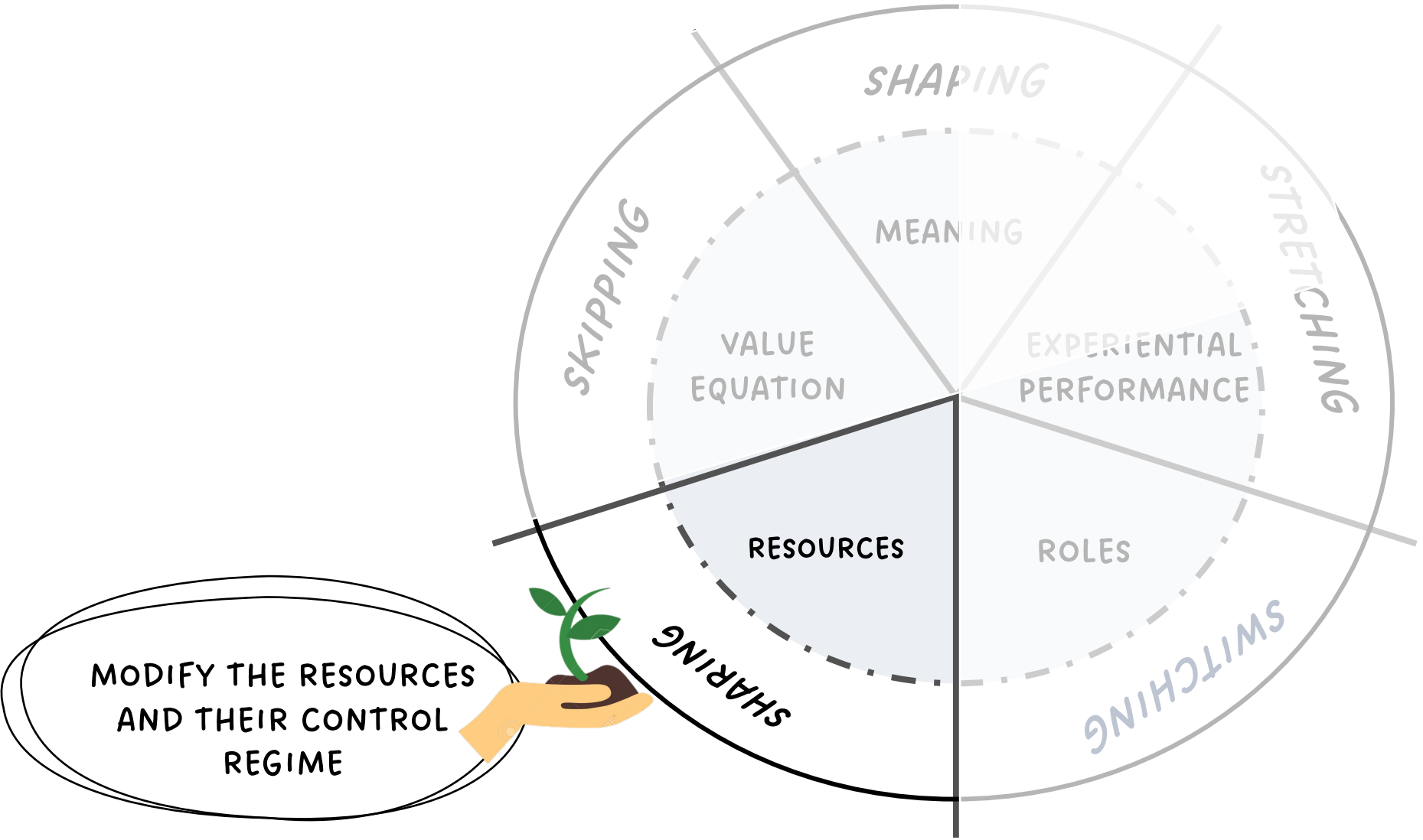
# TST Element #4 The Resources

WHAT ARE
THE **KEY RESOURCES** OF THE
**VALUE CREATION PROCESS**?




WHO ARE THE **ACTORS**
THAT **CONTROL** THESE
RESOURCES?

# TST Practice #4 Sharing the Resources



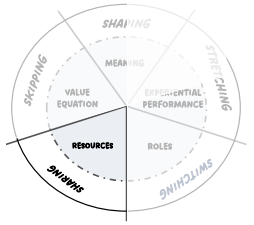
# TST Practice #4 Sharing the Resources

## RESOURCES

The key resources and who controls them

| A. PARTNERS | B. COMPANY | C. CUSTOMERS |
|---|---|---|
| RESOURCE A | RESOURCE C | RESOURCE C |
| RESOURCE B | RESOURCE B | |

## RESOURCE REGIME




# TST Practice #4 Sharing the Resources

## RESOURCES

The key resources and who controls them

gofundme™

| B. COMPANY | C. CUSTOMERS |
| --- | --- |
| MONEY | |
| PLATFORM | MONEY |

a. OUTSOURCING

## RESOURCE REGIME

Who controls the key resources?

Eva Panetti, PhD

# TST Practice #4 Sharing the Resources

## RESOURCES

The key resources and who controls them

| A. PARTNERS | B. COMPANY |
| --- | --- |
| TRUCKS; CARGO PLANES, .. | TRUCKS; CARGO PLANES, .. |
| | PLATFORM |

b. INSOURCING

amazon logistics

SAME-DAY DELIVERY MODEL

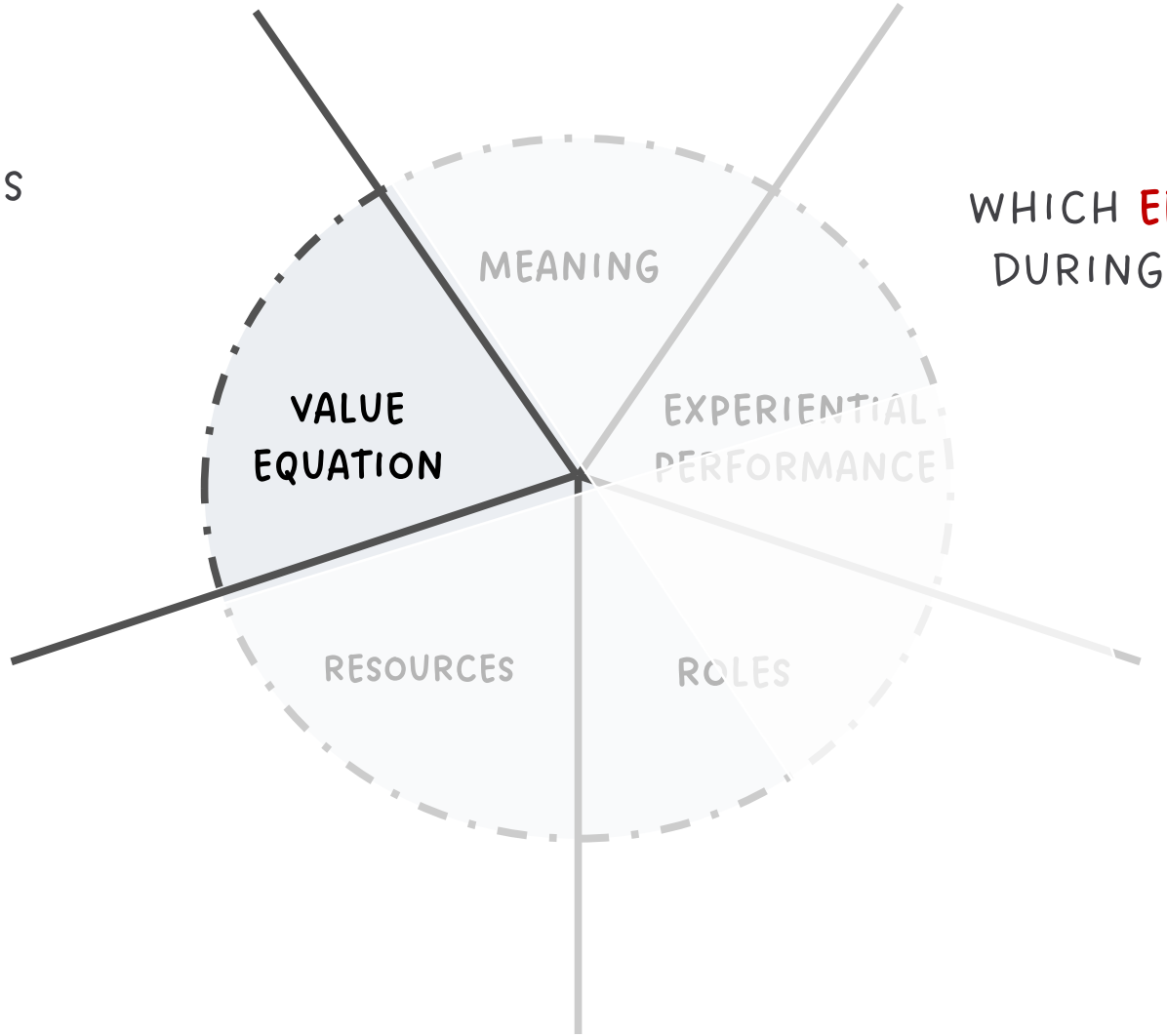
## RESOURCE REGIME

Who controls the key resources?

# TST Element #5 The Value Equation

WHICH **BENEFITS** FOR USERS DERIVE FROM THE VALUE CREATION PROCESS?

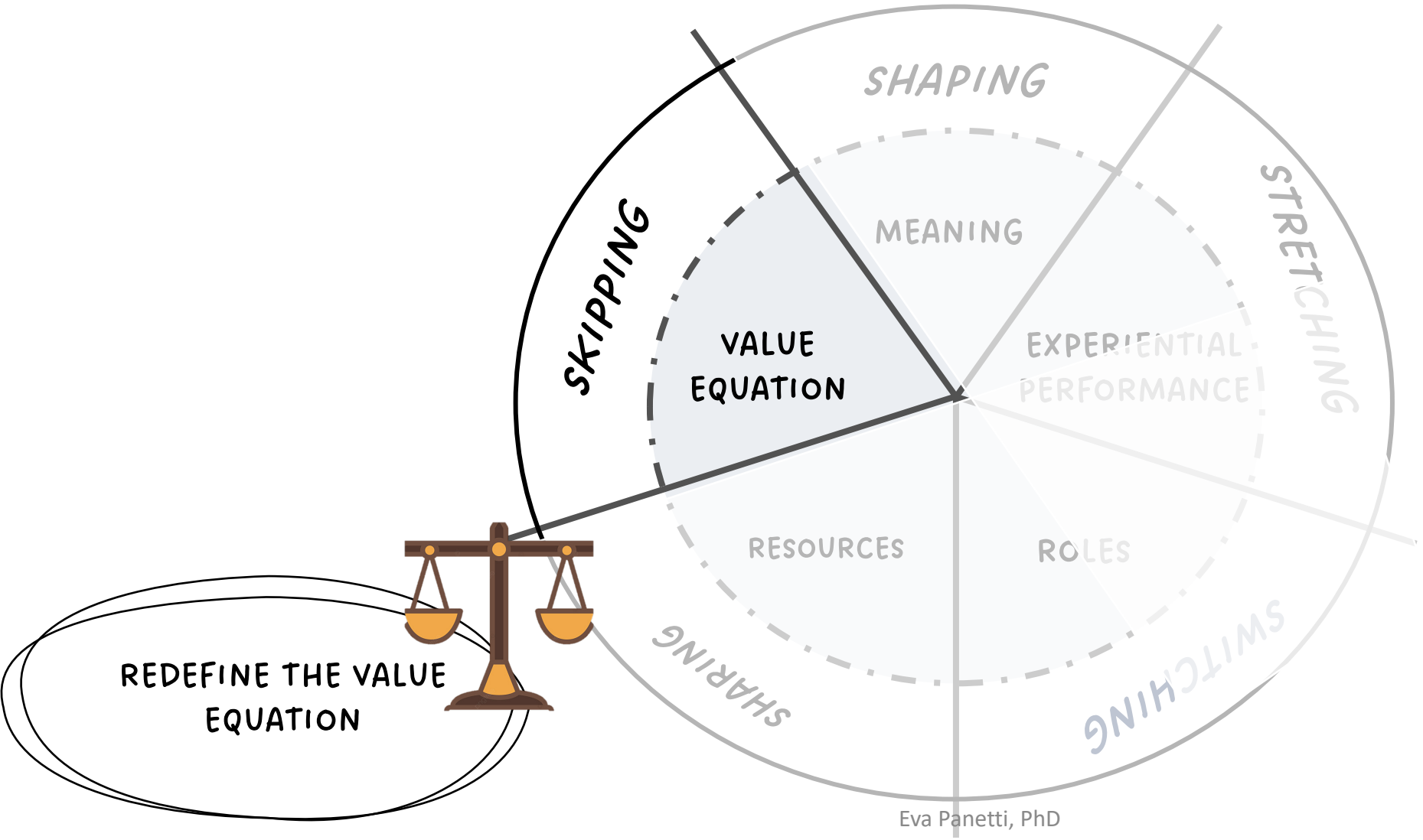
- FUNCTIONAL
- EMOTIONAL
- RELATIONAL

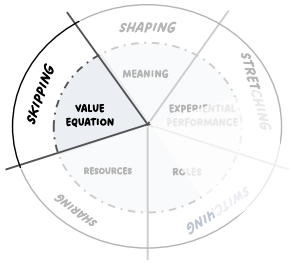



WHICH **EFFORTS** ARE REQUIRED DURING THE VALUE CREATION PROCESS?

- MONETARY
- TIME
- PSYCHOPHYSICAL

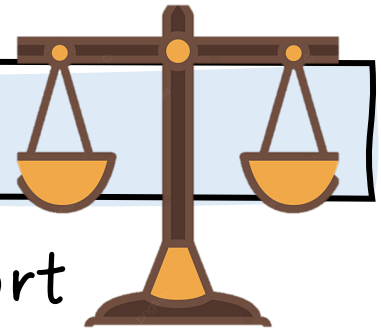
# TST Practice #5 Skipping the Value Equation






# TST Element #5 The Value Equation

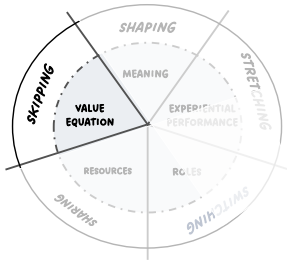
## VALUE EQUATION



The difference between customer's benefits and effort

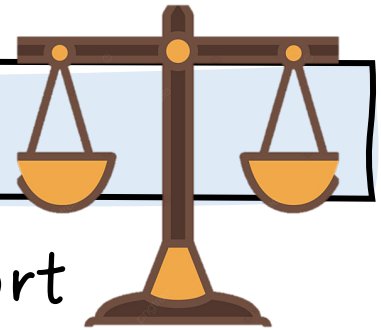
B1 B2 B3 Bn

E1 E2 E3 E4

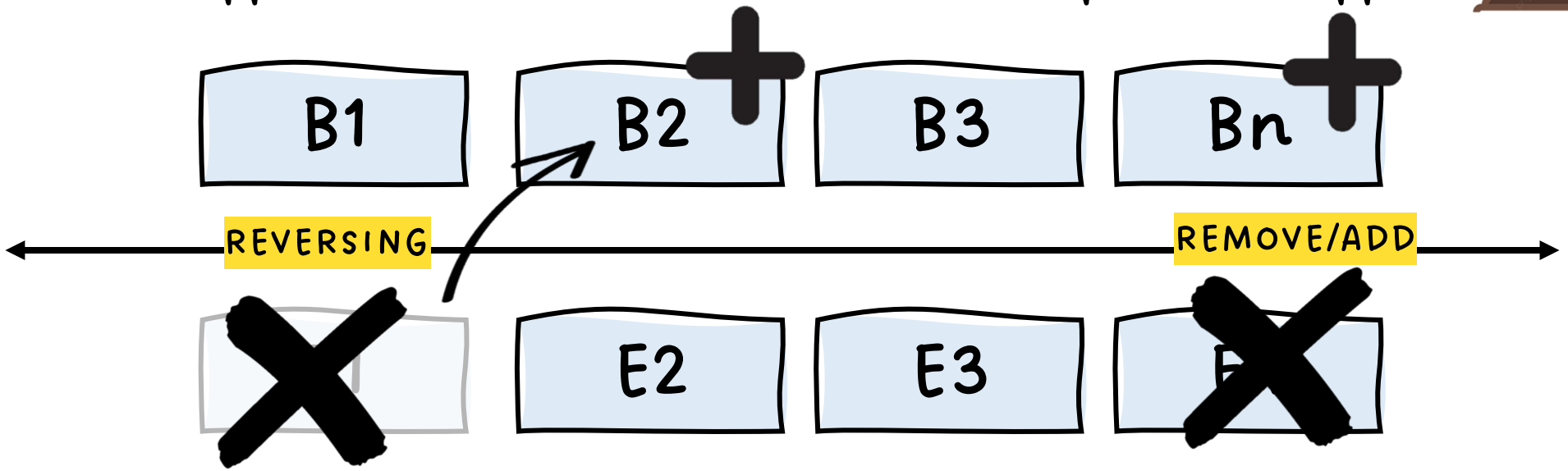


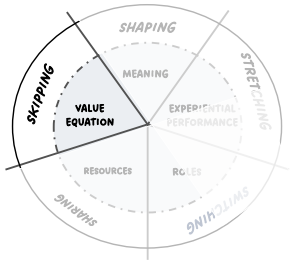

# TST Element #5 The Value Equation

## VALUE EQUATION



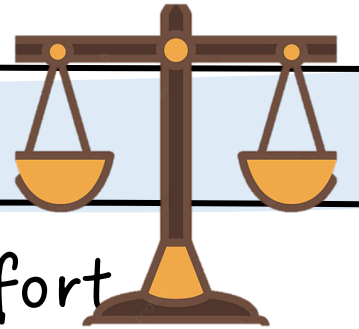
The difference between customer's benefits and effort






# TST Element #5 The Value Equation

## VALUE EQUATION



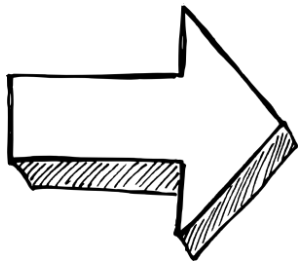
The difference between customer's benefits and effort

REMOVE/ADD

- integrated online/offline shopping
- new collections every 15 days
- high-end style accessible

REVERSING

- shopping assistance
- limited variety
- premium price
- waiting times

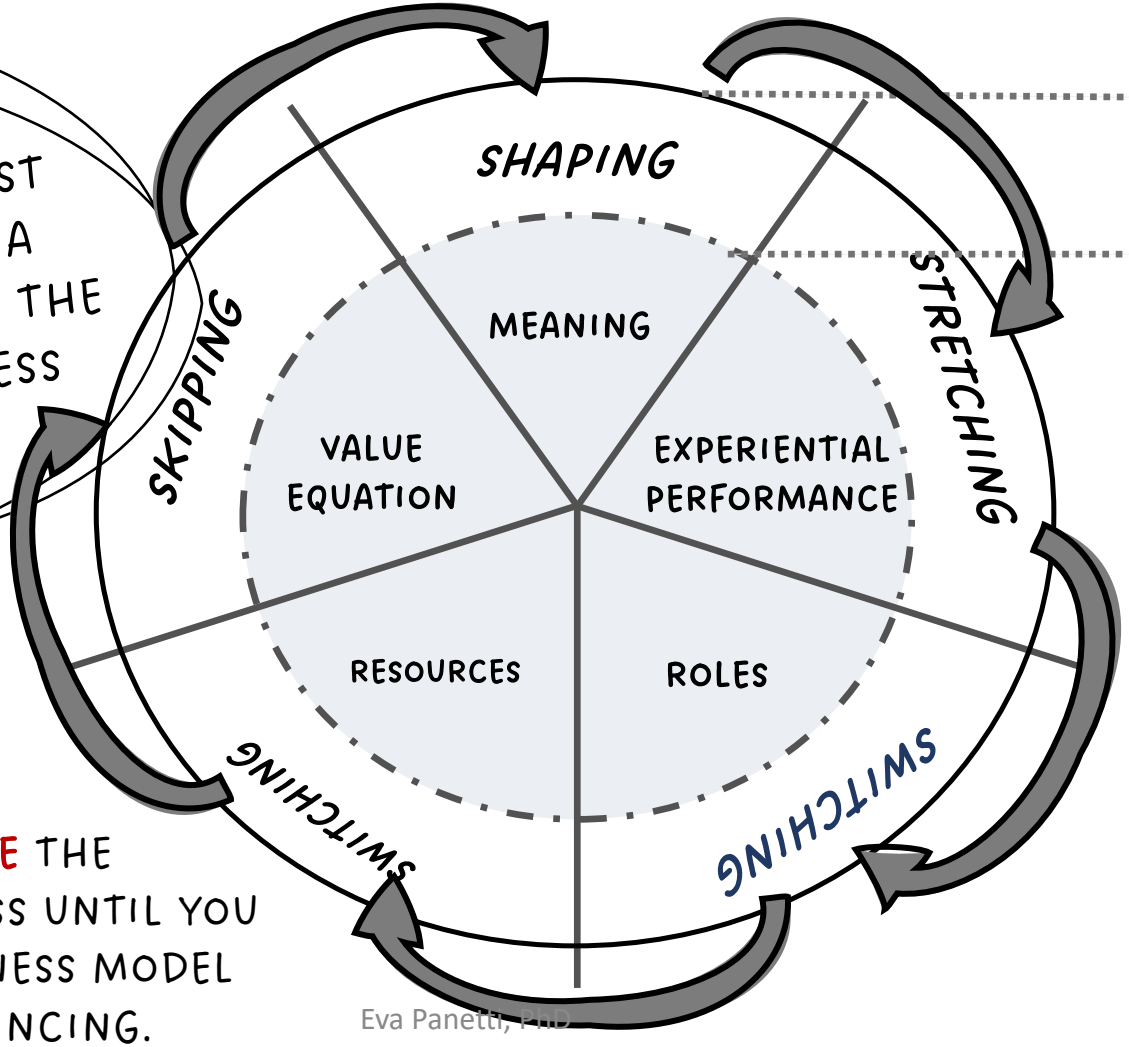


FAST FASHION

# Transformative Strategic Thinking (TST)

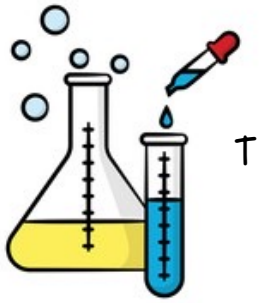
**DOMINO EFFECT**

THE TRANSFORMATION OF JUST ONE ELEMENT MAY TRIGGER A **CASCADE TRANSFORMATION** OF THE OTHER PIECES OF THE BUSINESS LOGIC



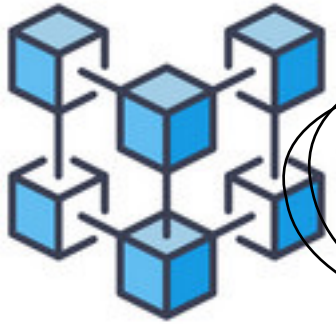

THE 5 S' FRAMEWORK

BUSINESS MODEL LOGIC



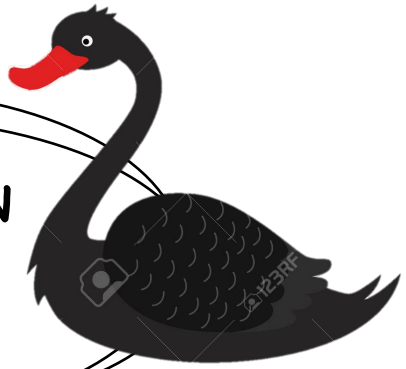
YOU CAN **REITERATE** THE TRANSFORMATION PROCESS UNTIL YOU DON'T FIND A NEW BUSINESS MODEL LOGIC THAT IS CONVINCING.

# Managerial/Entrepreneurial Challenges



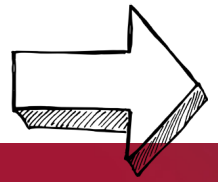
DISRUPTIVE TECHNOLOGY

BLACK SWAN EVENTS



PARADOX MANAGEMENT

TRANSIENT COMPETITIVE ADVANTAGE (TCA)



AFFECT COMPANIES' CURRENT LOGICS OF VALUE CREATION

# TST Design journey – future steps

## #1 IDENTIFY AND MOTIVATE THE PROBLEM

BUSINESS MODEL TRANSFORMATION AS A WICKED PROBLEM

## #2 DEFINE THE OBJECTIVES OF A SOLUTION

- ARTIFACT'S REQUIREMENTS
- JUSTIFICATORY KNOWLEDGE
- DESIGN PRINCIPLES

## #3 DESIGN & DEVELOPMENT

- CONCEPTUAL MODEL (BM ELEMENTS + TRANSFORMATIONAL PRACTICES)
- DESIGN CRITERIA: RIGOUROUS, RELEVANT & PARSIMONIOUS
- DECOMPOSITION INTO EVALUANDS
- SELECTING EVALUATION CRITERIA
- GUIDING QUESTIONS
- GUIDELINES TO USE THE FRAMEWORK

## #4 EVALUATE & COMMUNICATE

- CO-DESIGN EVENTS (INVOLVING PRACTITIONERS) – EX.
- EXPLORATORY FOCUS GROUP (TEST E V1, EVALUATE AND IMPROVE IT)
- ONE-ON-ONE WORKSHOP (EVALUATE V2)
- ITERATE ON THE ARTIFACT DESIGN

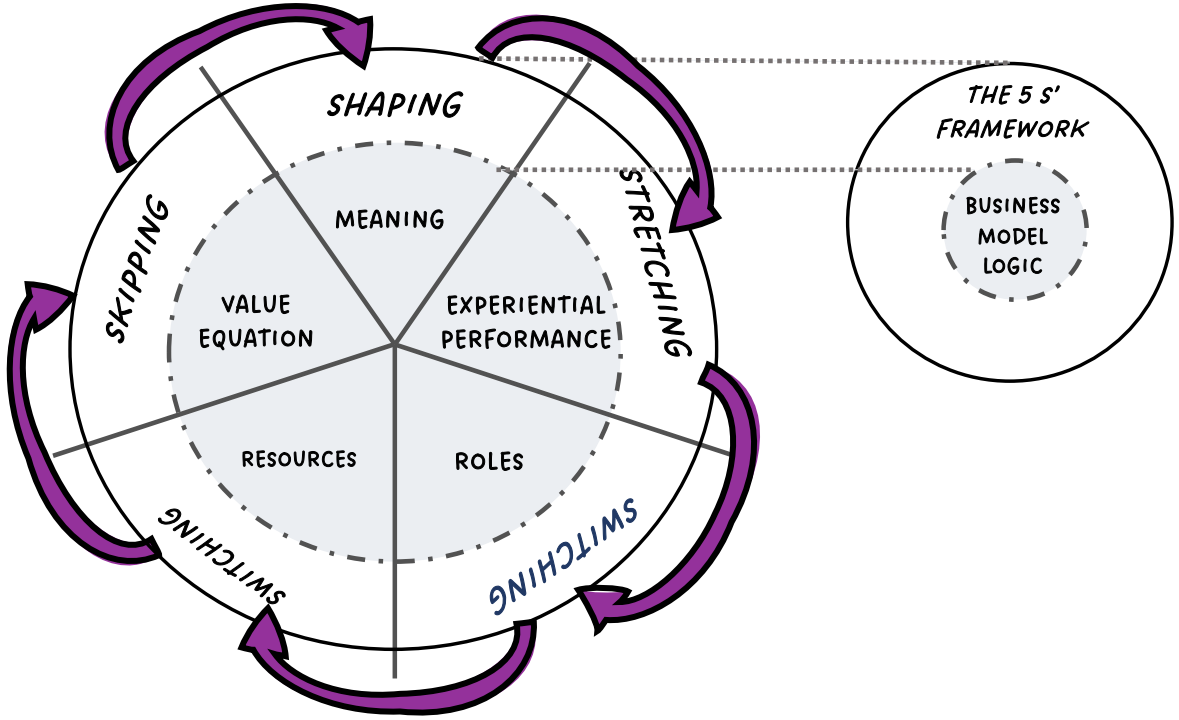
## #5 COMMUNICATION

- SCHOLARLY PUBLICATIONS;
- PROFESSIONAL PUBLICATIONS

# Transformative Strategic Thinking

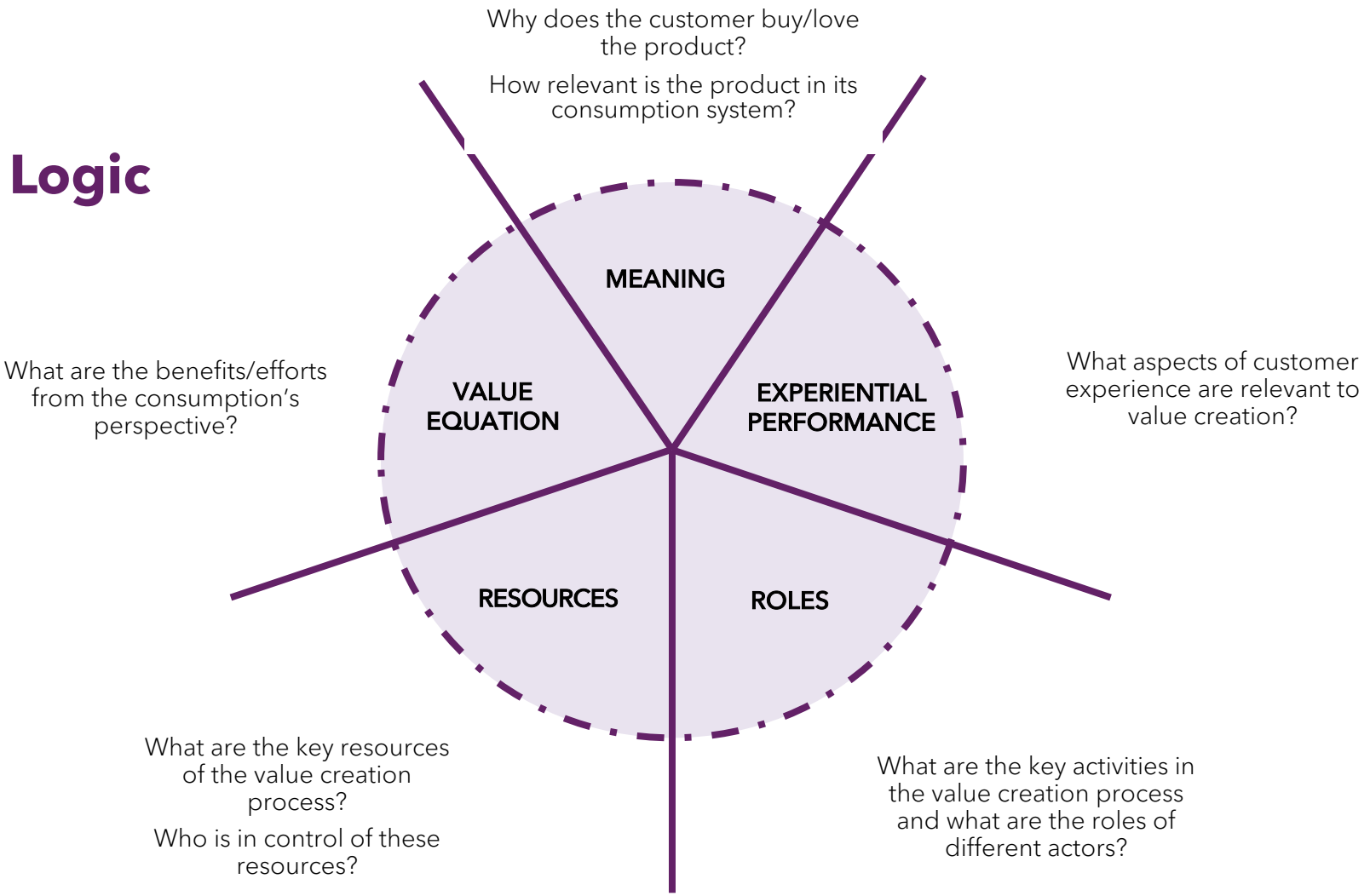
## The Art of Disciplined Business Creativity

Michele Simoni, Marco Ferretti, Eva Panetti



# TST – Conceptual Model

## Defining the Business Model Logic



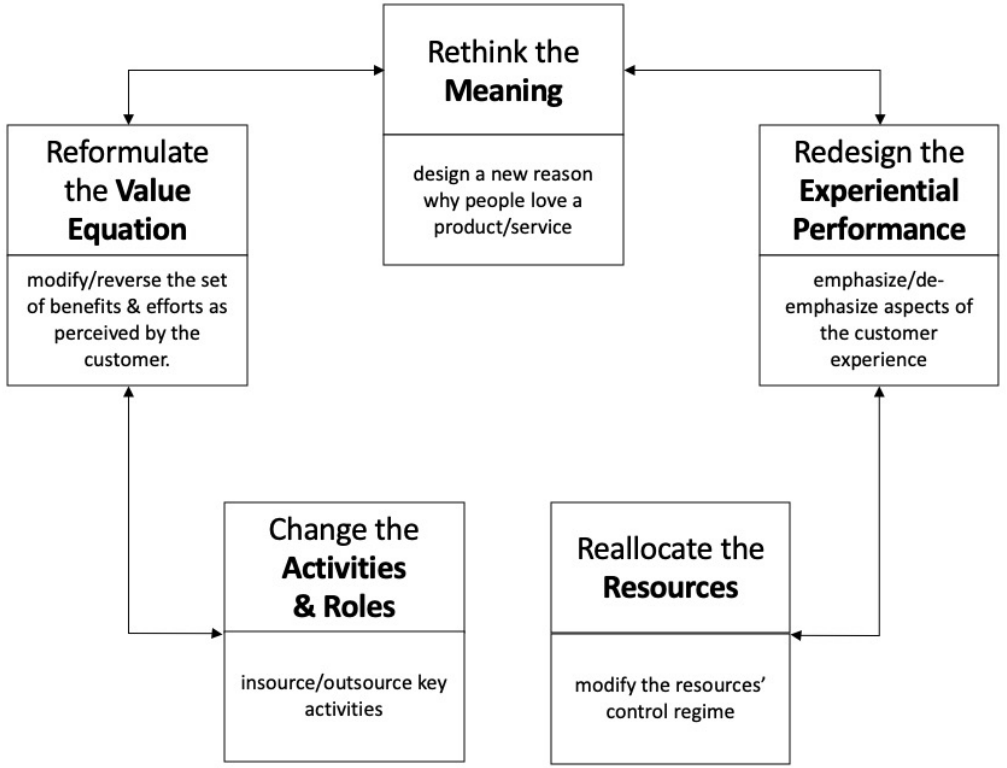
# TST – Conceptual Model

## Defining the Business Model Logic

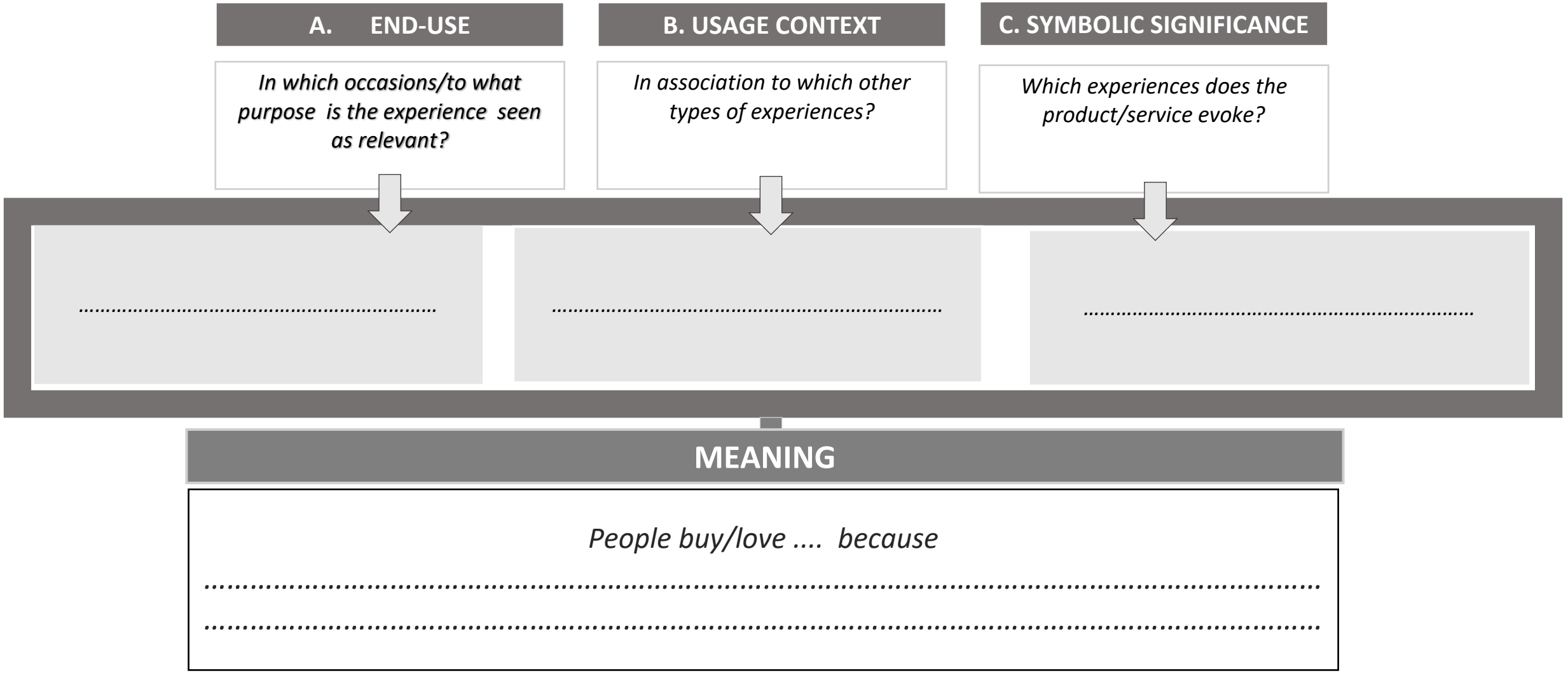
| Business model element | Definition | Supporting knowledge |
|---|---|---|
| Meaning | The reason why people love a product or service | Verganti, 2006; Dell'Era et al. 2020). Battistella et al. (2012) |
| Experiential Performance | Key aspects that make the customer experience remarkable | Magretta 2002; Osterwalder et al. 2005; Storbacka & Nenonen 2009; Nenonen & Storbacka, 2010 |
| Resources | Key resources for value creation and how the company has access to them. | Weill & Vitale 2001; Applegate & Collura, 2001; Maitland & Van de Kar 2002; Afuah & Tucci, 2003; Osterwalder et al. 2005 |
| Activities and Roles | Key activities for value creation and actors responsible of key activities | Osterwalder et al. 2005; Johnson et al. 2008; Zott & Amit, 2008; Zott et al. 2011 |
| Value Equation | Difference between the consumer's perceived benefits and perceived efforts of receiving these benefits (Value = Benefits / Efforts) | Chesbrough & Rosenbloom, 2002; Osterwalder et al. 2005; Johnson et al. 2008; Voelpel et al. 2005 |

# TST – Conceptual Model

## Pursuing Business Model Innovation



# TST – Shaping the Meaning



# TST – Stretching the Performance

| CURRENT EXPERIENTIAL PERFORMANCE | Step 3. BENCHMARK EXPERIENCE | Why? |
|---|---|---|
| Report the **building blocks identified and qualified** in the previous step using the complete sentence: With … the user can … in … | Please report experiences for each building block that are a **reference point for the user experience** | Please explain **how** the reported building block **provides a superior value** |
| With **Happy Teeth** the user can …… | **Differently from** …… | …… |
| With **Happy Teeth** the user can …… | **Differently from** …… | …… |
| With **Happy Teeth** the user can …… | **Differently from** …… | …… |
| With **Happy Teeth** the user can …… | **Differently from** …… | …… |
| With **Happy Teeth** the user can …… | **Differently from** …… | …… |
| With **Happy Teeth** the user can …… | **Differently from** …… | …… |

A. Identify the main aspects of the current performance (P1. P2., etc.,)

B. Check the box in correspondence of the performance aspects that you want emphasize/de-emphasize

| | EMPHASIZE | DE-EMPHASIZE |
|---|---|---|
| **P1.** …… | ☐ | ☐ |
| **P2.** …… | ☐ | ☐ |
| **P3.** …… | ☐ | ☐ |
| **P4.** …… | ☐ | ☐ |
| **P5.** …… | ☐ | ☐ |

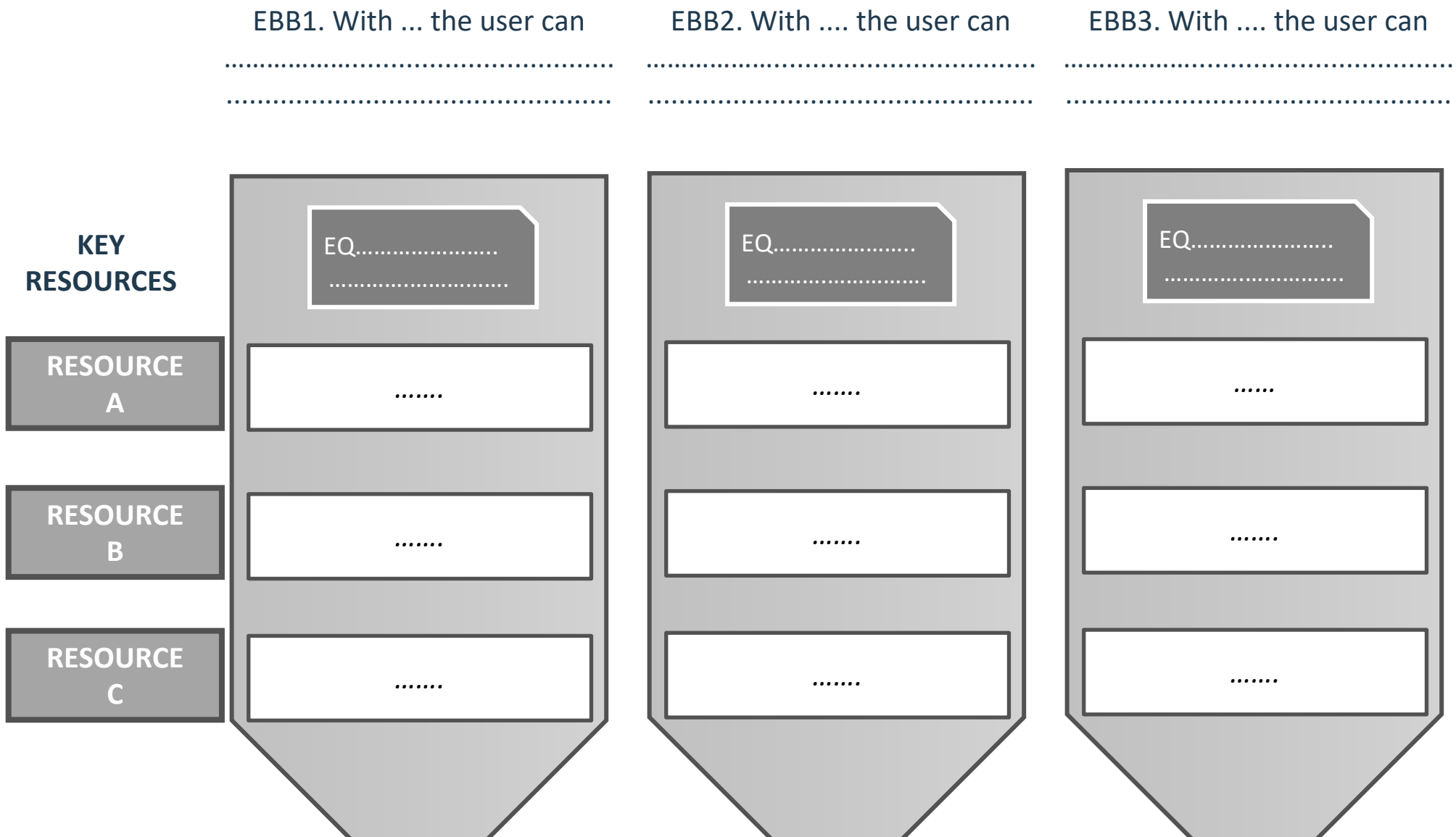
STRETCHING

# NEW EXPERIENTIAL PERFORMANCE

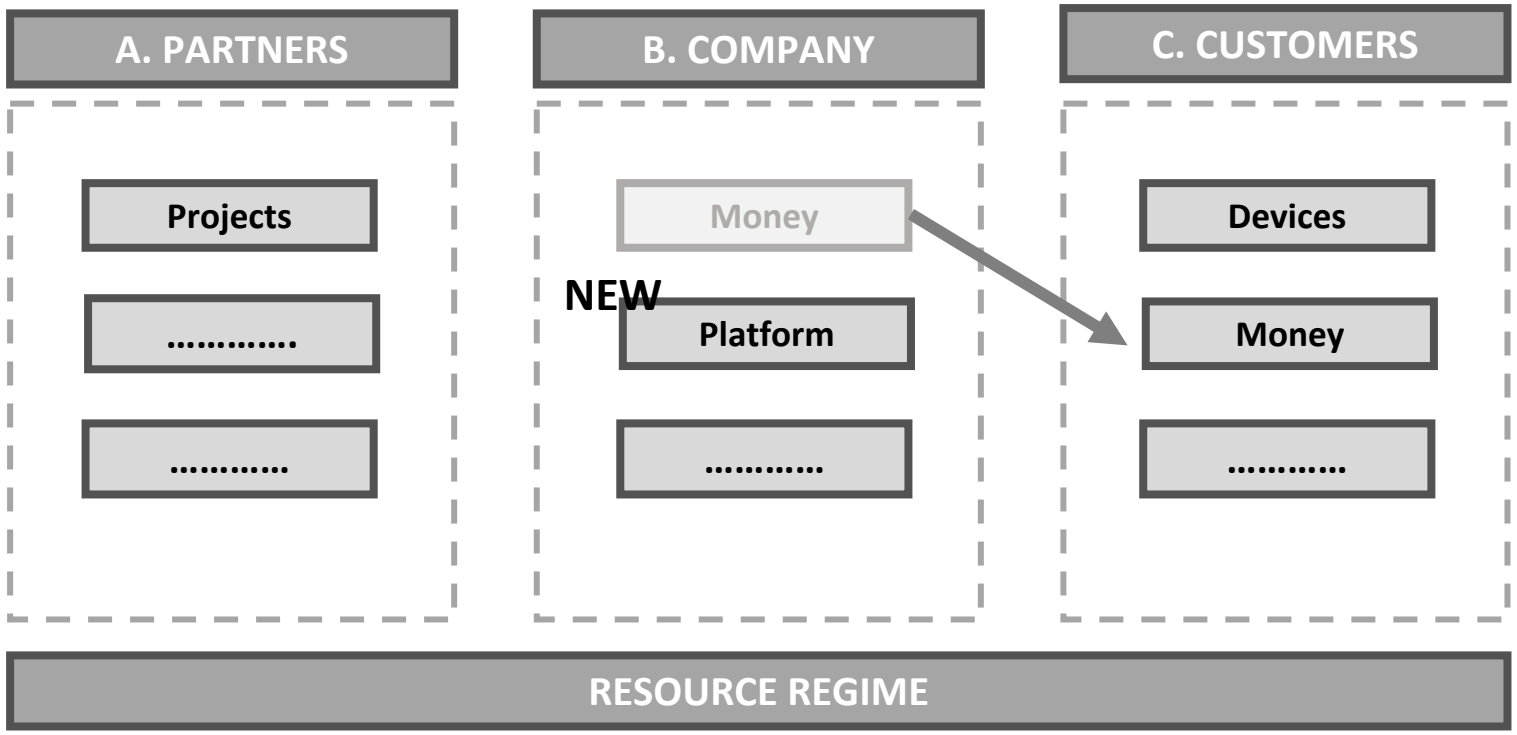
Report the **building blocks identified and qualified** in light of the Stretching transformation:

| |
|---|
| With **Happy Teeth** the user can …… |
| With **Happy Teeth** the user can …… |
| With **Happy Teeth** the user can …… |
| With **Happy Teeth** the user can …… |
| With **Happy Teeth** the user can …… |
| With **Happy Teeth** the user can …… |

# TST – Sharing the Resources



# TST – Sharing the Resources




The BML transformation of traditional private investment toward crowdfunding platforms through a *sharing by outsourcing* process