

# DIGITAL STRATEGY IN A WORLD OF UNCERTAINTY

The purpose of a strategy is not only to define the direction in which a company wishes to move but also to ensure it pursues this course in practice. As such, a strategy must contain initiatives that are action-oriented, tangible and, not least, designed to change and be changed when put to the test in the real world.

Developing a strategy is a resource-intensive undertaking. It must produce results and realise the desired potential of the strategic initiatives. Unfortunately, strategies are seldom realised in the format intended and end up being shelved. The reasons for this are many, the chief one being that a strategy is based on too many implicit assumptions that the strategic initiatives fail to take into account. In practice, this means that if the assumptions do not hold up in a changing world, the expected effect will not materialise. In some situations the world is sufficiently predictable to

prevent this risk from arising.

In such instances of low uncertainty, return-on-investment calculations, road maps and key performance indicators are good tools. However, by far the majority of situations involve a high degree of uncertainty, which classic tools like these ignore and make no attempt to reduce.

In such situations companies must find a method of designing their strategic initiatives that accepts uncertainty and endeavours to bring it down.

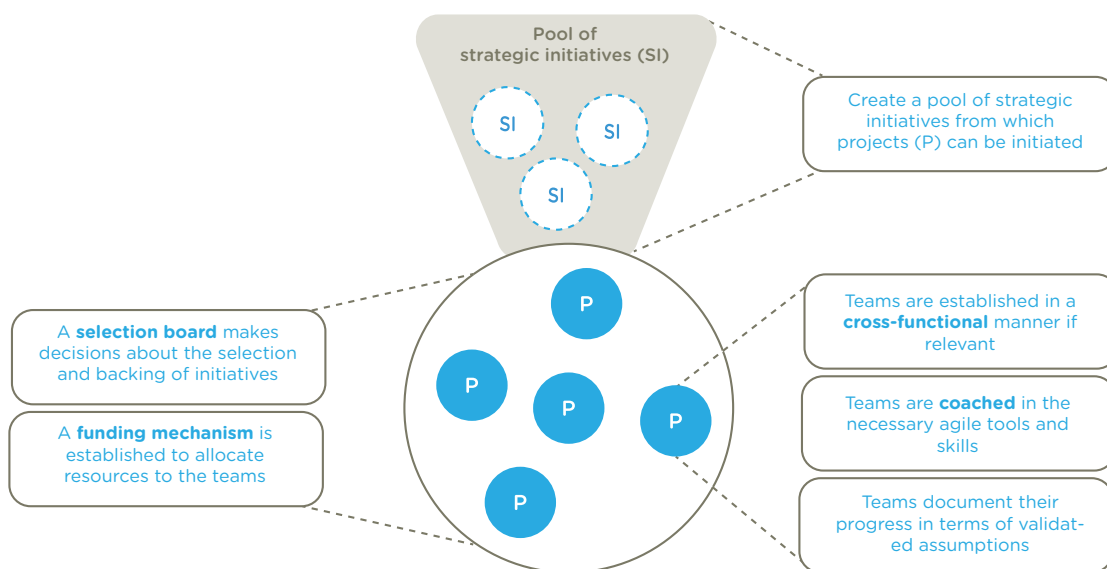
In the world of start-ups, uncertainty

management – a practice methodologically pioneered in particular by Eric Ries (“Lean Startup” and “The Startup Way”) – has been in focus for many years.

At Ramboll we combine digital strategy development with the principles of start-ups to help companies design strategic initiatives that are hypothesis driven, can be realised and initially demand few resources. This approach enables a company to manoeuvre its strategic initiatives in the desired direction while also accounting for uncertainties in the wider world.

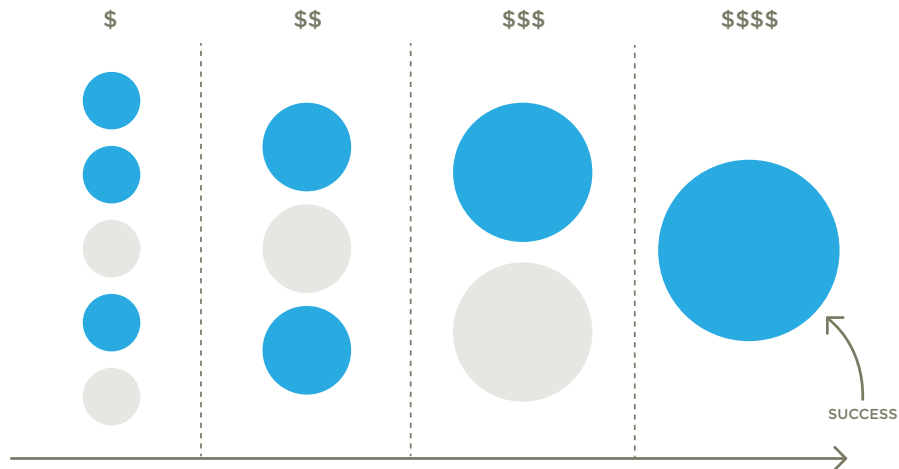
## NEW FORMS OF GOVERNANCE FOR STRATEGIC INITIATIVES

Hypothesis-driven strategic initiatives require a form of governance different from traditional ones.



## ALTERNATIVE TO TRADITIONAL STRATEGIC INITIATIVE FUNDING

Resource allocation should be structured in a way that enables additional time and funding to be allocated to the teams able to continue validating the main assumptions about business logic and value creation.



### Designing strategic initiatives

A company, by using its overall vision, ambitions and goals as a starting point, designs a number of strategic initiatives aimed at moving it in the desired direction. Cases in point are the development of new digital products and services or internal digital tools. Whether a strategic initiative concerns external services and products or internal tools, there is always a “customer”. The expected value creation and associated business logic need to be described, and tools such as Business Model Canvas or Operating Model can be used to perform the task.

The main assumptions of the strategic initiative are identified and formulated on the basis of the business logic and value creation described. Main assumptions are defined as those having the greatest impact on the success of the strategic initiative as well as being associated with the greatest uncertainty.

Such assumptions might be related to timing, identity of the end-user and

the end-user’s true needs.

Based on the main assumptions, a next sprint is prepared that allows the main assumptions about the described business logic to be validated.

### Managing strategic initiatives

Once the strategic initiatives have been drafted as part of the strategy document, the next sprints for all or a few select initiatives are launched, with the funding and hours being allocated to the teams appointed to run the strategic initiatives.

The teams appointed to drive the strategic initiatives must be trained in using the agile tools required for the sprint (validation techniques, minimum viable product, etc).

The team can also receive coaching from a non-team member who can help and guide the team in its validation work.

Implementing strategic initiatives requires a governance structure that makes allowance for the fact that the

progress of the strategic initiatives will not be measured according to classic metrics but by validating the main business logic and value creation assumptions.

The results of the validation process in the next sprint must be presented to selected decision-makers, who will determine whether the validation results and the preparations for the next sprint are sufficiently convincing to warrant a continuation.

A continuation entails the allocation of additional funding and hours to the team.

During the early stage of a strategic initiative, few resources will be required to produce validation results. The higher the degree of validation, the more funding and hours will have to be allocated.

Over time, other strategic initiatives not necessarily stemming from a strategy development process may also be embedded in the governance structure.

## ACTION ITEMS

- ✓ Define the company’s overall strategic ambition and direction
- ✓ Design the strategic initiatives by describing the expected business logic and value creation, main assumptions and next sprint
- ✓ Select the strategic initiatives with the highest priority and allocate teams to conduct the next validation sprint