

**SUSTAINABLE  
STRATEGY  
WORKBOOK<sup>A</sup>**

**Part 2**  
(1-3-15 Draft)

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Putting Your Future  
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## GREAT IDEAS

### What *could* we do next?

#### Vision Statement

Chance favors the prepared mind.  
– Louis Pasteur

Many writers in the popular literature have long argued that vision is absolutely essential for effective leadership.<sup>1</sup> Says Peter Senge, it is “a force in people’s hearts, a force of impressive power.”<sup>2</sup> Scholars also give an equally strong vote of confidence to its importance.<sup>3</sup> As such it is now generally accepted that the “single defining quality of leaders is the capacity to create and realize a vision.”<sup>4</sup> In other words, “leadership behavior that is not infused with vision is not truly leadership.”<sup>5</sup>

#### Vision Types

The news that vision is the “essential *leadership act*”<sup>6</sup> would be cause for celebration if there was agreement on what it actually is. Gary Yukl says that vision is “a term used with many different meanings, and there is widespread confusion about it.”<sup>7</sup> Multiple studies show that leaders have visions that vary widely from vague to concrete.<sup>8</sup>

Some like John Kotter define vision quite broadly as “a picture of the future.”<sup>9</sup> Others like Henry Mintzberg take the view that it’s strategy expanded:

Vision sets the broad outlines of a strategy, while leaving the specific details to be worked out. In other words, the broad perspective may be deliberate but the specific positions can emerge. So when the unexpected happens, assuming the vision is sufficiently robust, the organization can adapt.<sup>10</sup>

Making sense of the differences are Jill Strange and Michael Mumford who reviewed a host of definitions and found the commonality that “vision may be conceived of a set of beliefs about how people should act, and interact, to attain some idealized future.”<sup>11</sup> As Burt Nanus eloquently puts it, “vision always deals with the future. Indeed, vision is where tomorrow begins.”<sup>12</sup> Put in the context of sustainable strategy, **your purpose is present tense – who you are; your vision is future tense – this is where you’re going.**

Just how important is vision? John Kotter places underestimation of the power of vision in his top three reasons for why transformation efforts fail.<sup>13</sup> For Henry Mintzberg, “vision – expressed even in imagery, or metaphorically – may prove a greater incentive to action than a plan that is formally detailed, simply because it may be more attractive and less constraining.”<sup>14</sup>

Leaders of organizations are paying attention. In 1989, 1,500 leaders from 20 different counties including 860 CEOs agreed that vision was crucial to success.<sup>15</sup> Popular writers then amplified the importance of vision, and by the mid-1990s, all top executives had visions of one sort or another.<sup>16</sup> The position that vision is essential has not abated

in the new millennium.<sup>17</sup> In 2003, vision was the third most popular management tool used by 84 percent of the respondents from 708 companies on five continents. In 2011, vision remained a top three contender.<sup>18</sup>

Yet, not everyone is convinced of the power of vision. The venerable *Bass & Stogdill's Handbook of Leadership* barely makes note of vision in its 1,182 pages.<sup>19</sup> A study of 1,400 Australian public sector employees indicated that “articulating a vision does not always have a positive influence on followers.”<sup>20</sup> And research of the Israeli Defense Forces show that a leader’s vision is “not positively related to subordinate identification and trust, self-efficacy, and motivation and willingness to sacrifice.”<sup>21</sup>

Even so, for many highly regarded practitioners, vision is specific enough to have a direct impact on the day-to-day efforts in the workplace:

“A vision gives you a focal point . . . It tells people what’s expected of them.”  
Frederick Smith, Chairman, President and CEO, FedEx Corporation

“A vision provides a framework through which you view everything that goes on in the company and in the external environment.” Raymond Gilmartin, President and CEO, Merck & Co<sup>22</sup>

The vision referred to by these deans of corporate America is valuable “because an organization needs to know where it wants to be in order to act in a reasonably efficient manner to get there.”<sup>23</sup> It is defined by its drive to yield specific results.<sup>24</sup> This includes Ronald Heifetz’s adaptive work where “a vision must track the contours of reality; it has to have accuracy, and not simply imagination and appeal.”<sup>25</sup>

One common type of vision elevates the organization to someplace new.<sup>26</sup> It is “a new story, one not known to most individuals before.”<sup>27</sup> Defined by idealism, these visions are “transcendent in the sense that they are ideological rather than pragmatic, and are laden with moral overtones.”<sup>28</sup> These are the kind of visions that Walt Disney refers to in his often-quoted mantra, “If you can dream it, you can do it.”<sup>29</sup>

Another common type of vision has an operational texture similar to formal planning, which “seems better suited to the tranquilities of peacetime than the disruptiveness of war, especially unforeseen war.”<sup>30</sup> The visions that yield practical results are the type that Paul Valery referred to when he said, “The best way to make your dreams come true is to wake up.”<sup>31</sup>

In all of this confusion, however, patterns begin to emerge. Scholar Gary Yukl developed a list of desirable characteristics from well-known experts and by grouping these characteristics around common themes two major types of vision emerge:

Characteristics	Types
simple and idealistic; simple enough to be communicated clearly in five minutes or less; a picture of a desirable future; not a complex plan with quantitative objectives and detailed action steps; appeals to values, hopes, and ideals; emphasizes distant ideological objectives	Idealistic
challenging, but realistic; not wishful fantasy; an attainable future grounded in the present reality, addresses basic assumptions about what is important for the organization; focused enough to guide decisions and actions; general enough to allow initiative and creativity	Pragmatic

The belief that there are two primary types of vision is widespread among practitioners. Alan Guskin, former Chancellor of Antioch University, takes this point of view:

I believe that one must be both idealistic and pragmatic. For, to be idealistic without being pragmatic leads to frustrated aspirations and unfulfilled promise; to be pragmatic without being idealistic leads one to be a hack and a bureaucrat. Being both idealistic and pragmatic leads to hope and optimism along with being realistic and focused.<sup>32</sup>

This paradoxical blend is also prevalent in strategic literature. For example, Glenn Rowe argues that strategic leaders show a “synergistic combination of managerial [pragmatic] and visionary leadership [idealistic].”<sup>33</sup> This is also consistent with Jim Collins and Jerry Porras’ view that vision “consists of two parts: a 10-to-30 audacious goal plus vivid descriptions of what it will be like to achieve the goal.”<sup>34</sup>

In summary, the **vision statement is an overarching picture of the future while the vision strategies articulate how you’re going to make that future happen.**

## Making Statements

Many characterize vision making as an almost mystical process with spiritual undertones. Says Po Bronson, “Most of us don't get epiphanies. We only get a whisper – a faint urge. That's it. That's the call.”<sup>35</sup> Charlie Knight, a Ute medicine man, describes how he found his vision, “Everyone has a song. God gives us each a song. That's how we know who we are. Our song tells us who we are.”<sup>36</sup> Jay Conger observes that “vision when articulated is surprisingly simple; yet when we examine the evolution of a specific leader’s vision it appears to be a much more complex process. Events stretching as far back as childhood may influence its origins.”<sup>37</sup>

## Ideate

Building the vision statement and strategies to achieve it begins with ideation. Ideation is what it sounds like – creating ideas - lots and lots of them. Along the way, you will ideate scores of possible ideas that you can then turn into the statement and strategies.

## Customers

Consistent with the use of success measures, four of five nonprofits use some sort of program output measures when it comes to performance measurement.<sup>38</sup> Success measures are certainly a legitimate and obvious useful method for tracking the performance of existing activities, but what about new strategies that don't yet have a track record? **When it comes to gauging the success of recent nonprofit innovations, client feedback takes the lead position.**<sup>39</sup> If going to the clients after the fact is the key way to evaluate success on a new strategy, why not begin with them?

Looking at what's going on with those you serve doesn't mean looking at your customers from a helicopter; it means seeing them eye-to-eye. This research typically requires either qualitative up-close-and-personal interviewing or quantitative broad-and-deep surveying.

Peter Drucker gets at the customer question by addressing the following three topics: "Who is our primary customer? Who are our supporting customers? How will our customers change?"<sup>40</sup>

If you didn't address these questions when you worked on the mission, you have a second opportunity to do so now. Yet the issue of how your customers will change is different when referring to vision. Here, Peter Drucker is not referring to the life-changing difference that you make in their lives, but to literally how they will transform:

Customers are never static. There will be greater or lesser numbers in the groups you already serve. They will become more diverse. Their needs, wants, and aspirations will evolve. There may be entirely new customers you must satisfy to achieve results – individuals who really need the service, want the service, but not in the way in which it is available today. And there are customers you should *stop* serving because the organization has filled a need, because people can be better served elsewhere, or because you are not producing results.<sup>41</sup>

But even this doesn't quite get at customer voice. The most important advice Peter Drucker gives about customers is about staying close to them, which is what customer voice is all about, "Often the customer is one step ahead of you. So you must *know your customer* – or quickly get to know them. **Time and again you will have to ask, 'Who is our customer?' because customers constantly change.**"<sup>42</sup>

Kristin Majeska, former executive director of Common Good: Investments in Nonprofit Solutions, calls this customer focus, which begins with identifying your customers and ends with researching what they value:

*Identify your customers.* Separate your customers into distinct groups that you can picture, reach, and, above all, understand. Figure out what type of customers you serve most effectively, ask yourself why, and use that knowledge to serve your "best" customers exceptionally well and to improve your service for others...

*Research – don't assume you know what customers value. Dig into information sources. Observe. Most important, ask your customers! Listen attentively to their answers and get to know the people who make up your market . . . and who will determine your success.*<sup>43</sup>

One of the best ways to get close to your customers is to do exactly that. Yes, you can commission rich and rewarding research, but one of the most effective ways to understand your customers is to talk with them. I ran a performing arts center for 15 years and though I wasn't needed at the theatre every night, that's where you'd generally find me - and not standing in the wings, but in the lobby.

I knew what our customers liked about our organization and what they didn't like because I asked them; it was that simple. No wonder that the Victoria Theatre Association's customer base was the envy of much larger communities and that our renewal rate for subscriptions was regularly 20 basis points higher than most other practices. Our customers really were the stars.

What questions should you ask? I like to keep it simple. After introducing myself, explaining what I'm doing, and getting to know the customer a bit, **I begin by asking what he or she likes about the product, program, or service they are using.** This is a good ice breaker and the answers can inform your marketing strategies.

**Second, I ask the customer what he or she doesn't like.** Don't ask what he or she thinks you should do to improve this or that aspect of your services, products, or programs because this is hard to conceptualize. Though people have a tough time knowing how to improve things, they definitely know what they don't like. Your customer's first response may be deferential as most people are as uncomfortable giving honest feedback as they are receiving it. But if you encourage the feedback honestly and persistently, you will prevail.

If you are not getting thoughtful answers, the way you're asking the questions is likely flawed. I like to use open-ended questions, those that don't require a simple yes or no, when I'm trying to get at the customer experience. Be sure to probe answers to get more information. Restate what you have heard to be sure you understand what the customer said *and* meant.

**Third, I ask the customer what he or she would like.** Unlike the question of what the customer didn't like, which is about the past, this question takes the customer into the future. For example, maybe she didn't like the ham sandwich lunch you served when you asked for dislikes, but here she responds that she would have liked a vegetarian selection.

**Finally, I ask an "anything else" question around what I should have asked, but didn't, which almost always yields a rich response.** The four questions together generate a surprising amount of information if you are patient and listen carefully. A

typical interview with a customer should take 20 minutes or so, maybe more if the customer is talkative, maybe less if they're not.

The identification and research of your customers is the first and most important thing you must do to prepare yourself for vision making. What Tom Peters and Robert Waterman say is as true for nonprofits as it is with for-profits, that the "excellent companies *really are* close to their customers."<sup>44</sup>

Of course, you may not need to do hands-on surveying. You may already have done this or you may be able to have a discussion with your front-line programming staff and query them with the questions. Whatever your approach, take some time and summarize what you know.

There are other ways of getting at a deeper understanding of your customers. You can go to sources of information already available at your fingertips on the web, at your local chamber of commerce, and through other such sources including census.gov and sba.gov. And you can talk to those best of the best agencies in your field to find out what they know.

You can observe things. Take opening a restaurant for instance. You don't launch a restaurant just anywhere. You look for the volume of people who ordinarily will walk by your location especially at the times of day when you plan to be open. You look at the other business nearby and visit with the proprietors about how well they are doing. You are especially interested in whether there are any other restaurants nearby, what they charge, their menus, and the quality of the food. And if there are no other restaurants nearby, find out why because this may mean something about your probabilities for success.

The point here is that you have to get close enough to your customers to get some great ideas for the future. You don't have to go overboard and spend tons of money to do this. Conversations with a dozen customers may do it.

## **BOBs**

The rationale for knowing the best of the best (BOBs) in your field is elemental according to Marcus Buckingham: "Conventional wisdom tells us that we learn from our mistakes [but] all we learn from mistakes are the characteristics of mistakes. If we want to learn about our successes, we must study successes."<sup>45</sup> The applicability at the organizational level is evidenced by the fact that the most used for-profit management tool in a 2009 study of international executives was benchmarking<sup>46</sup> and it held the top two spot in 2015.<sup>47</sup>

In terms of definitions, benchmarking is "a systematic, continuous process of measuring and comparing an organization's business processes against leaders in *any* industry to gain insights that will help the organization take action to improve its performance."<sup>48</sup>

The idea here is that benchmarking *any* best process at *any* leading firm, nonprofit or for-profit, leads to specific practices that you can imitate.

Knowing the best of the best is more focused than benchmarking because you are looking at the best of the best *in your field only*. It is akin to survivor technique, which “draws upon the notion of survival of the fittest in a competitive environment.”<sup>49</sup> You seek out those firms in your field that have survived over the long haul and investigate the sources of their longevity. Then you drill down to find the reasons for their success including processes, structure, governance, everything, and anything that might be the source for their *best-of-best-ness*.

What you are trying to do is get at the key success factors, which Sharon Oster defines as “**those characteristics that are essential to successful performance** in that industry.”<sup>50</sup>

In essence, you’re trying to put yourself in the shoes of the people who work at your BOBs to see what they’ve done to be successful. This is based upon Amar Bhide’s study that found “many successful entrepreneurs spend little time researching and analyzing.”<sup>51</sup> Four percent found ideas through systematic research for opportunities, five percent came from going with the flow of their industry, 20 percent found ideas serendipitously, and 71 percent came from an idea encountered at an earlier job.<sup>52</sup>

What do you do with all this wonderful information? Why initiate it of course. After all, seven out of 10 ideas for new ventures in Amar Bhide’s study of entrepreneur founders came from an earlier job.<sup>53</sup> This goes for nonprofits as well. A recent study on nonprofit innovation from Lester Salamon, Stephanie Geller, and Kasey Mengel surveyed 417 nonprofit organizations and found the most common way to learn about innovations was from peer organizations.<sup>54</sup>

I worked with an agency once that was all about finding the next killer application, that new venture that would take them to the next level. Money was a big issue and the dominating discussion was how best to amplify earned income. It turned out that the executive director had never looked at the best practices in her agency’s field. In her first telephone call, she learned that she was charging 25 percent less than the best practice in her field for an identical service. How can you even begin to think about killer applications without first achieving operational effectiveness?

Most of the strategies that you’ll come up with will not be killer applications. W. Chan Kim and Renée Mauborgne found that nearly all (86 percent) of new for-profit ventures were “line extensions – incremental improvements to existing industry offerings – and a mere 14 percent were aimed at creating new markets or industries.”<sup>55</sup>

Even if you learn nothing in your investigation of best practices, you may at least temper the natural inclination to be overly optimistic. This happens because we tend to overstate our talents, misunderstand the real cause of events, inflate the degree of control we think we have over things, and discount the role luck plays, and thus fall prey



to what Dan Lovallo and Daniel Kahneman call “delusions of success.”<sup>56</sup> In other words, when “pessimistic opinions are suppressed, while optimistic ones are rewarded, an organization’s ability to think critically is undermined.”<sup>57</sup>

Begin by identifying two of the best of the best agencies in your field (BOBs) and justify your choice. One of the best ways to identify BOBs is by asking the executive director which agencies are the best in the field, which ones does he or she admire nationally, internationally, statewide, or even locally. You can also go to Charity Navigator and find ratings on organizations like yours; there is a small possibility that your agency might even be there already.

The first thing to do with your BOBs is to investigate their lines of business for commonalities. What programs are the BOBs doing that you are not? Are any of your programs unique? Knowing the LOBs for your BOBs may give you some ideas about what you should start or stop doing.

I did a study of academic centers focused on nonprofit capacity and found four BOBs. After gathering the information on lines of business, I affinity grouped the information:

Center One	Center Two	Center Three	Center Four
<b>Research</b>			
<ul style="list-style-type: none"> <li>• Surveys and studies</li> <li>• New research</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys and benchmarking</li> <li>• Research</li> </ul>	<ul style="list-style-type: none"> <li>• Practitioner-focused research</li> </ul>	<ul style="list-style-type: none"> <li>• Research and studies</li> </ul>
<b>Publications</b>			
<ul style="list-style-type: none"> <li>• Books</li> <li>• Reports and surveys</li> <li>• Op-ed articles</li> <li>• Proceedings</li> </ul>	<ul style="list-style-type: none"> <li>• Newsletters</li> </ul>	<ul style="list-style-type: none"> <li>• Papers</li> <li>• Reports and surveys</li> <li>• Case studies</li> <li>• Web-based simulations</li> </ul>	<ul style="list-style-type: none"> <li>• Information and reports</li> </ul>
<b>Executive Education</b>			
<ul style="list-style-type: none"> <li>• Business ethics faculty workshop</li> <li>• Graduate certificate</li> </ul>	<ul style="list-style-type: none"> <li>• Fellows program</li> </ul>	<ul style="list-style-type: none"> <li>• CEO seminar</li> <li>• Senior leadership team seminar</li> <li>• Custom programs</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership</li> <li>• Retreats</li> <li>• Presentations at member agencies</li> </ul>
<b>Resources</b>			
<ul style="list-style-type: none"> <li>• Links</li> <li>• Lists</li> </ul>	<ul style="list-style-type: none"> <li>• Toolkit</li> <li>• Articles</li> <li>• Links</li> </ul>		
<b>Convenings</b>			
<ul style="list-style-type: none"> <li>• Lectureships</li> <li>• Symposium</li> </ul>			<ul style="list-style-type: none"> <li>• Biennial conference</li> </ul>

Center One	Center Two	Center Three	Center Four
<b>Student Education</b>			
<ul style="list-style-type: none"> <li>• Graduate and Undergraduate</li> <li>• Faculty education</li> </ul>			
<b>Other</b>			
<ul style="list-style-type: none"> <li>• Scholarships and prizes</li> </ul>			<ul style="list-style-type: none"> <li>• Consulting and public speaking</li> </ul>

My client's vision statement was to become a leader in the field; and as you can see from analyzing its BOBs, there were at least three things my client had to very seriously consider further investigating: research, publications, and executive education. And all the others were to be put into the hopper as well.

The second issue to investigate for potential ideas is the competitive advantages of each of your BOBs - what makes them better than their rivals. The table bellows shows what I found with my academic centers:

Center One	Center Two	Center Three	Center Four
<b>Influential Leadership</b>			
<ul style="list-style-type: none"> <li>• Advisory board</li> <li>• Affiliation with the Nonprofit Academic Centers Council (NACC)</li> </ul>	<ul style="list-style-type: none"> <li>• Board of directors</li> </ul>	<ul style="list-style-type: none"> <li>• Academic advisors</li> <li>• Advisory council</li> </ul>	<ul style="list-style-type: none"> <li>• Advisory board</li> <li>• Senior staff leadership</li> </ul>
<b>Reporting Relationships</b>			
<ul style="list-style-type: none"> <li>• Reporting relationship to university-level leadership</li> </ul>			<ul style="list-style-type: none"> <li>• Reporting relationship to university-level leadership</li> </ul>
<b>Unique Products</b>			
	<ul style="list-style-type: none"> <li>• Annual national Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Practioner-focused research</li> </ul>	
<b>Other</b>			
<ul style="list-style-type: none"> <li>• Reputation as one of the early leaders in the field</li> <li>• Founding member of NACC</li> </ul>			<ul style="list-style-type: none"> <li>• Interdisciplinary focus university-wide</li> </ul>

In looking at the competitive advantages of the BOBs, my client might find a potential idea for a vision strategy to strengthen its leadership capabilities.

Because competitive advantages are rarely stated, you have considerable latitude to discuss what makes the BOBs special. Try using the process you went through

(strengths, resources, core competencies, competitive advantages). Is your competitive advantage different from those of the BOBs?

The final issue to consider are your BOBs' four basic financial items: revenue, expenses, net revenue, and net assets. These can tell you a bit about the strength of their bottom lines and generate ideas as you dig into the information. What follows is from a study of three HIV sector agencies from their most recent IRS 990 posted on GuideStar (\$ in Thousands):

AIDS Resource Center WI	Fenway Health	Gay Men's Health Services
Revenue: 20,962	61,631	24,039
Expenses: 18,251	58,251	25,181
Net Revenue: 2,711	3,380	(1,143)
Net Assets 9,634	43,197	17,537

### Great Questions

Questions from the literature on earned income can be particularly stimulating for generating ideas. Working from larger lists to smaller ones begins with the great Joseph Schumpeter's five categories<sup>58</sup> plus two more from J. Gregory Dees:

1. Creating a new or improved product, service, or program
2. Introducing a new or improved strategy or method of operating
3. Reaching a new market, serving an unmet need
4. Tapping into a new source of supply or labor
5. Establishing a new industrial or organizational structure
6. Framing new terms of engagement [e.g., customer satisfaction guarantees]
7. Developing new funding structures [e.g., franchising]<sup>59</sup>

J. Gregory Dees goes on to offer seven other questions that can stimulate the process of finding opportunities:

1. How well are you serving your clients, customers, etc.?
2. Are you reaching all of the people you would like to reach?
3. Have the demographics (e.g., age, ethnicity, preferred language, educational levels, incomes, wealth) changed in the community you serve or want to serve?
4. Have social values, moods, perceptions, or politics changed in a way that hampers your effectiveness or creates new opportunities?
5. Are your staff members unhappy or frustrated in their work?
6. What kinds of innovations are working in other fields?
7. Do we have any new scientific knowledge or new technology could improve the way you operate?<sup>60</sup>

Michael Allison and Jude Kaye propose answering ten questions as part of a visioning exercise:

1. How would the world be improved or changed if we were successful in achieving our purpose?
2. What are the most important services that we should continue to provide, change, or begin to offer in the next three years?
3. What staffing and benefits changes do we need to implement to better achieve our purpose?
4. What board of directors changes do we need to implement to better achieve our purpose?
5. What resource development (fundraising) changes do we need to implement to better achieve our purpose?
6. What facilities and technology changes do we need to implement to better achieve our purpose?
7. What infrastructure, systems or communication changes do we need to implement to better achieve our purpose?
8. How could we more effectively or efficiently provide our services? If we could only make three changes that would significantly impact our ability to provide quality services to our clients/customers, what would those changes be?
9. What makes us unique (distinguishes us from our competition)?
10. What do our clients/customers consider most important in our provision of services? What do our customers need from us?<sup>61</sup>

Richard Brewster takes a five-question approach to help your organization identify the “best match between what it does very well . . . and available financial resources and other forms of support.”<sup>62</sup>

1. Modify the nature of a program, particularly to improve quality
2. Add a new program
3. Withdraw from programs
4. Increase the number of people to whom programs are delivered
5. Secure more resources.<sup>63</sup>

Another approach shown in the table below illustrates a different matrix suggested by Scott Helm’s work around current thinking about earned income strategies:<sup>64</sup>

	Sustaining Strategy	Disrupting Strategy
Earned Income	Commercial Non-Entrepreneurial	Commercial Entrepreneurial
Unearned Income	Noncommercial Non-Entrepreneurial	Noncommercial Entrepreneurial

Some people describe disrupting strategy as social entrepreneurship, which Scott Helm defines as the “catalytic behavior of nonprofit organizations that engenders value and change in the sector, community, or industry through the combination of innovation, risk taking, and proactiveness.”<sup>65</sup>

As shown in the matrix, disrupting strategy need not be profitable and sustaining innovation need not be unprofitable. The earlier case of the outdoor camping agency that raised its camping fees is a perfect example. When I work with agencies on strategy, I often ask people to generate opportunities for each of the quadrants. Because sustaining innovations and operational effectiveness are often strongly related and because disrupting innovations and lines of business are strongly correlated, this matrix helps to address *what takes us forward* and *what holds us back*.

The best approach is to use the Ansoff Matrix<sup>66</sup> based upon its namesake who makes the following assertion: “There are four basic growth alternatives open to a business. **It can grow through increased market penetration, through market development, through product development, or through diversification.**”<sup>67</sup> The table below shows what the Ansoff Matrix looks like:

	Current products	New products
Current Markets	<p><b>Market Penetration</b> current products to more customers like current customers</p>	<p><b>Product Development</b> new products to current customers</p>
New Markets	<p><b>Market Development</b> current products to new kinds of customers</p>	<p><b>Diversification</b> new products to new kinds of customers</p>

Although there are no hard and fast rules about which quadrant is better, diversification is the most difficult to pull off because you are doing something you have never done before. Market penetration is the least difficult because you are doing more of what you’re already doing. In general, market development and product development, which are adjacent to market penetration, are preferable over diversification.<sup>68</sup> Here is an example from an arts agency:<sup>69</sup>

	Current products	New products
Current Markets	<p><b>Market Penetration</b></p> <ul style="list-style-type: none"> <li>• Increase annual productions</li> <li>• Expand education programs</li> <li>• Increase fundraising efforts</li> <li>• Expand programming for audiences under 35</li> </ul>	<p><b>Product Development</b></p> <ul style="list-style-type: none"> <li>• Festival around historical holidays</li> <li>• Student matinees</li> <li>• Digital study guides and playbills</li> <li>• Resource center for further study</li> </ul>

	Current products	New products
New Markets	<p><b>Market Development</b></p> <ul style="list-style-type: none"> <li>• Larger theatre in new area</li> <li>• Tour productions</li> <li>• Box office and assigned seating</li> <li>• Partner with other causes</li> <li>• Report dramaturgical research and audience impact nationwide</li> </ul>	<p><b>Diversification</b></p> <ul style="list-style-type: none"> <li>• Partner with a local university</li> <li>• Screen films inspired by history</li> <li>• Start a playwriting contest</li> <li>• Build neighborhood partnerships</li> <li>• Create student productions</li> <li>• Start a theatre camp</li> <li>• Sell vintage clothes</li> </ul>

Please remember that the vast majority of the strategies you will identify will not be killer applications. There is nothing wrong with this; most of your low hanging fruit is of the sustaining variety.<sup>70</sup> As Tom Peters and Robert Waterman observed nearly three decades ago, “Organizations that do branch out (whether by acquisition or internal diversification) but stick very close to their knitting outperform the others.”<sup>71</sup>

### Stop Fix

Please read [MacMillan, Competitive strategies](#) before continuing.

Although it may seem obvious that you should put everything on the table when working on your vision strategies, do not forget that stopping things you are currently doing is a very potent strategy itself - and this includes considering your lines of business. A strategy analysis I conducted recently for a very small agency identified 20 strategies including six current ones, eight in various stages of exploration, and ten new ideas.

The board and staff evaluated all of these strategies and the decision was made to reduce the volume to 10 strategies total including scrapping four current lines of business. The process of reaching this decision included qualitative interviews with the key decision makers and quantitative rankings in person and through the web.

The specific lesson of this example is that **every strategy you are currently doing, those you’re investigating, and those slated for the future should be under consideration when deciding what goes forward.**

In the last two years, 68 percent of the nonprofits in a study on innovation were unable to move their ideas forward. The four most salient obstacles were related to funding and included lack of funds, growth capital availability, narrowness of government funding streams, and foundations that encourage innovation but don’t sustain it.<sup>72</sup>

When we want a ready source of funding, our eyes commonly look outside of the agency and toward our funders for support. Sometimes we’ll also cut costs through things like negotiating for lower rent or cutting overhead. There’s nothing wrong with this, but we often overlook a readily available source of funding and a quick boost to

operational effectiveness, which is to eliminate underperforming or inconsequential lines of business.

Beware of the sunk cost fallacy, also known as escalation of commitment, which causes people to actually increase their investment to a course of action because of what they've put into it and despite knowing it is a lost cause.<sup>73</sup> Be open to the idea of shutting strategies down including complete lines of business. You cannot be all things to all people.

It is certainly true that competitive advantage is all about how you are better than your rivals. Having more lines of business than any other agency may accomplish this, but it's not likely to be viable for the long term. The essence of strategy may indeed be "choosing to perform activities differently or to perform different activities than rivals," but this doesn't mean doing everything for everyone. What then is the essence of strategy? Remember the words of Michael Porter, "**The essence of strategy is choosing what *not* to do.**"<sup>74</sup>

Before you make your decision about which – if any – of the strategies including those you are currently doing and those you might want to do, take time for portfolio analysis. These tools include simple ones like the ubiquitous Growth-Share Matrix from the Boston Consulting Group shown below:<sup>75</sup>

		Relative Competitive Position (Market Share)	
		Low	High
Business Growth Rate	High	"Question Marks"	"Stars"
	Low	"Dogs"	"Cash Cows"

There are many variants to this simple four-quadrant matrix. One of the most useful is the similar Portfolio Analysis Matrix from Robert Gruber and Mary Mohr<sup>76</sup> that some people call the Double bottom line Matrix:

		Benefits (Social Value)	
		Low	High
Business Growth Rate	Positive	Sustaining (Necessary evil?)	Beneficial (Best of all possible worlds)
	Negative	Detrimental (No redeeming qualities)	Worthwhile (Satisfying, good for society)

A more nuanced and prescriptive three-step portfolio analysis tool is the MacMillan Product Matrix:<sup>77</sup>

		Program Attractiveness			
		High		Low	
		Alternative Coverage			
		High	Low	High	Low
Competitive Position: Strong	Aggressive Competition	Aggressive Growth	Build Up Best Competitor	Soul of the Agency	
Weak Competitive Position	Aggressive Divestment	Build Strength or Bail Out	Orderly Divestment	Joint Venture – Foreign Aid	

**In step one, you determine program attractiveness** on the basis of internal fit (mission congruence, competencies, overhead sharing) and external fit (support group appeal, fundability and funding stability, size and concentration of client base, growth rate, volunteer appeal, measurability, prevention versus cure, exit barriers, client resistance, self-sufficiency orientation of client base).

**Step two is to determine alternative coverage**, which simply means the number of agencies with similar programs.

**In step three, you determine competitive position**, which requires “some clear basis for declaring superiority over *all* competitors.”<sup>78</sup>

By following these steps, you are to locate your program within the corresponding cell and generate many ideas for possible vision strategies. Be sure to evaluate *all* of your agency’s *current* lines of business. The example below comes from a theatre company:<sup>79</sup>

		Program Attractiveness			
		High		Low	
		Alternative Coverage			
		High	Low	High	Low
Strong Competitive Position	<ul style="list-style-type: none"> <li>• Annual season</li> <li>• Flex Pass Subs</li> <li>• Fundraising</li> </ul>	<ul style="list-style-type: none"> <li>• Lobby Displays</li> <li>• Research</li> </ul>		<ul style="list-style-type: none"> <li>• Company Artists</li> </ul>	
	<ul style="list-style-type: none"> <li>• Annual season</li> <li>• Flex Pass Subs</li> <li>• Fundraising</li> </ul>	<ul style="list-style-type: none"> <li>• Lobby Displays</li> <li>• Research</li> </ul>		<ul style="list-style-type: none"> <li>• Company Artists</li> </ul>	
Weak Competitive Position		<ul style="list-style-type: none"> <li>• Programming for audiences under 35</li> <li>• Scholar Sessions</li> </ul>	<ul style="list-style-type: none"> <li>• New Work Reading Series</li> </ul>		
		<ul style="list-style-type: none"> <li>• Programming for audiences under 35</li> <li>• Scholar Sessions</li> </ul>	<ul style="list-style-type: none"> <li>• New Work Reading Series</li> </ul>		



## **SWOT Analysis**

Most people don't want to wait for whispers, songs from God, or go through Freudian therapy to get at vision statement. We want a rational process like General Electric's approach to vision making, which "only comes after hard thought about the capabilities of the organization and the needs of the market."<sup>80</sup> This information often comes from a SWOT analysis wherein you uncover your agency's strengths, weakness, opportunities, and threats.

Unfortunately, reliable SWOT analyses are the rarity. As Henry Mintzberg puts it, the strengths and weaknesses portion of the process "may be unreliable, all bound up with aspirations, biases, and hopes . . . Who can tell without actually trying, if the strength will carry the organization through or the weakness will undermine its efforts."<sup>81</sup>

Making matters worse, many people use SWOT to jump start the strategy process, which invariably causes a focus on your weaknesses, which is self-defeating:

Few strategic concepts have taken hold of strategic planning quite so thoroughly as the SWOT model. It offers an appealing balanced approach – identify your strengths and weaknesses, and be aware of your threats and opportunities. But in practice it doesn't deliver. In fact, it tends to divert attention to unproductive areas . . . like a kindly, well-meaning family doctor who inadvertently gets you thinking about disease when you should be thinking about healthy.<sup>82</sup>

But wait just a minute. We're bringing in SWOT at the end of ideation. And we're looking for idealistic and pragmatic ideas. Looking internally and externally is a good approach this late in ideation. Moreover, many people know the term SWOT including, and especially, your board members and funders. It is part of the planning canon. In some respects, if you don't do it, someone is going to ask why not. So, just do it and you may find something worthwhile in the process.

### **Strengths and Weaknesses**

There are a variety of ways to develop strengths and weaknesses. First, you should refer back to information from the SVP Tool or OCAT you completed earlier in the Great Start report. Next, revisit the four questions from your analysis of competitive advantages. Finally, if you need more ideas, brainstorm. Now combine all of your ideas and narrow them down to no more than four to six strengths and four weaknesses ranked in order of prominence.<sup>83</sup>

	Positive	Negative
Internal	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• The city's only theatre dedicated to plays inspired by history</li> <li>• Artistically driven administrators</li> <li>• Brings art and culture to local classrooms</li> <li>• Works with talented performers</li> <li>• Award-winning theatre</li> <li>• Easily accessible (public transportation, restaurants, etc.)</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Capacity doesn't meet demand</li> <li>• Staff is spread too thin (worry of burnout)</li> <li>• Not enough foundation/corporate support</li> <li>• Programs are underdeveloped because of lack of resources (money and staff)</li> </ul>

### Opportunities and Threats

Keep in mind that opportunities and threats are *not* themselves ideas, but factors in the external environment that you might seize upon to become great ideas. For example, a program for active aging baby boomers is not an opportunity; a trend in the rising number of baby boomers who want to be active is an opportunity. A decline in the number of millennials (generation) could be a threat to your current programs.

Opportunities are the favorable conditions in external environment that you might use to your advantage. Threats are factors in the external environment that make the agency vulnerable.

The classic approach to understanding context is environmental analysis with its three central elements as described by strategic management experts Michael Hitt, Duane Ireland, and Robert Hoskisson:

Analysis of the general environment is focused on environmental trends while an analysis of the industry environment is focused on the factors and conditions influencing an industry's profitability potential and an analysis of competitors is focused on predicting competitors' actions, responses, and intentions."<sup>84</sup>

In this classic approach, you examine the general environment consisting of "seven environmental *segments*: demographic, economic, political/legal, sociocultural, technological, global, and physical."<sup>85</sup> Some people advocate a different set called the PEST approach, which covers political, economic, social, and technological segments. It is a good idea to conduct a PEST analysis and discuss what is going on in the general environment that could affect your agency. The primary question you want to answer is: **What is going on out there (external) good and bad that could affect our agency in here (internal)?**

Be careful about misusing the terms: "An opportunity is a condition in the general environment that, if exploited effectively, helps a company [and] a threat is a condition in the general environment that may hinder a company's efforts."<sup>86</sup> Thus, an opportunity is

something occurring outside of your agency that you might take advantage of; **it is not an internal goal.**

Take for example the trend of growing income equality. This trend could be an opportunity or a threat for your agency. It is a trend external to your agency. Offering a new service for those negatively affected by the trend may be a great idea that comes from the analysis.

Again, the easiest tool to use to generate opportunities and threats is the brainstorming method. Take all the ideas, combine them and narrow them down to no more than six opportunities and six threats ranked in order of prominence. Here is an example of the results from a SWOT Analysis:<sup>87</sup>

	Positive	Negative
	<b>Opportunities</b>	<b>Threats</b>
External	<ul style="list-style-type: none"> <li>• Resurgence in subscription/membership models (i.e. Netflix, Hulu)</li> <li>• Economic Recovery</li> <li>• Majority groups shifting</li> <li>• New neighborhood restaurants/cafes</li> <li>• Real estate available</li> <li>• New citywide cultural plan</li> </ul>	<ul style="list-style-type: none"> <li>• Funding for arts in schools</li> <li>• Competition among city's cultural offerings (funding/leisure dollars)</li> <li>• Entertainment easily accessible (home/digital platforms)</li> <li>• Increase in nonprofits</li> <li>• Divide between small theatres and institutions</li> </ul>

## BAM

By far the most popular and efficient ideation approach is using the full group of the board and key staff to generate ideas. Yet, how can we expect that average board member who spends just 16 hours a year around the board table to engage constructively in a task that could have long-term consequences?<sup>88</sup>

Finding a solution that invites the board's thoughtful input is important because one of the key ways that the board adds value is to "encourage experimentation, trying out new approaches and alternative ways of dealing with issues."<sup>89</sup> Enter BAM, which is short for **brainstorming, affinity grouping, and multi-voting.**

When it comes to a BAM, it's all about the questions you ask. John Bryson's first two questions of his five-question method are relevant:

1. What are the practical alternatives, dreams, or visions we might pursue to address this strategic issue, achieve this goal, or realize this scenario?
2. What are the barriers to the realization of these alternatives, dreams, or visions?<sup>90</sup>

Peter Drucker also uses a two-part method when he says that “genuinely entrepreneurial businesses have two ‘first pages’ – a problem page and an opportunity page – and managers spend equal time on both.”<sup>91</sup> **Put simply, *what holds you back and what takes you forward?*** These two questions also implicitly address Michael Porter’s assertion that “Operational effectiveness and strategy are both essential.”<sup>92</sup>

This two-question approach using the BAM process shown in Appendix A generated the results shown below for a theatre company in Chicago:<sup>93</sup>

Ideas (Affinity Grouped)	Group Name	Voting
dinner theater, festivalize, show movies, start a club, “choose your own adventure”, 14 plays in 48 hrs, present late-night, multidisciplinary works, new musicals, commission community plays, drinking games	Beyond Straight Theater	8
good neighbor discounts, become neighborhood leader, invest in local restaurants, partner with DePaul, host a block party/street fair, theater crawl, host neighborhood big event parties	Neighborhood	7
get beyond the facility’s famous image, advertise our Tony Award, increase advertising, strengthen branding, stop burning bridges, do better work	Reputation	5
attract hipsters, give audiences more ways to interact with work, under 30 program, student membership cards, monthly membership cards, date night discounts 2 for 1, target student population with work, local celebrities as leads, backstage experiences	Build Audience	2
build/acquire parking garage, more venues, sell popcorn, build a bar	Venue Experience	1
vision alignment, annual staff reviews, extend box office hours, make box office more visible from street, elevate staff positions/titles, condense LOBs, hire more staff, cut/merge Access programs, replace saints as volunteers/ushers, saint buddy program with students	Internal Workings	1
expand board, improve/change board culture	Board of Dir.	0
increase rental costs, tighten up on rental spaces	Rentals	0
develop social media voice and strategy, improve use of social media, develop playwright’s app, improve office technology, improve website	Digital Presence	0
take back funder trip to London, apply for more grants, focus energy into one gala, more fundraising, explore untapped resources	Fundraising	0
more work in development, showcase student work	Existing Programs	0
publish new plays, new play library, film plays for sale/education	Play Exposure	0
participate in new works festivals, tour, co-produce, partner with local organizations, co-commission, do more with national new play network, partner with national new play presenters	National and International Exposure	0

Ideas (Affinity Grouped)	Group Name	Voting
eliminate emeritus status, broaden the playwrights group, workshops	Playwrights	0

Before grouping, the participants generated 60 ideas; after grouping, there are 13 credible ideas worthy of further discussion. Not bad for a process that engaged a great many people and took roughly an hour to conduct. Now it's your turn!

## Vision Statement

You have used some or all of the six tools to generate dozens of ideas, which will be very useful as you decide the best ones to use moving forward. Before doing this, however, you need to craft your vision statement. The vision statement is a “guidepost showing the way.”<sup>94</sup> It doesn't have to be lengthy or particularly descriptive. Recall Henry Mintzberg's advice, “vision – expressed even in imagery, or metaphorically – may prove a greater incentive to action than a plan that is formally detailed, simply because it may be more attractive and less constraining.”<sup>95</sup>

Sustainable strategy splits the vision into three elements:

1. The vision statement that is a clear picture of the future and is typically idealistic in texture. Usually the vision is to be achieved in three years give or take.
2. The vision strategies bring the picture to life and are typically pragmatic. They are set to be achieved in a shorter term of one to two years give or take.
3. The vision goals that directly relate to each strategy and are how you will achieve that strategy. Goals are normally set to be achieved in no more than a year.

In sum, the **vision statement tells you what direction you're heading in; the vision strategies provide the specific directions, and the vision goals tell how you will achieve the strategies.**

Like it or not, making a vision statement requires that you “see and *feel*. . . it requires a mental capacity for synthesis.”<sup>96</sup> It is not so much a deductive process as it is an art. Sometimes you will find the vision statement in just one idea out of the dozens you generated. Sometimes you will step back and see a theme emerge from all of the ideas - the “**shared picture of the future.**”<sup>97</sup>

Thinking back to the types of visions, you will recall that visions are often idealistic or pragmatic. Here are four **idealistic** vision statements:

- Be the best practice nationally that delivers comprehensive solutions
- To the next level of excellence through creativity and leadership
- The best of all
- Iconographic

And here are four **pragmatic** ones:

- Stabilize the core with diversified funding sources
- Consolidate operations to prepare for the next level
- Make effectiveness count
- More funding – more advocates

**First, look for dominant themes by reviewing what you learned from the ideation tools: customers, BOBs, great questions, stop fix, SWOT, and the BAM.** As your review the work, are there any prevailing ideas that arise? Perhaps you see a pattern of fixing things to ready your agency for the next level? Maybe you're actually you're at a point of going to that level?

A particularly good place to look for themes is the affinity-grouped BAM ideas. It could be that one or two of your affinity groups form the vision statement or that there is a wild card within all of the ideas that adds up to the vision. For example, out of more than 60 ideas to the question of "what takes us forward," a housing agency focused on just one idea for its vision statement: *to be the model for fair housing*.

**Second, ideate specifically for the vision statement.** Come up with ideas to fill in the blank for the following:

- In three years, our agency will be \_\_\_\_\_.
- We want to become \_\_\_\_\_ in three years.
- The difference between our agency today and three years from now will be \_\_\_\_\_.

**Third, polish your best candidates and put them into statements of *no more than ten words*** give or take and make sure each has a definite ***future tense***.

**Fourth, test each statement against the following checklist** from Jim Collins and Jerry Porras:

- Does it stimulate forward progress?
- Does it create momentum?
- Does it get people going?
- Does it get people's juices flowing?
- Do they find it stimulating, exciting, adventurous?
- Are they willing to throw their creative talents and human energies into it?<sup>98</sup>

Finally, if you're not satisfied with your choices, start over. If you are satisfied, choose the best one and move forward to your vision ideas.

## Vision Ideas

### Collect

The first thing to do at this point is bring together all of the credible ideas from the ideation. Ask yourself the following questions:

- What ideas did you get from talking to your **customers**?
- What ideas did you get from what your **BOBs**? Any things you're doing that the BOBs aren't doing? Anything your BOBs are doing that you're not?
- What ideas came from **great questions**?
- In terms of **stop fix**, what ideas did you find? Anything you should stop doing? Start doing? Fix?
- What did you learn from your **SWOT analysis**? Any strengths to build upon or weaknesses to address? What about taking advantage of opportunities in the external environment or confronting threats?
- Look at the **BAM** group names and see if any are ideas. Then look at all of those delicious ideas that came from the affinity grouping. Any of them keepers on their own?

Here for example are 28 ideas culled from a theatrical agency:<sup>99</sup>

All Ideas	
<ul style="list-style-type: none"> <li>• A new venue</li> <li>• Advertise subscriptions</li> <li>• Ask bigger theatres for advice</li> <li>• Become part of the citywide cultural plan</li> <li>• Cut reading series</li> <li>• Cut unnecessary LOBs</li> <li>• Festival around historical holiday</li> <li>• History trivia nights</li> <li>• Implement staff incentives</li> <li>• Improve strategies for scholar events and programming for audiences under 35</li> <li>• Increase season offerings</li> <li>• Late night historical satire</li> <li>• Look for more low-cost, low-staff LOBs</li> <li>• Look for PR opportunities and capitalize on being the only theatre solely dedicated to presenting plays inspired by history</li> <li>• Partner with other causes</li> </ul>	<ul style="list-style-type: none"> <li>• Partner with universities and city colleges (to recruit staff, volunteers, interns and performers)</li> <li>• Apply for more funding</li> <li>• Patron/student blog</li> <li>• Revamp education program</li> <li>• Seek additional sponsorships</li> <li>• Set up a resource center for patrons to visit the theatre outside of scheduled performances to encourage further learning</li> <li>• Start a theatre camp</li> <li>• Start an administration volunteer program</li> <li>• Strengthen reputation</li> <li>• Student matinees</li> <li>• Tour productions</li> <li>• Update box office and ticketing system</li> <li>• Update website</li> </ul>

## Evaluate

### Decisions – Decisions

Once you have enough ideas identified you need to reduce the list to a manageable number that you can then consider more carefully. Just how do you choose?

The way in which vision statements and strategies are finalized and readied for feasibility studies can range from “Take it to Vegas” multi-voting style in the BAM process to more nuanced ranking matrixes, and from feasibility studies to full-blown business plans. Interestingly, the exemplars in my study of high-performing executives were quite informal about this matter. Just one method stood out for the participants: “You kick around a final draft of the vision with others including staff and board; it’s a way of floating trial balloons and building ownership.”<sup>100</sup>

All things being equal, we human beings prefer the intuitive to the analytic. An analytic approach greatly improves accuracy, but “the gain in precision which accompanies an analytic approach to decision-making strategy may be offset by the danger of extreme error.”<sup>101</sup> In other words, when we use an analytic approach, we are either perfectly right most of the time or we are utterly wrong. Intuitive decision makers, on the other hand, are approximately correct all of the time without the extreme errors, which is perhaps why the only time we use analytic methods, is when we cannot use our intuition.

The idea that we’re one or the other, analytic or intuitive, is often referred to as left brain versus right brain - or as Dorothy Leonard and Susan Straus describe, “An analytical, logical, and sequential approach to problem framing and solving (left-brained thinking) clearly differs from an intuitive, values-based, and nonlinear one (right brained thinking).”<sup>102</sup> Whatever you call it, left brained or right, intuitive or analytic, all decision-making – and research for that matter – are subject to misinterpretation and misperception:

We are predisposed to see order, pattern, and meaning in the world, and we find randomness, chaos, and meaninglessness unsatisfying. Human nature abhors a lack of predictability and the absence of meaning. As a consequence, we tend to “see” order where there is none, and we spot meaningful patterns where only the vagaries of chance are operating.<sup>103</sup>

Though simple matters are best decided through conscious thinking, we should “delegate thinking about complex matters to the unconscious.”<sup>104</sup> In other words, let the decision simmer:

Use your conscious mind to acquire all the information for making a decision – but don’t try to analyze the information. Instead, go on a holiday while your unconscious mind digests it for a day or two. Whatever your intuition then tells you is almost certainly going to be the best choice.<sup>105</sup>



Like so many things in life, the resolution to the question of analytical versus intuitive is paradoxical. It is both/and as opposed to either/or. Analysis and intuition go hand in hand. Dorothy Leonard and Susan Straus elaborate that, “Rightly harnessed, the energy released by the intersection of different thought processes will propel innovation.”<sup>106</sup> And Herbert Simon argues, **the effective manager must be capable in both decision making approaches – the analytic and intuitive.**<sup>107</sup> The point is that you must use your head and your gut, but don’t trust either exclusively.

### First Cut

Many decisions we make are characterized by a “ready, fire, aim” variety popular especially with entrepreneurs.<sup>108</sup> And why not? In his best-selling book, *Blink*, Malcolm Gladwell argues that our snap judgments can be every bit as good as those decisions we carefully deliberate. Much of this is due to thin slicing, which is the ability to size up a situation quickly with very little information.<sup>109</sup>

It turns out that snap judgments based on thin slices aren’t all that astonishing. When studying chess masters who simultaneously play many opponents, make split-second moves, and beat all comers. The experience and learning from a lifetime of playing makes this possible; **intuition is simply another word for vast experience**, for “analyses frozen into habit.”<sup>110</sup>

The First Cut is a vetting process to reduce the volume of strategies to a smaller number. In the first cut, winnow down all of your ideas to 12 or so using intuition as shown in the following example:<sup>111</sup>

First Cut	
<ul style="list-style-type: none"> <li>• A new venue</li> <li>• Become part of the citywide cultural plan</li> <li>• Cut unnecessary LOBs</li> <li>• Festival around historical holiday</li> <li>• Increase season offerings</li> <li>• Late night historical satire</li> </ul>	<ul style="list-style-type: none"> <li>• Look for PR opportunities</li> <li>• Obtain more funding</li> <li>• Partner with other causes</li> <li>• Start an administration volunteer program</li> <li>• Strengthen reputation</li> <li>• Student matinees</li> </ul>

### Contenders

Ideas need to percolate, which is why time is one of the key situational variables when it comes to decision-making style. Herbert Simon offers two decision making approaches that are temporal in texture: Logical decision making is where “goals and alternatives are made explicit [while] judgmental decision making [is where] the response to the need for a decision is usually rapid, too rapid to allow for an orderly sequential analysis of the situation.”<sup>112</sup> Among the fast methods for deciding is the Payoff Matrix popularized at General Electric and shown below:<sup>113</sup>

	Tough to Implement	Easy to Implement
Big Pay-Off	Special Efforts	Quick Wins
Small Pay-Off	Time Wasters	Bonus Opportunities

Use the Payoff Matrix to reduce your ideas (six or so will do it). The following example highlights (bolded and italicized) the ideas that will move forward to finalists:<sup>114</sup>

	Contenders	
	Tough to Implement	Easy to Implement
Big Pay-off	<ul style="list-style-type: none"> <li>• <b><i>A new venue</i></b></li> <li>• <b><i>Festival around historical holiday</i></b></li> <li>• <b><i>Increase season offerings</i></b></li> <li>• Obtain more funding</li> <li>• Partner with other causes</li> <li>• Strengthen reputation</li> </ul>	<ul style="list-style-type: none"> <li>• <b><i>Cut unnecessary LOBs</i></b></li> <li>• <b><i>Student matinees</i></b></li> <li>• <b><i>Start an administration volunteer program</i></b></li> <li>• Look for PR opportunities</li> </ul>
Small Pay-off	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Late night historical satire</li> <li>• Work with the city to become part of the citywide cultural plan</li> </ul>

### Finalists

A slower and perhaps more nuanced method to rank strategies is one suggested by Burt Nanus.<sup>115</sup> **Step one is to decide what decision criteria you'll use. Next you can weigh the importance of each criterion. Third, you vote and tally.** The table below is the output from a ranking of lines of business against weighted selection criteria chosen in a BAM process at an arts organization:<sup>116</sup>

Criteria	WT	Finalists					
		A New Home	Student Matinees	Increase PR	Cut needless LOBs	Admin. Volunteer Program	Festival Around Historical Holiday
Plays to competitive advantage	5	20	15	15	25	5	25
Brings vision statement to life	5	25	25	25	5	10	25
Mission fit	4	4	20	4	12	4	20
Profitable	3	15	9	12	15	15	15
Fundable	4	20	20	4	4	4	20
Achievable	3	12	12	12	15	12	12
	Total	96	101	72	76	50	117

You can use a matrix like this and include your values, your mission including customers, difference, and advantage, and the results from the question *what holds you back*. **The nice thing about this method is that it forces you to think about the criteria that matter, which may help prevent our altogether too human tendency to fit data to the decision we were going to make in the first place.**

Whatever criteria you choose, the question is not so much about which idea is the best, as much as it is about which ideas are weakest. Remember, “The essence of strategy is choosing what *not* to do.”<sup>117</sup>

Step one is to decide what decision criteria you’ll use. Next, you can weigh the importance of each criterion. Third, you vote and tally. Winnow your ideas from six to three or so using the Weighted Decision Matrix.

### Great Ideas Summary

Close with a succinct one-paragraph summary of what you discovered including your final three great ideas. Remember that your summary tells the reader *what you found*, not how you found it. You will use this summary and the ones from subsequent reports to construct your executive summary in the Great Strategies Report. For example, the following is the summary from the theatre organization:<sup>118</sup>

Using six tools to ideate and four methods to evaluate, I discovered three great ideas for the theatre:

**A festival around a historical holiday** – The theatre imagines an outdoor summer festival on July 4<sup>th</sup> weekend. The organization is most excited about exploring this strategy because of the potential outreach to new audiences and PR opportunities.

**Perform student matinees** – Student matinees would simply remount a production from the season and would allow the organization to have a greater impact with local schools and History students.

**Build a new and better home** – A new home would better serve the theatre’s growing audience and would provide a platform that is more appropriate for the vision.

These ideas promote the new vision to become a preeminent Chicago arts organization and are likely to attract national attention. Furthermore, they are pragmatic enough to achieve and idealistic enough to incentivize action. It is the hope of this report that these strategies will propel the theatre forward and transform the organization into all that it aspires.

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### ENDNOTES

- <sup>1</sup> (Bennis & Nanus, 1997, p. 17; J. Collins & Porras, 1991, p. 30; Covey, 1989, p. 101; De Pree, 1989, p. 9; Kotter, 1990, p. 5; Kouzes & Posner, 1995, p. 95; Senge, 1990, p. 206)
- <sup>2</sup> (Senge, 2006, p. 192)
- <sup>3</sup> (Berson, Shamir, Avolio, & Popper, 2001, p. 54; Conger, 1989, p. 29; J. W. Gardner, 1990, p. 130; Sashkin, 1995, p. 403; Tichy & Devanna, 1986, p. 28)
- <sup>4</sup> (Bennis, 1989, p. 194)
- <sup>5</sup> (Vaill, 2002, p. 18)
- <sup>6</sup> (Vaill, 2002, p. 28)
- <sup>7</sup> (Yukl, 2002, p. 283)
- <sup>8</sup> (Bennis & Nanus, 1997; Larwood, Falbe, Miesing, & Kriger, 1995)
- <sup>9</sup> (Kotter, 1990, p. 68)
- <sup>10</sup> (Mintzberg, 1994, pp. 209-210)
- <sup>11</sup> (Strange & Mumford, 2002, p. 344)
- <sup>12</sup> (Nanus, 1992, pp. 8-9)
- <sup>13</sup> (Kotter, 1990)
- <sup>14</sup> (Mintzberg, 1994, p. 293)
- <sup>15</sup> (Korn, 1989, p. 157)
- <sup>16</sup> (Kotter, 1996; Larwood et al., 1995; Nanus, 1992)
- <sup>17</sup> (Bennis & Thomas, 2002)
- <sup>18</sup> (Rigby & Bilodeau, 2011)
- <sup>19</sup> (Bass & Stogdill, 1990)
- <sup>20</sup> (Rafferty & Griffin, 2004, p. 348)
- <sup>21</sup> (Shamir, Zakay, Breinin, & Popper, 1998, p. 400)
- <sup>22</sup> ("All in a day's work," 2001, p. 58)
- <sup>23</sup> (Tichy & Cohen, 1997, p. 173)
- <sup>24</sup> (Bennis & Nanus, 1997; Crosby, 1979, p. 66; Kotter, 2000; Tichy & Cohen, 1997, p.

- 173; Wheatley, 1999, p. 95)
- <sup>25</sup> (Heifetz, 1994, p. 24)
- <sup>26</sup> (Conger, 1989, p. 38; Kouzes & Posner, 1995, p. 119; Senge, 1990, p. 208)
- <sup>27</sup> (H. Gardner & Laskin, 1995, p. 11)
- <sup>28</sup> (House & Shamir, 1993, p. 97)
- <sup>29</sup> ("Yelp," 2004-2014)
- <sup>30</sup> (Mintzberg, 1994, p. 115)
- <sup>31</sup> ("Yelp," 2004-2014)
- <sup>32</sup> (Guskin, 1997, bolding added)
- <sup>33</sup> (Rowe, 2001, p. 82)
- <sup>34</sup> (J. C. Collins & Porras, 1996, p. 73)
- <sup>35</sup> (Bronson, 2003, p. 75)
- <sup>36</sup> (as cited in Arden, Wall, & White Deer of Autumn, 1990, pp. 14-15)
- <sup>37</sup> (Conger, 1989, p. 66)
- <sup>38</sup> (Salamon, Geller, & Mengel, 2010, p. 11)
- <sup>39</sup> (Salamon et al., 2010, p. 14)
- <sup>40</sup> (Drucker & Collins, 2008, p. 23)
- <sup>41</sup> (Drucker & Collins, 2008, p. 28)
- <sup>42</sup> (Drucker & Collins, 2008, p. 29, bolding added)
- <sup>43</sup> (Majeska, 2001, p. 247)
- <sup>44</sup> (T. J. Peters & Waterman, 1982, p. 156)
- <sup>45</sup> (Buckingham, 2007, p. 6)
- <sup>46</sup> (Rigby & Bilodeau, 2013)
- <sup>47</sup> (Rigby & Bilodeau, 2015)
- <sup>48</sup> (Saul, 2004, p. 1 italics added)
- <sup>49</sup> (Stigler, 1958, p. 58)
- <sup>50</sup> (Oster, 1995, p. 42)
- <sup>51</sup> (Bhide, 1994, p. 150)
- <sup>52</sup> (Bhide, 1994, p. 151)
- <sup>53</sup> (Bhide, 1994)
- <sup>54</sup> (Salamon et al., 2010, p. 3)
- <sup>55</sup> (Kim & Mauborgne, 2004, p. 80)
- <sup>56</sup> (Lovallo & Kahneman, 2003)
- <sup>57</sup> (Lovallo & Kahneman, 2003, p. 60)
- <sup>58</sup> (Schumpeter, 1983)
- <sup>59</sup> (Dees, 2001, pp. 163-164)
- <sup>60</sup> (Dees, 2001, p. 169)
- <sup>61</sup> (Allison & Kaye, 2005, pp. 106-107)
- <sup>62</sup> (Brewster, 2008, p. 63)
- <sup>63</sup> (Brewster, 2008, p. 63)
- <sup>64</sup> (Helm & Andersson, 2010)
- <sup>65</sup> (Helm & Andersson, p. 263)
- <sup>66</sup> (Ansoff, 1957)
- <sup>67</sup> (Ansoff, 1957, p. 113, bolding added)
- <sup>68</sup> (Carroll & Mui, 2008; Nolop, 2007)

- <sup>69</sup> Thanks to Dottie Bris-Bois for sharing this example.  
<sup>70</sup> (Kim & Mauborgne, 2004, p. 80)  
<sup>71</sup> (T. J. Peters & Waterman, 1982, p. 293)  
<sup>72</sup> (Salamon et al., 2010, p. 7)  
<sup>73</sup> (Staw, 1976)  
<sup>74</sup> (Porter, 1996, p. 70, bolding added)  
<sup>75</sup> (Abbreviated from Hedley, 1977)  
<sup>76</sup> (Gruber & Mohr, 1982, p. 17)  
<sup>77</sup> (Adapted from MacMillan, 1983, pp. 65-68)  
<sup>78</sup> (MacMillan, 1983, p. 68)  
<sup>79</sup> Thanks to Dottie Bris-Bois for sharing this example.  
<sup>80</sup> ("All in a day's work," 2001, p. 56)  
<sup>81</sup> (Mintzberg, 1994, pp. 277-279)  
<sup>82</sup> (McLaughlin, 2002)  
<sup>83</sup> Thanks to Dottie Bris-Bois for sharing this example.  
<sup>84</sup> (Hitt, Ireland, & Hoskisson, 2009, p. 36)  
<sup>85</sup> (Hitt et al., 2009, p. 37)  
<sup>86</sup> (Hitt, Ireland, & Hoskisson, 2013, p. 39)  
<sup>87</sup> Thanks to Dottie Bris-Bois for sharing this example.  
<sup>88</sup> (Moyers & Enright, 1997)  
<sup>89</sup> (Holland & Blackmon, 2000, p. 7)  
<sup>90</sup> (Bryson, 1995, p. 139)  
<sup>91</sup> (Drucker, 1985, p. 68)  
<sup>92</sup> (Porter, 1996)  
<sup>93</sup> Thanks to Dottie Bris-Bois for sharing this example.  
<sup>94</sup> (Nanus, 1992, pp. 8-9)  
<sup>95</sup> (Mintzberg, 1994, p. 293)  
<sup>96</sup> (Mintzberg, 1994, pp. 270-272)  
<sup>97</sup> (Senge, 1990, pp. 9, bolding added)  
<sup>98</sup> (J. C. Collins & Porras, 1994, pp. 95-96)  
<sup>99</sup> Thanks to Dottie Bris-Bois for sharing this example.  
<sup>100</sup> (Light, 2007)  
<sup>101</sup> (J. Peters, Hammond, & Summers, 1974, p. 131)  
<sup>102</sup> (Leonard & Straus, 1997, p. 113)  
<sup>103</sup> (Gilovich, 1991, p. 9)  
<sup>104</sup> (Dijksterhuis, Bos, Nordgren, & van Baaren, 2006, p. 1007)  
<sup>105</sup> (Dijksterhuis, 2007, p. 32)  
<sup>106</sup> (Leonard & Straus, 1997, p. 121)  
<sup>107</sup> (Simon, 1987)  
<sup>108</sup> (Hammond, Keeney, & Raiffa, 1998)  
<sup>109</sup> (Gladwell, 2005)  
<sup>110</sup> (Simon, 1987, p. 63)  
<sup>111</sup> Thanks to Dottie Bris-Bois for sharing this example.  
<sup>112</sup> (Simon, 1987, p. 57)  
<sup>113</sup> (Ulrich, Kerr, & Ashkenas, 2002, p. 137)

<sup>114</sup> Thanks to Dottie Bris-Bois for sharing this example.

<sup>115</sup> (Nanus, 1992)

<sup>116</sup> Thanks to Dottie Bris-Bois for sharing this example.

<sup>117</sup> (Porter, 1996, p. 70)

<sup>118</sup> (Porter, 1996, p. 70)