

The UNITE Strategic Options Matrix

The UNITE Strategic Options Matrix allows us to identify and assess the Strategic Options of a firm. How are we going to adapt to changing conditions, what should be our next strategic moves, what approach should we take? This tool will help your team think through your options.

A part of the Digital Leadership Strategy Management Reference Content: #DL-MS-SM-SOM.
More information on this model is [available here](#).

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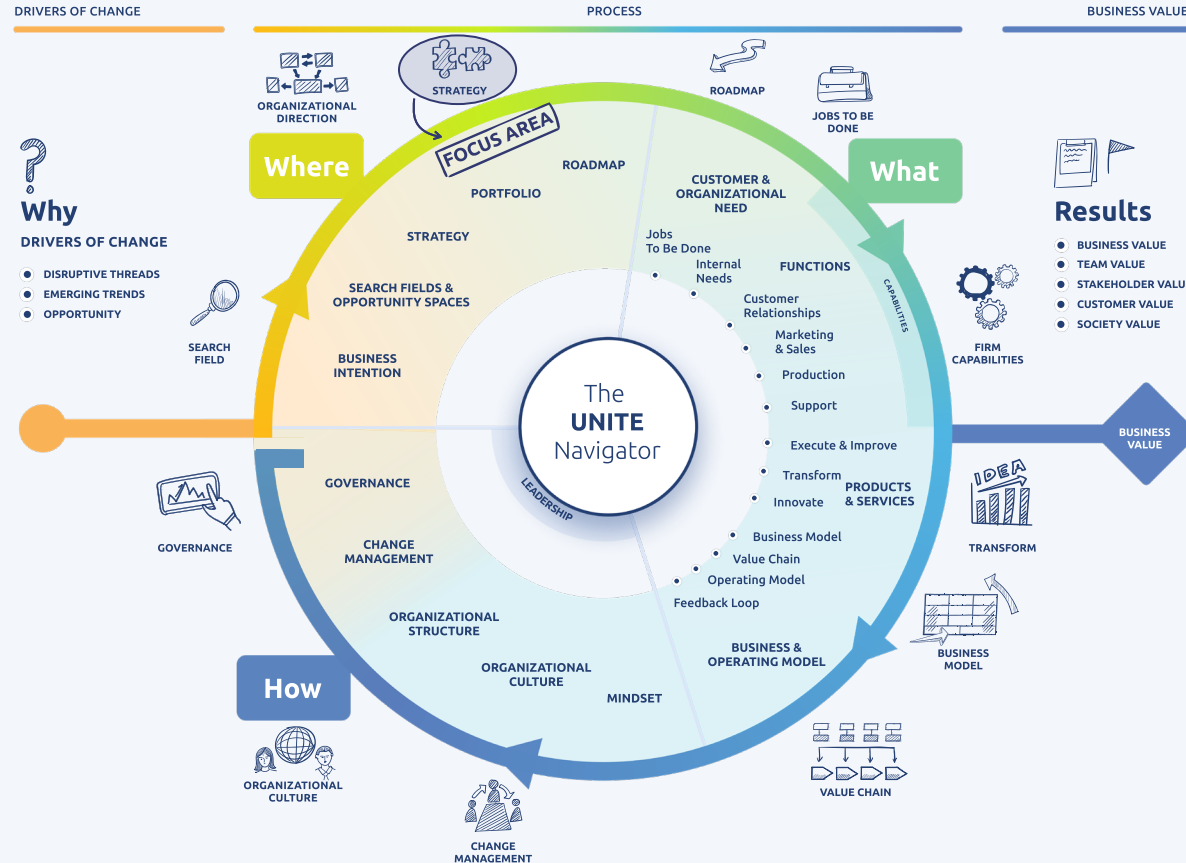
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THE UNITE NAVIGATOR – An overview and introduction to all UNITE models



- > The UNITE models are the by far largest library of innovation and transformation models on the Internet. They cover all areas of digital strategy, innovation, transformation as well as any related field.
- > The UNITE Navigator provides an introduction and overview of all digital-related fields.
- > As part of today's presentation, we will focus on *strategy as a domain* and *which highest-level strategic options you should be pursuing as a firm*.

THE UNITE BUSINESS INTENTIONS

Exploit new opportunities based on newly available technologies (such as Virtual Reality, Augmented Reality, Blockchain or Artificial Intelligence)?

Attack a related space for which you have a massive vision?

Leverage your existing Customer Value Proposition with the creation of adjacent products?

Recreate your existing Value Proposition for the digital age?

Enhance an existing product with an additional service proposition?

Diversify to spread risk?

Internationalize with a digitally-enabled model?

Disrupt yourself before someone else does?

Create a stock of innovations that you can quickly deploy when you face competition from new entrants or other external factors?

Disrupt your commercial chain to create a direct relationship with customers, i.e., convert B2B2C to B2C?

So what is your intention?

Reduce innovation risk?

Digitalize your sales channels?

Future-proof your organization?



The UNITE Business Intentions

- > Your Business Intention is a key directional decision that will define on the highest level what you are after.
- > What problem do you want to solve? What legacy do you want to leave behind?

Defining the direction with the help of a Business Intention

The first step on any strategic initiative is to carefully consider what you as an organization are really after, in other words, your Business Intention.

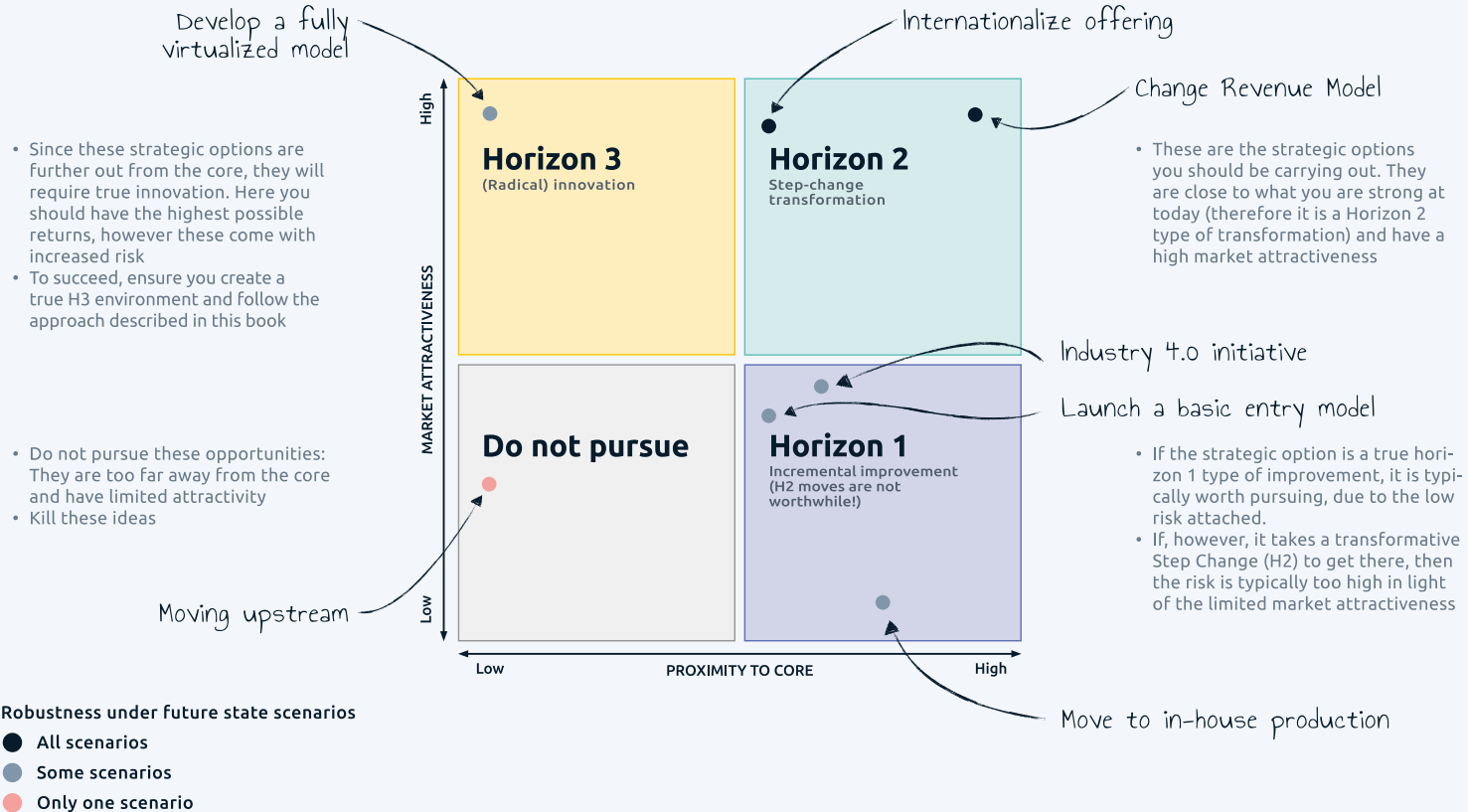
What problem do you want to solve? What legacy do you want to leave behind?

Your Business Intention (sometimes also called "Motivation") is a key directional decision that will define on the highest level what you are after.

It is important to put it in writing. Often, we find that firms do not explicitly define their intention, – this later often results into initiatives that do not match the original intention and are thus outside of the intended scope! Covering the intention well is critical also from another perspective: fears motivate us 7x more strongly as opposed to the outlook of winning something. This is why clearly defining a situation we want to avoid is a highly relevant exercise. Beyond, a business intention is more pertinent than a bold vision, since it is precise and directive.

Your intention can take various shapes and will heavily influence your subsequent objectives, so be careful when choosing. If you are having trouble determining an intention, consider some of these options.

THE UNITE STRATEGIC OPTIONS MATRIX - *Exemplary* Strategic Options plotted against Market Attractiveness and Proximity to Core



Background to the UNITE Strategic Options Matrix

Why we use it

The corporate list of possible strategic options includes incremental improvements, step-change transformations and radical innovations.

Although the most effective move is often a lateral one into a nearby adjacent market, sometimes, to keep up with the pace of change, you need a more radical transformation. The UNITE Strategic Options Matrix will help you identify your options and plot your solutions within the 3 Horizons of Growth.

How it works

In any business, the list of strategic options is long and the competition for resources is fierce. This makes choosing the right strategic path inherently difficult and—considering the stakes—critically important.

The UNITE Strategic Options Matrix allows you to collect all the strategic options you see and plot them on a diagram along two dimensions:

- Their **relative Market Attractiveness** and
- Their **Proximity to the Core of your organization.**

This allows you to not only understand how attractive your options are, even more importantly, it allows you to understand how likely to be to successfully execute these strategic options.

What is the goal

Using your resources wisely. Maybe you are considering an optimization that you realize is actually a real transformation. Should you pursue it? If it has high market attractiveness, go for it! If not, it's probably not worth the effort. Your organization has limited time, energy and resources to commit. Make sure you are using them wisely. And build a portfolio across all horizons – any single horizon will not ensure your long-term survival.



The UNITE Assessment of Strategic Moves

The Assessment of Strategic Moves shows us that risks increase with additional steps away from the current economic core of an organization. Leverage this tool to think about which steps you are making and how far afield you are going from your core.

A part of the Digital Leadership Strategy Management Reference Content: #DL-MS-SM-SOM.
More information on this model is [available here](#)

THE UNITE ASSESSMENT OF STRATEGIC MOVES

	HORIZON 1 Improve	HORIZON 2 Transform			HORIZON 3 (Radically) innovate
BUSINESS MODEL DOMAINS	Current Core Business Model	1-step move	2-step move	3-step move	Full diversification
VALUE MODEL	No change to the as-is Business Model	Limited changes to one or max 2 Business Model Areas	Major change to one or max. 2 areas	Complete change to one area	Complete change to more than one area
SERVICE MODEL					
EXPERIENCE MODEL					
OPERATING MODEL					
REVENUE MODEL					
COST MODEL					
	LowEconomic distance from coreHigh				
	› Limited change = less risk › Existing customer groups		› Increased unknowns = higher risk › New customer groups		

Background to the UNITE Assessment of Strategic Moves

Why we use it

When considering ways to stay ahead of the curve and future proof your business, the question often arises, "How innovative do we need to be?"

The surprising answer is - not very. The history of corporate transformation demonstrates that you do not have to go far afield to uncover effective ways to innovate. You are more likely to be successful if you seek change in your own backyard. We use the Assessment of Strategic Moves to think about the risks and rewards of moving farther afield.

How it works

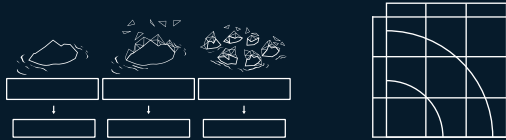
While the pay off from radical transformation can be bigger, it is inherently riskier because increasing complexity and more unknown factors decrease the odds of success. Conversely, the closer you stay to your core, the higher your probability of a successful transformation.

Thus, an expansion strategy should be based on a series of moves into adjacent areas away from, but related to, the core business, such as new product lines or new distribution channels. These sequential moves carry less risk than diversification, yet they can create enormous competitive advantage, because they stem directly from what the company already knows and does best.

What is the goal

Less risk, more reward. Your differentiating activities are the core of your business and your brand. The further you move away from them, the greater the risk of upsetting the balance of your organization. Therefore, the best approach for adapting to changing market conditions is to stick with most of what you have today—your existing customers, channels, capabilities, value creation setup, etc.—and to just move into adjacent areas as you see opportunities for solving a related problem in a new space.

- > Please read the related chapter in the book to fully understand the assessment of Strategic Moves:
www.digitalleadership.com/createinnovation



The UNITE Horizons of Growth

The UNITE Horizons of Growth are a breakthrough model that allows organizations to understand the three levels on which growth happens. Uniquely, this model demonstrates not only the "what," but also the "how" and "where."

A part of the Digital Leadership Strategy Management Reference Content: #DL-MS-SM-UHG.
More information on this model is [available here](#)

THE UNITE HORIZONS OF GROWTH

The 3 Horizons of Growth



The 3 Horizons of Growth in context

- > Importantly, how you go about change is very different depending on which Horizon of Growth you are working on...
- > Download the full UNITE Horizons of Growth Download Package here:

↓ THE UNITE HORIZONS OF GROWTH

Background to the 3 Horizons of Growth

To be an organization that successfully manages its core *and* creates new things, an organization needs to allocate its resources across 3 Horizons—it has to keep its day-to-day business running, while transforming its core business and creating new business models. Thus, each horizon is defined by whether it is working to *improve* an existing business, *transform* an existing business, or *search for / innovate* entirely new business models.

- > **Improve—Horizon 1:** Improving a business (model) means making incrementally small changes in order to execute your current systems and processes more effectively. This is well understood, since this is what most people work on every day.
- > **Transform—Horizon 2:** Transforming an existing business (model) is focused on evolving your existing business in new ways—you seek to change at least one part of your business model in a more significant way, i.e., a step-change.
- > **Innovate—Horizon 3:** Innovating a new business model is focused on radical innovation—you venture beyond and explore unknown business models through an innovation of the business model itself.

As you can imagine, each horizon requires a different approach, different management, different tools and different goals.

Therefore, while the distinction the 3 Horizons model offers may sound trivial, it is in fact critical **because a different context and purpose require a different approach.**

Organizations fail to digitalize because they attempt to apply the same techniques to Horizons 2 and 3 as they did to Horizon 1. McKinsey reports that this leads to a 30% success rate for Horizon 2 transformations and much less when it comes to innovation in Horizon 3. This is why this seemingly trivial distinctions between the 3 Horizons is critical to understand.

The 3 Horizons model also provides another important insight: an organization has to transform its existing business and at the same time innovate to shape its future. Experts refer to this as a “dual transformation” or an “ambidextrous organization”—in short, an organization that manages to do both: maintain its core and innovate.

Thus, understanding which horizon you are working on is incredibly useful. The problem is that in practice most organizations do not discriminate between the 3 Horizons: often the approaches from Horizon 1 are applied everywhere since those are the ones that everyone is familiar with.

THE UNITE HORIZONS OF GROWTH

HORIZON	1 – IMPROVE	2 – TRANSFORM	3 – INNOVATE
KEY PROPERTIES	Execute & incrementally improve an existing business	Develop & implement a step-change improvement to an existing business	Create a radically new business model
WHERE	Working on the core business inside the organization	Moving temporarily outside the business to develop a transformation that will be applied to the core through change management	Working in a space outside the organization to search for new business models and capture blue ocean opportunities
PURPOSE	Exploit current resources and capabilities	Pursue new opportunities to transform the core business	Create new avenues of growth with (possibly disruptive) business models
APPROACH	Execute: incremental, sustaining	Search: configure a step-change to an existing business model	Search: build a radically new business model
BUSINESS MODEL	Known: executing the business model	Partially understood: testing/validating an iterated business model	Unknown: in search of a business model
CHANGES TO THE BUSINESS MODEL	At most incremental (often no change at all)	Step-change to at least one domain (with impact on the others!)	New/radical
STRATEGIC INTENT	Reduce costs/increase profits	Growth/resilience	Innovation
COMPETENCIES	Operational	Change management	Entrepreneurial
CRITICAL TASKS	Operations, efficiency, incremental innovation	New Product/service development, change management, organizational change	Adaptability, new products/service breakthrough innovation
CULTURE	Efficiency, low risks, error prevention	Opening-up, adaptability	Risk-taking, speed, flexibility, experimentation
EXPECTED RISK	Low	Moderate	High
POTENTIAL REWARD	Low (single digit growth)	Medium (double digit growth)	High (triple digit growth)

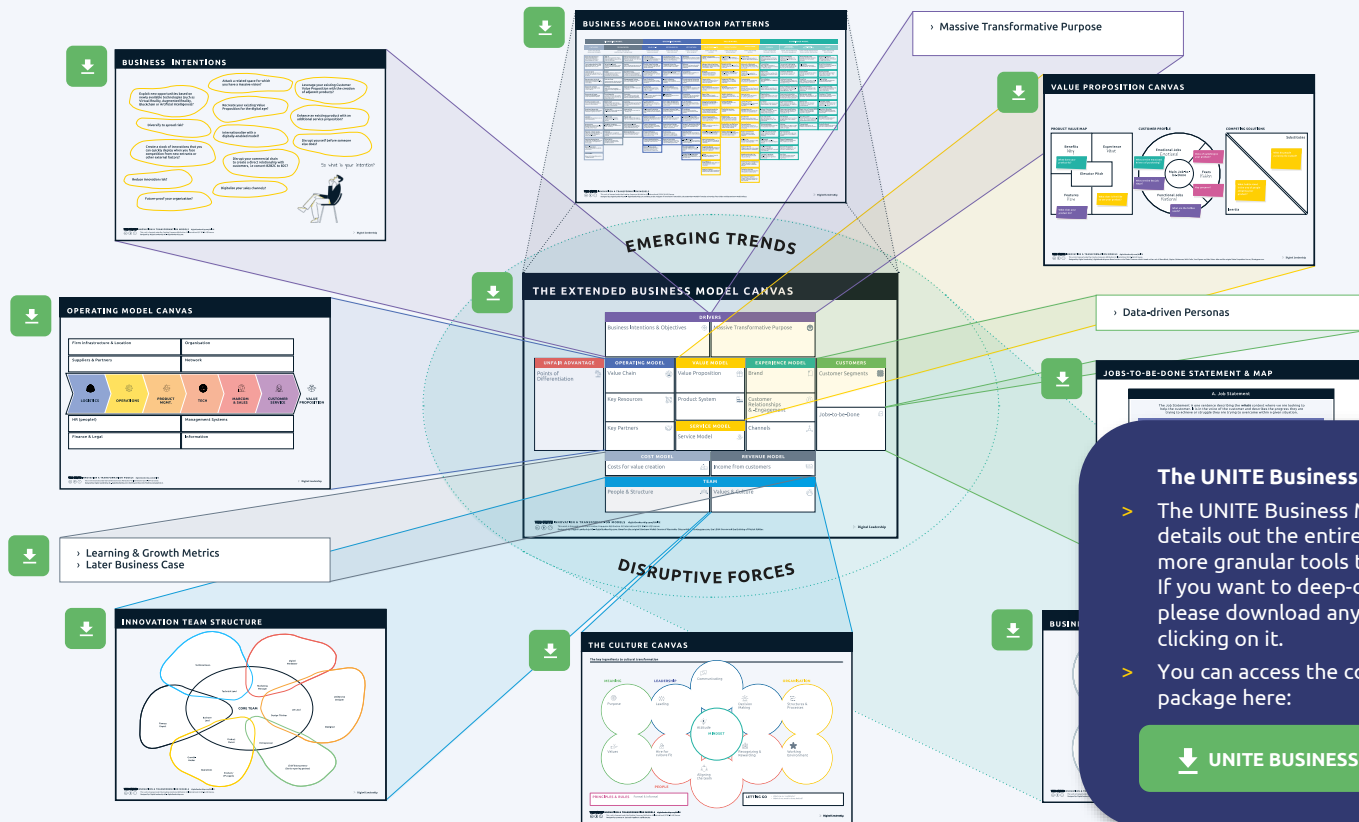
The way of thinking:

- > As you can see, each Horizon of Growth has a drastically different purpose, approach, business model, strategic intent etc. When you go through a Digital Transformation, make sure to adapt accordingly.
- > In How to Create Innovation, we provide an in-depth discussion of why digital transformations are so tough to get right and how to approach a digital transformation to be successful.
- > Please download the full UNITE Horizons of Growth Download Package – it is one of the most critical tools to increase the chances of success:



THE UNITE HORIZONS OF GROWTH

OVERVIEW OF THE ENTIRE UNITE BUSINESS MODEL FRAMEWORK – which helps you understand the role of the Business Model Canvas in context



The UNITE Business Model Framework

- > The UNITE Business Model Framework details out the entire Business Model into more granular tools that you can work with. If you want to deep-dive on a particular area, please download any related model by clicking on it.
- > You can access the core Business Model package here:

[UNITE BUSINESS MODEL FRAMEWORK](#)

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At Digital Leadership Experience, we specialize in the development of strategic design solutions at the highest level. With 10 years of experience in Brand Development, Brand Design and Brand Communication, I have had the pleasure of working for both start-ups and leading brands including Audi, Amazon, BNP, Occhio and Lufthansa. Through the development of strategic corporate design solutions and strong brands, Digital Leadership Experience helps companies turn their brands' messages into emotional experiences that inspire people. A powerful brand is the key to winning the favor of customers, earning their loyalty for the long term, and succeeding in global competition. We are driven by passion, enthusiasm and creativity – with the aspiration for outstanding design.

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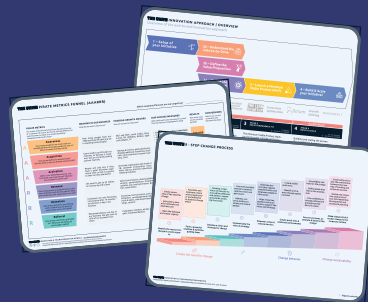


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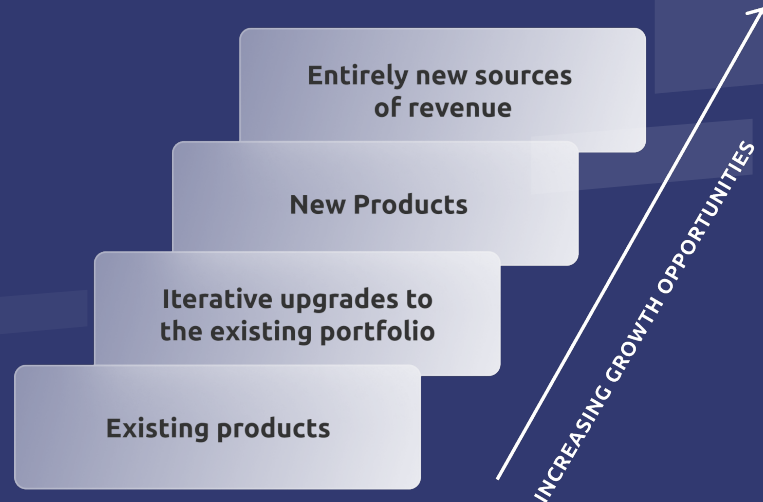
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Digital transformation is an art few manage well

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Digital transformation is often much more complex than we think. You often touch one element to find out that it has systemic impacts on all other areas.

In addition, we find strategies to be stuck too often in silos. Rather than focusing on one bit, we bridge the silos, develop a vision everybody will buy into, and create a unifying strategy and roadmap for getting there, including realigning the value-, service-, experience- and operating model.



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