

A Framework for Strategic Decision-Making

Demand Driven and Strategic Planning

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The Challenge

One can argue that making decisions today is more challenging than it was 5 years ago. Why?

Making... Smart Choices

- PrOACT Framework

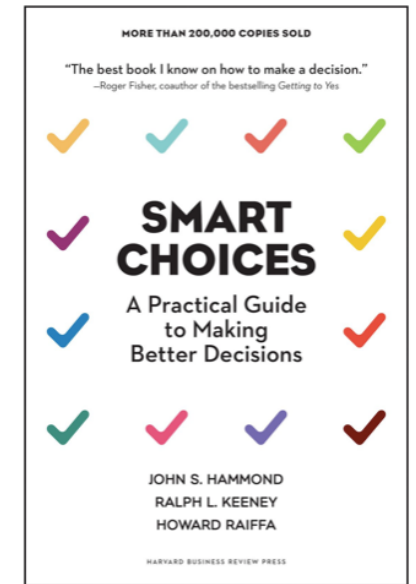
1 - Problem

2 - Objectives

3 - Alternatives

4 - Consequences

5 - Trade-Offs



2 Points:

- ✓ Focus more on important issues
- ✓ Disciplined use of the process will clarify the decisions



PROBLEMS

NO MATTER HOW GREAT AND DESTRUCTIVE YOUR PROBLEMS MAY SEEM NOW,
REMEMBER, YOU'VE PROBABLY ONLY SEEN THE TIP OF THEM.

1 - Defining the Problem

On the importance of defining the right problem:

“A good solution to a well-posed decision problem is almost always a smarter choice than an excellent solution to a poorly posed one.”

Smart Choices, page 16

Why don't we define the 'right' problem?

- Haste (hurry);
- Laziness;
- Lack of attention (listening);
- Lack of perspective;
- Lack of creativity;
- Focus on symptoms not causes;
- Bias...

1 - Defining the Problem...



1 - Defining the Problem – Frame of Questions

- **What do you need?**
- **What triggered the decision for this problem statement? Why am I considering it?**
 - Watch out for problems here....
- **Question the constraints in your problem statement (what do we miss in our problem?)**
 - These may be limiting your alternatives to see everything
- **What are the essential elements that are components of our defined problem?**
 - Think of these as sub-questions/mini-problems
- **Understand what other decisions relate on this problem decision**
 - Will you set precedent, will this trigger other decisions?
- **Consider the scope of your decision of the problem**
 - Just how broad or narrow should your focus be?
- **Seek outside perspective, or an alternative way to define the problem**
 - Can be critical in stretching your thinking, seeing alternative ways of framing the problem



CAREER FEATURE • 13 FEBRUARY 2019

How business-savvy scientists can find success in the risky start-up world

In the first of a three-part series on science start-ups, Nature Careers explores how scientists with a sound business idea can thrive as entrepreneurs, and why leaving academia isn't required.

Although there's no way to ensure that any new company will be a blockbuster, business-savvy scientists can maximize their chances of success. Marcos Fava Neves, an expert in business planning at the University of São Paulo in Brazil, has started several companies, including the business-consulting firm Markestrat in São Paulo. The companies that succeed, Fava Neves says, combine the ability to anticipate changes in the marketplace with a passionate and cohesive team and a desirable product. "We have to do what people want, not what we know how to do and think they want," he says.



Geneticist Brittany Barreto (right), chief executive of dating company Pheramor, with her co-founders. Credit: Michael Starghill, Jr.

Markestrat
value generation

FGV EAESP

fea-RP

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Agro

Kraft Heinz

NASDAQ: KHC

[+ Seguir](#)

33,15 USD **-0,020 (0,060%)** ↓

8 de abr 12:36 GMT-4 · Exoneração de responsabilidade

Um dia

5 dias

1 mês

6 meses

YTD

Um ano

5 anos

Máx



Abertura	33,23
Alta	33,25
Baixa	32,96
Cap. merc.	40,46 bi
Pr./lucro	-

Rend. div.	4,82%
Fech. ant.	33,17
Alt 52 sem	64,99
Bai 52 sem	31,53



Markestrat[®]
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PROBLEMA

Ataque do Governo
Mídia e Sociedade
em relação aos
benefícios fiscais
dados em Goiás

Método

Levantar indicadores
que mostrem benefícios
econômica

SOCIAL

AMBIENTAL

Quant
Não podem individuais

Agregados em tabelas
unificadas

Quali que queira contar
história de destaque

2000	2001
R\$	
2000	
2001	

Fuente

- 1- Introduzir
- 2- Objetivos
- 3- Método
- 4- Políticas de Incentivos
ao investimento
up to date

FISCAL	INCENTIVOS FISCAIS	INCENTIVOS NÃO FISCAIS
...	...	...

Exemplos - Paraná / RJ / SP

- 5- O Programa Incentivo em Goiás

criar 50

- 6- Análise Benefícios Agreg. 20

* Somatório 5 casos cidades
antes depois

- 7- Cálculo Análise
- 8- Referências

2013

- empregos
- receita
- empresas
- carros

2000

Quilômetros

900 3300

TEXTOS

- 1- GERAL
- 2- CANAL

+ VIDEO 10 minutos
para cada

+ Artigo grande mídia

MKS - Relacionamento

OFERTA FUTURA

↳ mini caso
das empresas (R\$)
Videos / depoimento

⇒ Artigos científicos
NAC + INT

inicial
SIGRES / VIT
point

CARTA DAS EMPRESAS

- problema
- objetivo
- método
- confidencialidade
- perguntas
- formato de envio
- prazo

2 - Objectives

- **Objectives are your decision criteria**
 - Good objectives, like good problem definition, make your analysis much easier
 - Become your evaluation criteria for assessing alternatives (if we miss the objective)
- **Defining the Objectives:**
 - Help determine what information to seek
 - Help you explain your choice to others
 - Help determine how important the decision is
- **Some ideas:**
 - Write down all concerns you hope to address;
 - Convert your concerns into succinct objectives;

Concerns Objectives

3 – Alternatives (I)

- Can't pick an alternative you have not considered
- Your choice can be no better than the best of your set of alternatives
- In the world you work in, there is a tendency to short-change this step
- Process alternatives: vote, auction, standards
- Win-win alternatives: what is 'their' decision problem?
- Information-gathering alternatives: real-option thinking
- Time-buying alternatives: real-option thinking

Better alternatives:

- Use your objectives – ask how?
- Challenge constraints: real? workarounds? solution without the constraints?
- Set high aspirations: open up possibilities
- Learn from experience: look outside
- Create alternatives, then evaluate

Constraints on our thinking about alternatives:

- Do business as usual: 'what did we do last year'
- Incrementalizing: 'tweak the last campaign'
- Default alternatives: 'we can always do that'
- First possible solution: 'meeting over, let's play golf!'

4 – Consequences (I)

Describe consequences of each alternative for each objective:

- Step 1. Mentally put yourself in the future
- Step 2. Create a free-form description of the consequences of the alternative
- Step 3. Eliminate any clearly inferior alternatives
- Step 4. Organize remaining alternatives into a consequences table



"Say ... what's a mountain goat doing way up here in a cloud bank?"

Sometimes we just interpret information incorrectly...

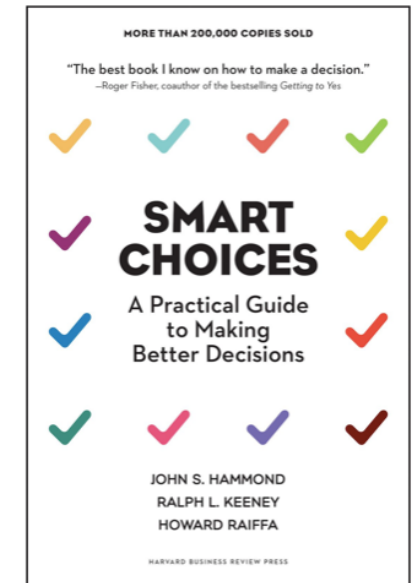
ProACT Framework

- 1 – Problem
- 2 – Objectives
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4 – Consequences (II)

Build a Consequences Table

Alternative/ Objective	Alternative 1	Alternative 2
Objective 1	CONSEQUENCES	
Objective 2		



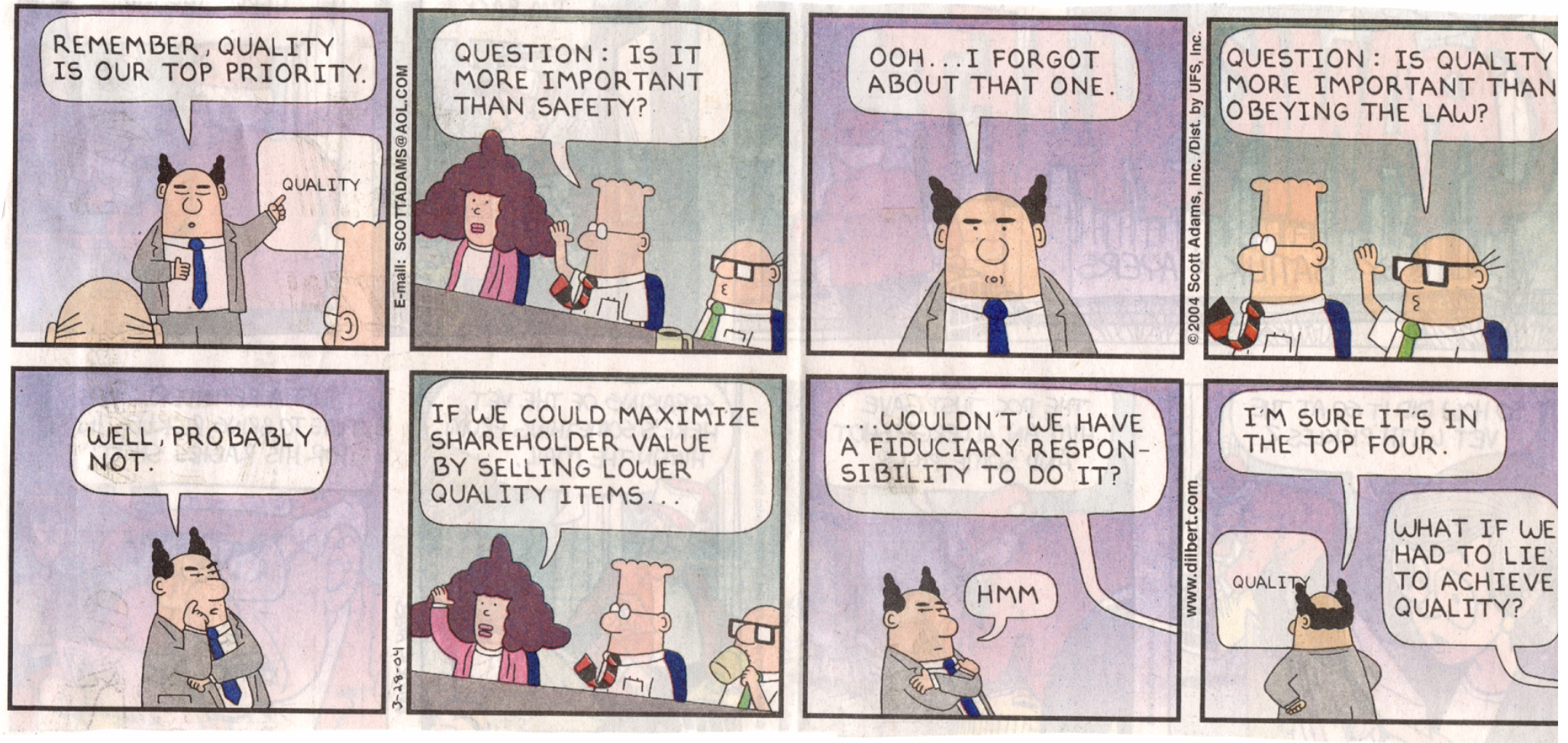
Example of Consequences to a Cooperative

Alternative/ Objective	Do Nothing	New Pricing/ Scheduling Program
Maximize Long-term Profitability	Very profitable in short run. No capital investment, max throughput, repairs may increase some. More overtime.	No capital investment. Need management time on program development. Sales staff need training, also time to sell program. Will utilize equipment over longer period.
Maintain/Enhance Customer Satisfaction	Neutral to negative. Some won't feel limited capacity. Some we won't be able to serve, or won't be able to serve on their terms.	Relationship builder. Pro-active approach. Difficult to be flexible without cost, so some relationships will be damaged.

PrOACT Framework

- 1 – Problem
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- 5 - Trade-Offs

5 - Tradeoffs



5 - Tradeoffs

Making Tradeoffs

- You need to give up something on one objective to achieve more on another
- Decisions with multiple objectives cannot be resolved by focusing on any one objective.
- Eliminate alternatives which are dominated by other alternatives:
 - If A is better than B on some objectives, and no worse on all others, A dominates B
 - Practical dominance implies that even if B is slightly better on 1 or more objectives, the improvement offered by B is not enough to offset A's superiority
 - Use a ranked Consequences Table to determine dominance, eliminate alternatives.

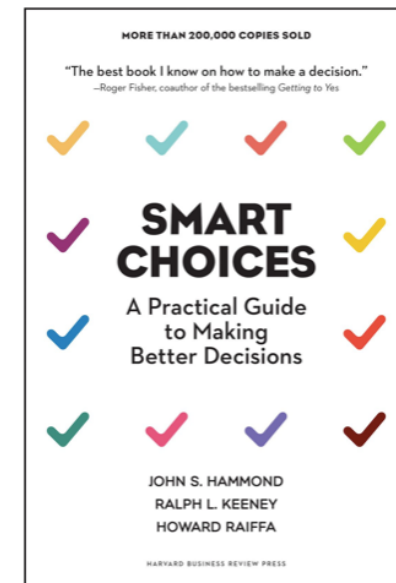
PrOACT Framework

- 1 – Problem
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Build a Ranked Tradeoffs Table

Alternative/ Objective	Alternative 1	Alternative 2
Objective 1		
Objective 2		



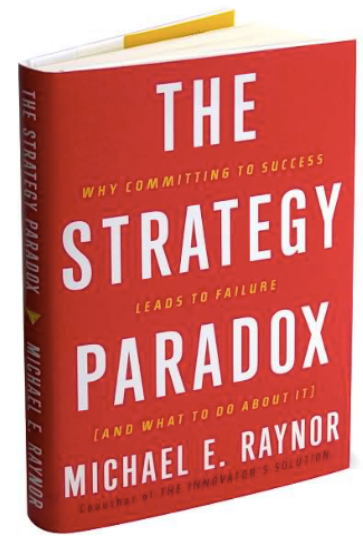
PrOACT Framework

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Cooperative Tradeoffs

Alternative/ Objective	Do Nothing	New Pricing/ Scheduling Program
Maximize Long-term Profitability	Very profitable in short run. No capital investment, max throughput, repairs may increase some. More overtime. 2.	No capital investment. Need management time on program development. Sales staff need training, also time to sell program. Will utilize equipment over longer period. 1.
Maintain/Enhance Customer Satisfaction	Neutral to negative. Some won't feel limited capacity. Some we won't be able to serve, or won't be able to serve on their terms. 2.	Relationship builder. Pro-active approach. Difficult to be flexible without cost, so some relationships will be damaged. 2.

Contributions of *The Strategy Paradox* Michael Raynor



“Strategies with the greatest possibility of success also have the greatest possibility of failure”

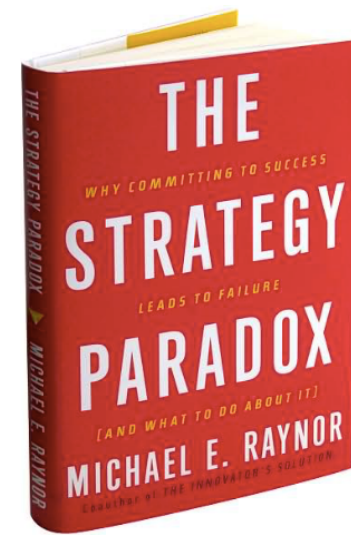
- **Causes:**

- Collision of commitment and uncertainty...
- Complete adaptation is impossible...
- Accurate prediction of future is impossible...

Possible Solutions:

- **Uncertainty** – consider uncertainty and exercise
- **Strategic Flexibility** – identifying the relevant strategic unknowns and devoting resources to creating options to overcome them

Increasing Strategic Flexibility



1 - Anticipate

- Identify drivers of change
- Define the range of possible futures
- Determine which are truly plausible

2 - Formulate

- Develop an optimal strategy for each scenario
- Compare optimal strategies to define “core” and “contingent” elements

4 - Operate

- Monitor the environment
- Determine which optimal strategy is most appropriate
- Exercise relevant options
- Combine with core elements

3 - Accumulate

- Commit to the core elements
- Take options on the contingent elements

Source: Strategy Paradox – Michael Raynor

Increasing Strategic Flexibility

1 - Anticipate

- Risks as function of the unpredictability of the future
- Can bound the range of possible futures with scenarios: “possibility space”.

2 - Formulate

- Determine a strategy for each scenario
- Decompose each strategy into:
 - **Constituent elements:** technologies, capabilities, or other assets
 - **Core elements:** elements common to many optimal strategies
 - **Contingent elements:** common to a few optimal strategies or unique to one strategy.

3 -Accumulate

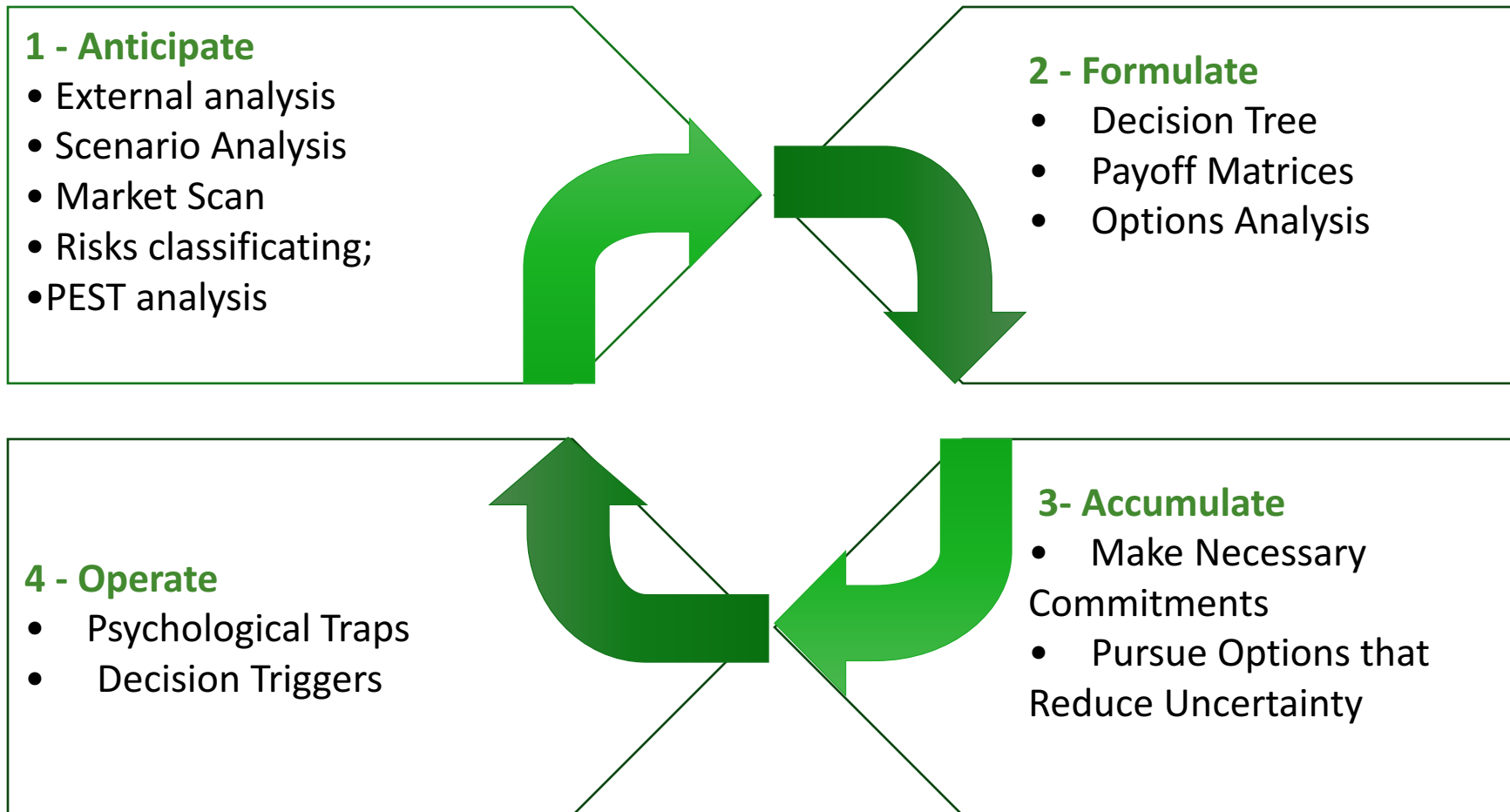
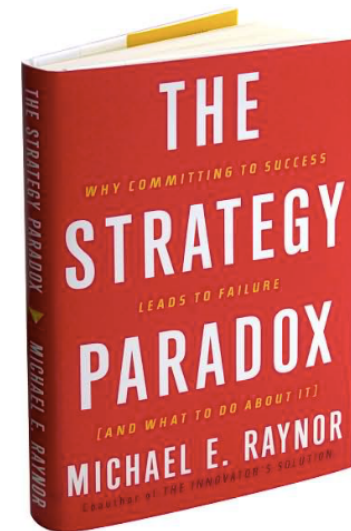
- Pursue core elements, since they don’t have any strategic risk – they are common to all scenarios
- Develop portfolio of options to cover the contingent elements – We will need and they are appropriate only under some (unknown) conditions.

4 - Operate

- Close monitoring of the environment to determine:
- The scenario the most representative of the future, then...
 - The most appropriate strategy, then...
 - The required contingent elements, then...
 - The options to exercise and the ones to abandon.

Source: Strategy Paradox – Michael Raynor

Tools on How to Increase Strategic Flexibility



Source: Strategy Paradox – Michael Raynor

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- ❖ Marcos Fava Neves, nascido em Lins (SP), é professor em tempo parcial das Faculdades de Administração da Universidade de São Paulo em Ribeirão Preto e da EAESP/FGV em São Paulo. Engenheiro Agrônomo formado pela Escola Superior de Agricultura Luiz de Queiroz (Esalq/USP) em 1991 e fez toda a carreira de pós graduação (mestrado, doutorado e livre-docência) em estratégias empresariais na FEA/USP e chegou a professor titular da USP aos 40 anos, tendo sido Chefe do Departamento de Administração da USP em duas gestões e Vice-Chefe em outras duas gestões.
- ❖ Complementou sua pós graduação em temas de planejamento e gestão aplicados ao agronegócio na França (1995 – no IGIA) e na Holanda (1998/99 – na Universidade de Wageningen). Fez também cursos de curta duração em Harvard (2008/2009/2010), Purdue (2013/2017), Sevilla (2017) e Florida (2018);
- ❖ Desde 2006 é Professor Visitante da Universidade de Buenos Aires e desde 2013 da Purdue University, Indiana, EUA, onde lecionou no ano de 2013;
- ❖ É especializado em planejamento e gestão estratégica, tendo realizado mais de 200 projetos no agronegócio brasileiro e mundial. Trabalhou ou foi membro de Conselhos das seguintes organizações: Botucatu Citrus, Vallée, Lagoa da Serra (CRV); Renk Zanini, Inova, Embrapa, Serviço de Informação da Carne, Associação Mundial de Agronegócios, Cooperativa Coplana, Cooperativa Holambra, Ouro Fino, Canaoeste e Orplana (Organização dos Plantadores de Cana). Ajudou a montar e é acionista de 3 empresas, sendo 2 startups;
- ❖ É autor e organizador de 67 livros publicados no Brasil, Argentina, Estados Unidos, África do Sul, Uruguai, Inglaterra, Cingapura, Holanda e China, por 10 editoras diferentes. Escreveu também dois casos para a Universidade de Harvard (2009/2010) e para a Purdue University (2013);
- ❖ Publicou mais de 200 artigos em periódicos científicos internacionais e nacionais indexados, tendo recebido 4.000 citações de acordo com o Google Acadêmico, um dos cientistas brasileiros mais citados em sua área; Foi articulista do jornal China Daily de Pequim e da Folha de S. Paulo, além de escrever artigos para O Estado de S. Paulo e Valor Econômico, entre outros, tendo mais de 600 artigos de análises de conjunta publicados em revistas e jornais;
- ❖ Participou de 335 Congressos no Brasil e no Exterior, tendo organizado também mais de 30 Congressos nacionais e internacionais;
- ❖ Na *formação de discípulos e de talentos humanos* orientou 29 Teses, sendo 4 de Doutorado e 25 de Mestrado e 133 Monografias. Ajudou, como professor, a formar mais de 1.200 administradores de empresas, tendo oferecido 127 disciplinas de graduação e 22 cursos de Mestrado e Doutorado na USP;
- ❖ Na *avaliação de cientistas*, participou de 176 Bancas, sendo 52 de Doutorado e 124 de Mestrado no Brasil e exterior;
- ❖ Realizou 1.092 palestras em 22 países, sendo um dos brasileiros mais conhecidos no exterior na área de agronegócios.