

MODULE 3: RESILIENCE AND ADAPTABILITY

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TODAY'S SCHEDULE

- **Recap from the last week**
- Analyzing readings of the week
- Keynote: Resilience and adaptability
- Preparing for Thursday

QUESTIONS RAISED DURING THE LAST WEEK

WHAT DOES COLLAPSED CONTRSTRUCT MEAN?

- Researcher (and practitioners) often create terms that are very specific for describing some unique phenomena.
- Sometimes, however, these terms spread and different meanings are given to same concept and it starts to loose its explanation power.
- That is a collapsed construct in brief 😊

Can “surplus” replace “value” as an indicator or measurement?

- I would recommend rather to use:
 - Worth (as measured value)
 - Value (as description of multiple forms and layers)
 - Surplus (more than what is needed, broader use also beyond value concept)

Is answering a “need” or “pain” too limited in a plentiful society?

- In Osterwalder, Pigneur, Bernarda & Smith (2014) book value proposition design is divided into:
 - Jobs
 - Gains
 - Pains
- However, also alternative “categories” are used such as:
 - Challenges
 - Goals
 - Benefits

Value proposition template

This tool summarizes elements of value communication: What goal do we believe the key person is striving for, what is our solution, and what benefits does the solution deliver?

_____, who wants

Key stakeholder

_____,

Stakeholder goal

_____,

Our solution

helps

_____,

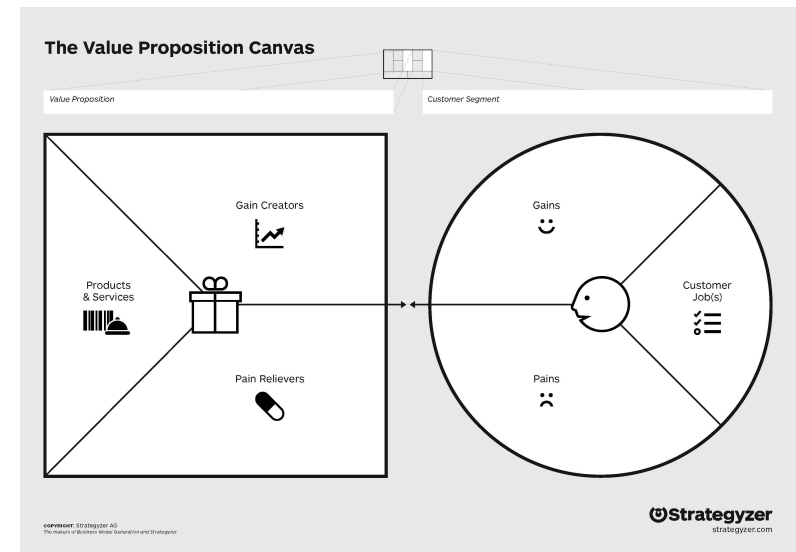
Benefit 1

_____,

Benefit 2

_____,

Benefit 3



How does one measure absolute “value” for a customer?

- Great question, very hard to answer, yet:
 - A lot of e.g. industrial organizations and also consumer businesses use reference cases to exemplify or illustrate value.

Cases and blogs - Process optimization references



Case study

More throughput at Antamina

Antamina increased mill throughput while decreasing energy usage by 25%.

Mining Metals refining



Case study

Optimized plan at Phu BIA

Mefso Outotec helped improve throughput forecasting and prepare for varying ore types.

Mining Metals refining



Case study

Improved recovery at RTB Bor

RTB Bor improves recovery by 3% with advanced process control system.

Mining Metals refining

- Value is often times, easy to illustrate, difficult to measure.

Other interesting insights from the last week

In business model, does value only mean value proposition to customers?

Are there tools to categorize different type of values (e.g emotional value, social value, economical value)?

value-based is a common pricing strategy on companies with differentiated items and no competitors and on monopolies, so this temporal monopoly could be consider as a incentive to innovate.

Unfair profits are not ethical in essential industries such as healthcare and housing

I think it depends a lot on the product or the service. If it something that is every detrimental in concerns of health companies should probably reconsider making it so that the everybody can afford. Luxury/extra service etc. Is maybe more on the buyer side on what they see as necessary (?).

Good point - can medicine companies make money with a cure of illness? Or even prohibit their cure for people that cannot afford it

Perceived Value is subjective and not necessarily based on the cost. If profits are generated by value based pricing, the can by definition not always meet the exact perceived value does profit may be considered unfair by an individual.

I think the fairness is hard to measure since it depends on the customer, there will always be customers that will consider a certain cost fair and others wont

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LET'S DISCUSS THE ARTICLES IN THE BREAKOUT ROOMS! (15 MIN)

- Go to the miro board at https://miro.com/app/board/uXjVOEBexto=/?invite_link_id=407963626888
- Discuss one or more articles, focus on the questions on the board.

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RESILIENCE

- Resilience: company's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances
- Resilience is especially important today because the business environment is becoming more dynamic and unpredictable

Based on:

A Guide to Building a More Resilient Business by Martin Reeves and Kevin Whitaker, HBR (2020)

RESILIENCE- ORIGINAL USE OF THE TERM

- Psychologists define resilience as the process of adapting well in the face of adversity, trauma, tragedy, threats, or significant sources of stress—such as family and relationship problems, serious health problems, or workplace and financial stressors.
- Resilience involves “bouncing back” from these difficult experiences, but also involve profound personal growth.
- Core components—connection, wellness, healthy thinking, and meaning.



THE CHALLENGE

- Companies have been traditionally designed predominantly to maximize shareholder value from dividends and stock appreciation
- Companies and shareholders often focus on maximizing short/mid-term returns. In contrast, resilience requires a multi-timescale perspective
- Companies have been mainly focused on creating and executing stable plans. Resilience deals with what is unknown, changeable, unpredictable, and improbable.
- In the current model of corporate capitalism, each company is treated as an economic island to be optimized individually.

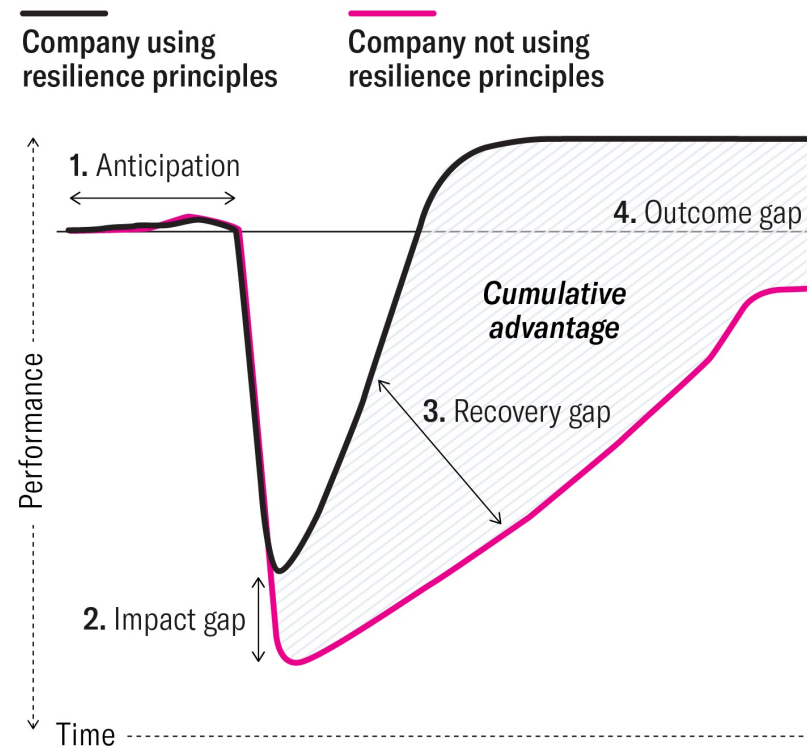
PRINCIPLES OF RESILIENCY

- **Redundancy** buffers systems against unexpected shocks, albeit at the expense of short-term efficiency
- **Diversity** of responses to a new stress helps ensure that systems do not fail catastrophically
- **Modularity** allows individual elements to fail without the whole system collapsing
- **Adaptability** is the ability to evolve through trial and error, needs variance and diversity
- **Prudence** involves operating on the precautionary principle that if something could plausibly happen, it eventually will.
- **Embeddedness** is the alignment of a company's goals and activities with those of broader systems

THE BENEFITS

Assessing Companies' Relative Resilience

When confronted with unanticipated stress, a company that employs resilience principles has multiple opportunities for advantage that play out sequentially. Cumulatively, these can give a company a significant edge in value over competitors.



Source: Martin Reeves

HBR

RESILIENCE AS ORGANIZATIONAL TRAIT

- Organizations are made of people.
- Lets watch a video by University student Katie Oblie explaining her findings on resilience.
- While watching, make notes: How could her experiences, learning and advice be turned into organizational resilience and business models in particular.

https://www.ted.com/talks/katie_oblie_resilience

SHARED NOTEBOOK:

https://miro.com/app/board/uXjVOEQVnOw=?invite_link_id=358636379227

HOW TO BECOME MORE RESILIENT

1. Seek advantage in adversity
2. Look forward
3. Take a collaborative, systems view
4. Measure beyond performance
5. Prize diversity
6. Change as the default

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PREPARING FOR THURSDAY

1. Check your group in mycourses (MODULE 3)
2. Join your groups breakout room
3. In your breakout rooms
 - Select a case for your team
4. Before Thursday
 - Fill in business model canvas (**Pre-task**) in:
https://miro.com/app/board/uXjVOFTIxMQ=?invite_link_id=475761278184
 - Select interesting areas related to the case company from the context map canvas (Task 1)

BUSINESS MODEL CANVAS

BMI • Business model canvas

<p>● Key partners</p> <p>Who are your most important partners? Which key resources do you acquire from partners? Which key activities do your partners perform?</p>	<p>● Key activities</p> <p>What are the activities you perform every day to create & deliver your value proposition?</p>	<p>● Value propositions</p> <p>What is the value you delivery to your customer? Which of your customer's problems are you helping to solve? What is the customer need that your value proposition addresses? What is your promise to your customers? What are the products and services you create for your customers?</p>	<p>● Customer relationships</p> <p>What relationship does each customer segment expect you to establish and maintain?</p>	<p>● Customer segments</p> <p>For whom are you creating value? What are the customer segments that either pay, receive or decide on your value proposition?</p>
	<p>● Key resources</p> <p>What are the resources you need to create & deliver your value proposition?</p>		<p>● Channels</p> <p>How does your value proposition reach your customer? Where can your customer buy or use your products or services?</p>	
<p>● Cost structure</p> <p>What are the important costs you make to create & deliver your value proposition?</p>			<p>● Revenue streams</p> <p>How do customers reward you for the value you provide to them? What are the different revenue models?</p>	

MORE INFORMATION

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