

MODULE 4: RESILIENCE AND ADAPTABILITY

Prof. Taija Turunen
Design Management
Aalto University, School of Business,
Dept. of Management Studies

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?

- Researchers (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 😊

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

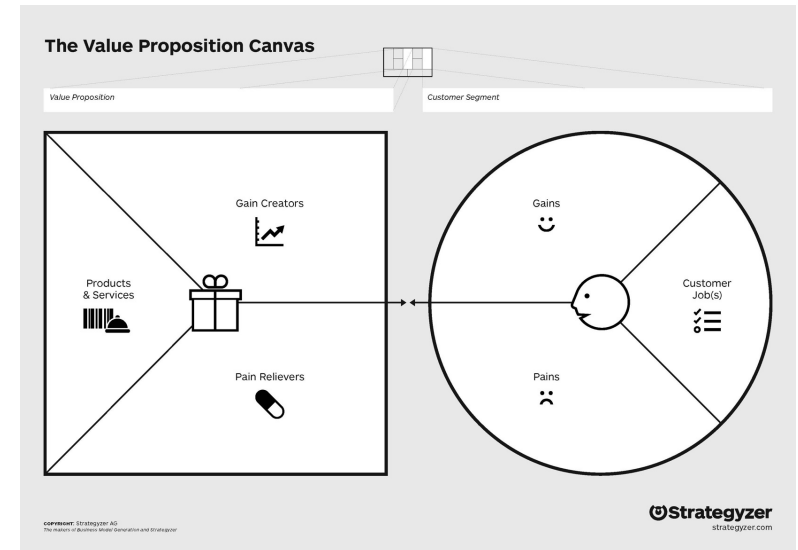
Our solution

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 Q1

Question 1:
Business models focus on value.
But some people say value is a "collapsed construct" - it is too ambiguous. Do you agree or disagree - why?

Value is a collapsed construct in the sense that it is subjective and hardly measurable. The perceived value in a good depends on cultural and personal factors more than the worth of the product and its utility (e.g. Muji bag vs Hermes bag)

Value creation for stakeholders will always be the focus of businesses and business model design will remain revolving around value creation, regardless of how perceived values evolve/change over time

Value is a collapsed construct. It depends on the person and the POV. Person A can have some perspective on the values that the product provides and Person B can have something totally different.

yes, it's ambiguous but is it a bad thing? it gives you an overview to later narrow down

Value is subjective. It can be categorized to money value, emotional value.

Value is like beauty

"value" is misused term - There is many different values. Because of this the concept of value can be collapsed.

Question 1:
Business models focus on value.
But some people say value is a "collapsed construct" - it is too ambiguous. Do you agree or disagree - why?

It is too ambiguous. It changes over time.

Constantly shifting flux of benefits, influenced by market and circumstances.

Value can mean basically anything depending who is asked.

Value is subject; differs depending on the product, the service, etc.

It's not collapsed but very ambiguous

it's subjective and contextual

Personal value vs. Market value

Use value vs. Exchange value

Value vs. worth

it should be clear on high level but the more deeper you go the more ambiguous it gets

Many firms create for unfair profit definition

How do you measure value?

proposition canvas, it can be measurable

Assessments of value are often linked to its subjectivity and complexity. Although value can be difficult to define and measure, many companies consider it a key concept in their business models.

The focus is too wide, this why it can be seen as collapsed

What sort of value does the question refer to?

Use Value vs Exchange Value

Monetary value? Share value? SDGs?

Value can be so much more nowadays than what's visible in the financials, and directly in the business operations. Perhaps that's why the business model focus is a collapsed construct?

The concept of value can be subjective. Disagree (measurable, metrics) Agree (different perceptions)

Disagree maybe. It is hard to talk about value, since people mean different things with that. But if you agree, should you be able to measure the value then objectively?

Customer satisfaction = value :)

Leads to financial value

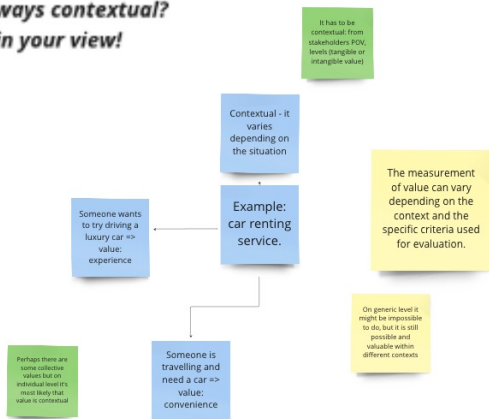
Mapping value from different perspectives may be useful - economic, psychological, social, environmental

Value is multi-dimensional

Other interesting insights from the last week Q2

Question 2:
Can we measure value in a "generic level" or is value always contextual?
 Explain your view!

Difficult to measure in a generic view as it may differ greatly



Question 2:
Can we measure value in a "generic level" or is value always contextual?
 Explain your view!

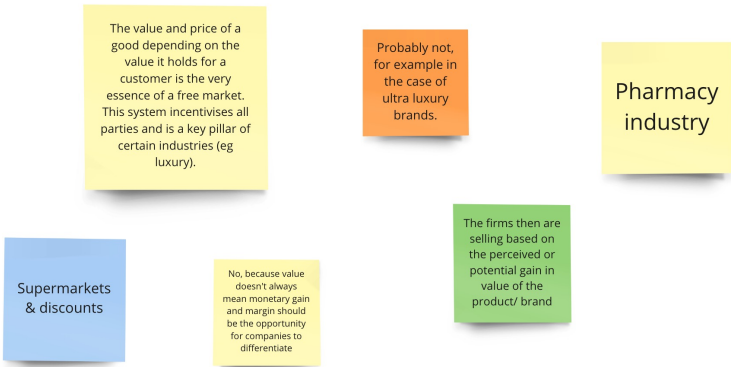
At a higher level it could be generic however as we dive deep it would be contextual

Maslow's hierarchy of needs

wants might turn into 'perceived needs' towards the top of the pyramid?

mostly contextual due to subjective and contextual valuations

Question 3:
Many firms sell and price by the value they create for their customers. Does this generate unfair profits to the seller as the margin - by definition - exceeds the costs? Why, how?



TODAY'S SCHEDULE

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

LET'S DISCUSS THE ARTICLES (15 MIN)

Something inspiring? Something you disagree with? Something you left wondering?

Harvard
Business
Review

Experimentation

The Self-Tuning Enterprise

by Martin Reeves, Ming Zeng, and Amin Venjara

From the Magazine (June 2015)



Artwork: Gordon Bennett, Wilma, 2010, wood, metal, Bakelite, glass, plastic, rubber, paint; Photography: Lucas Zarebinski

Harvard
Business
Review

Business Management

How Spotify Balances Employee Autonomy and Accountability

by Michael Mankins and Eric Garton

February 09, 2017



Harvard
Business
Review

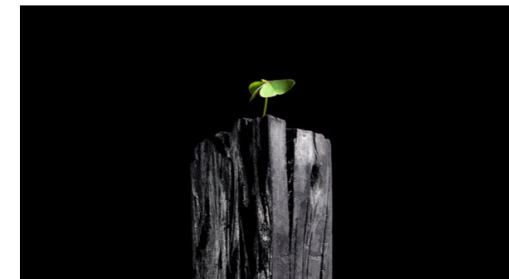
Strategy

A Guide to Building a More Resilient Business

by Martin Reeves and Kevin Whitaker

July 02, 2020

Summary. Mainstream business education and managerial practice is largely focused on managing performance. But as the Covid-19 pandemic has revealed the painful fragility of many of our systems, leaders are focusing on resilience — a concept rarely taught in today's... [more](#)



Dio5050/Getty Images

TODAY'S SCHEDULE

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

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.
- E.g. unpredictable finance, geopolitical environment, pandemic, logistics problems...

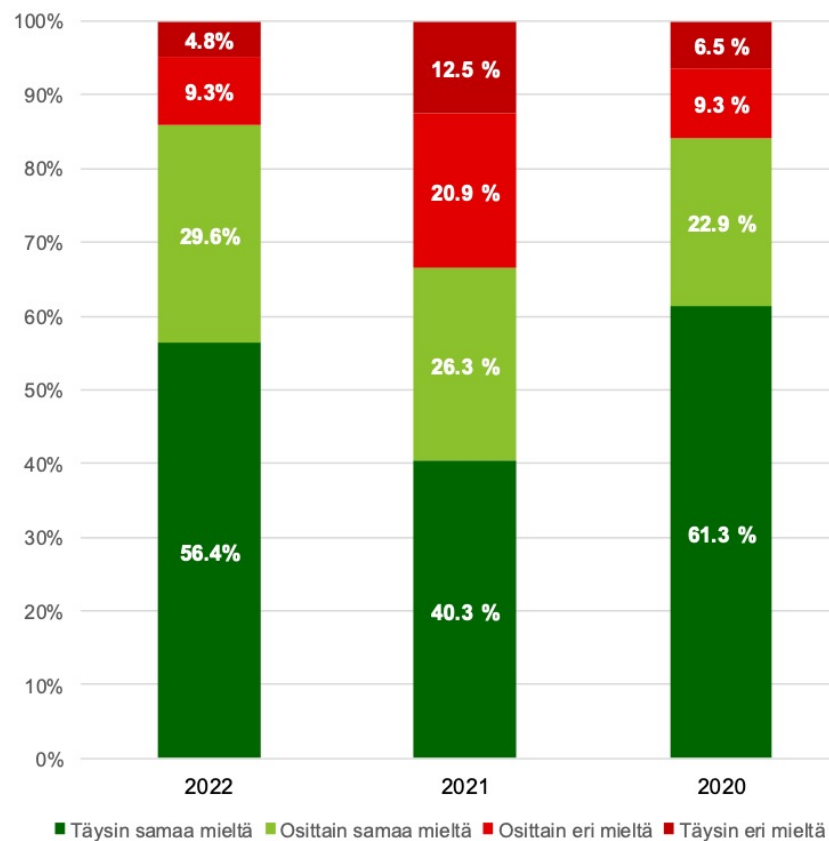
RESILIENCE- ORIGINAL USE OF THE TERM

- 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.



CASE AALTO UNIVERSITY AND THE COVID PANDEMIC – STUDENT WELLBEING

**Mursukysely:
Koen olevani
jonkin
opiskeluuni
liittyvän
ryhmän jäsen**



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.

CASE AALTO UNIVERSITY AND THE COVID PANDEMIC – STUDENT WELLBEING

Resilience requires often the change of **questions**:

- Transactional dyadic, triadic perspective → what could we do to enable student wellbeing in relation to “belonginess”?
- Ecosystem perspective → How could we engage with a larger system to enable student wellbeing in relation to “belonginess” who could we collaborate with?

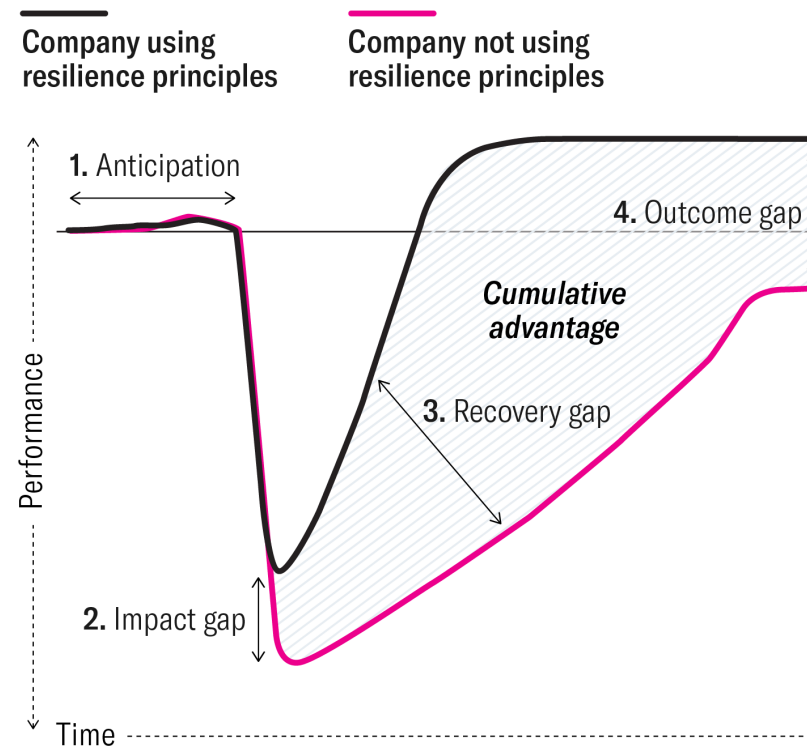
PRINCIPLES OF RESILIENCY

- **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

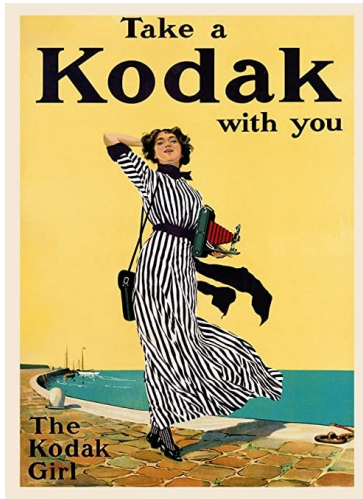
- Organizations are made of people.
- Lets watch a video by Simon Sinek talking about resilience.
- While watching, make notes: What are his key points, what does it include?



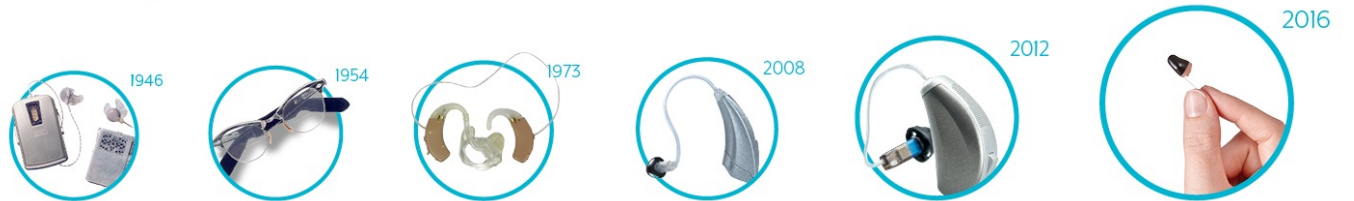
REACTING ON THE SITUATION



VICTORINOX



History of sound amplification



HOW TO BECOME MORE RESILIENT

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

TODAY'S SCHEDULE

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

PREPARING FOR THURSDAY

1. Check your group in mycourses (MODULE 3)
2. Find your group and select a case for your team
3. Before Thursday
 - Fill in business model canvas (**Pre-task**) in your groups Miro board, links in Mycourses.
 - Note that each group (H01,02,03) as own Miro board this week.
 - 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>● Cost structure</p> <p>What are the important costs you make to create & deliver 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>● 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

Prof. Taija Turunen
Design Management
Aalto University, School of Business,
Dept. of Management Studies