

PREFACE

"If the only tool you have is a hammer, you tend to see every problem as a nail." **Abraham Maslow**



In our volatile world black-and-white decision making leads to undesired outcomes. We get off track and miss the mark. We might even not make it to the finish line.

These failures are not so much linked to unforeseen turns of events but to the management practice of thinking in "either – or" structures. All too often our decision making is too far from the actual challenges and realities. We conjure up rigid, black-and-white scenarios rather than considering the variability of factors. We make decisions and assume they are set in stone thereafter. In today's world, however, we need to be flexible, to think in terms of future volatility and variability, to revisit and challenge decisions. To think grey. We need to understand rightly the scope of our alternatives, select judiciously and make the very most of the option we choose.

Consider motor sport – Formula 1 teams start a race with a strategy: a set of tires, fuel stops, configuration of the car and much more. They have made decisions based on certain expectations with regards to weather, performance of competitors, etc., and yet they remain flexible. They challenge their own judgment when the parameters change and draw new conclusions, if necessary.

In like manner driving the ongoing growth of a successful business is characterized by uncertainty, opportunities, risk and flexibility. This reality is the canvas against which we present Dynamic Decision Management, an approach



already proven in cash flow practice. It considers and calculates the probability and value of uncertainty and entrepreneurial flexibility in the process of taking and implementing strategic decisions. The approach enables business leaders to make investments that are better tailored to perform well in today's world marked by increasing volatility. For we all know at the end of the day, it's all about profitability, avoidance of risk and boosting the chances of your business evolving optimally.

The following pages do not attempt to explain the complex economic theory at the heart of well-reasoned calculations of probability and options. Rather they are designed to reveal the significance of uncertainty and flexibility in strategic decision making and to demonstrate the extent to which these factors influence the value of a strategy or an asset. This knowledge – compounded with a growing understanding of Dynamic Decision Management – will enable you to make precise strategic decisions, justify these convincingly to all stakeholders and adjust your course in response to unexpected developments.

Not another consulting method or a new computational mechanism that can supposedly solve all problems, this book presents a new type of strategic thinking that neither ignores nor overgeneralizes the issues of uncertainty and alternative courses of action. Instead, it incorporates these factors into a new, fundamental paradigm that shapes strategic decision making.



Should you already be won over by the end of chapter 1 and ready to dip into the application section, we encourage you to skip directly to chapter 8, the go-live section. There you will find four case studies that demonstrate the benefits of Dynamic Decision Management in relation to the imminent challenges of global business management.

Now it's time to busy yourself with this new approach ... to try on a new pair of glasses. We wish you success as you hit the track of discovering and applying Dynamic Decision Management!

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Leveraging Flexibility

Win the Race with Dynamic Decision Management

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