

# Strategic Inflection Points

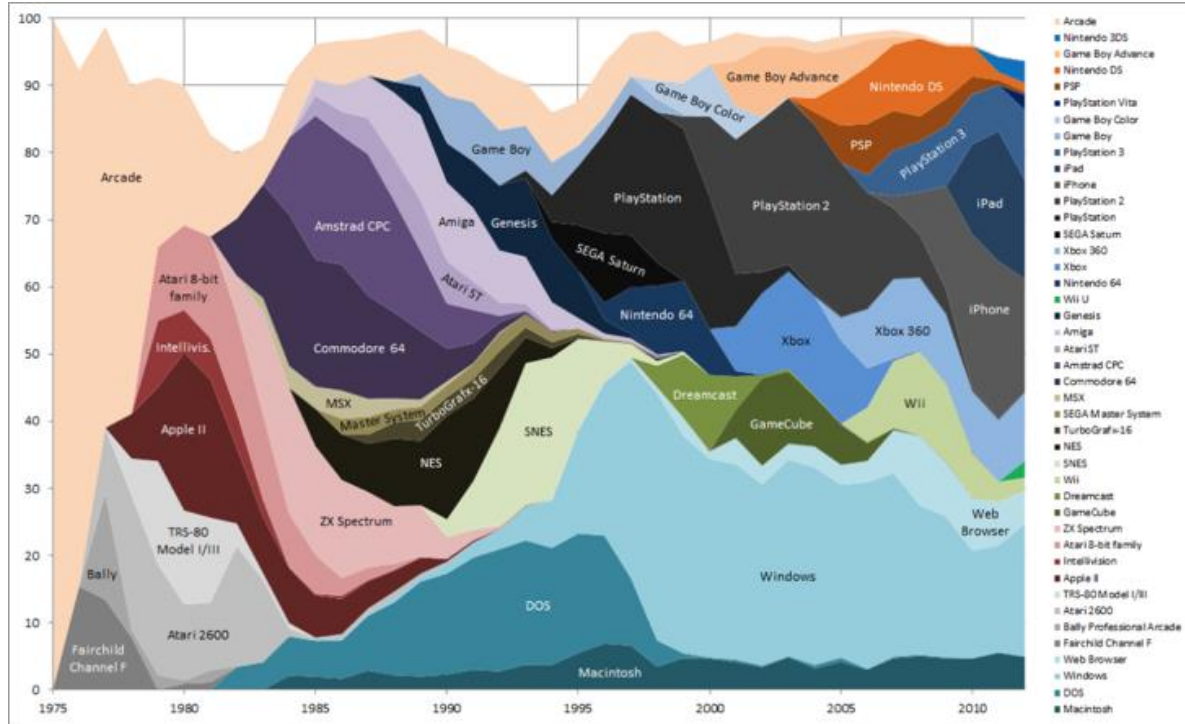
Strategy in Uncertain Environments

*Rita Gunther McGrath*

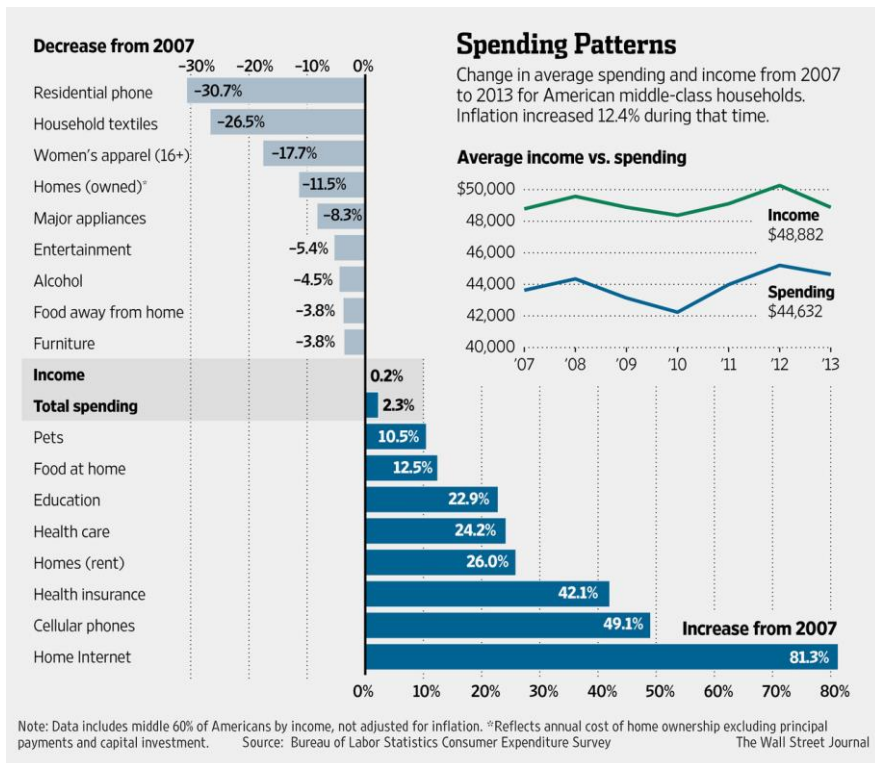
*rtm20@columbia.edu*

**RGM**  
RITA GUNTHER | MCGRATH

# The Context: Transient Competitive Advantage



# Arenas, not industries



# What jobs do clothes do for teens?

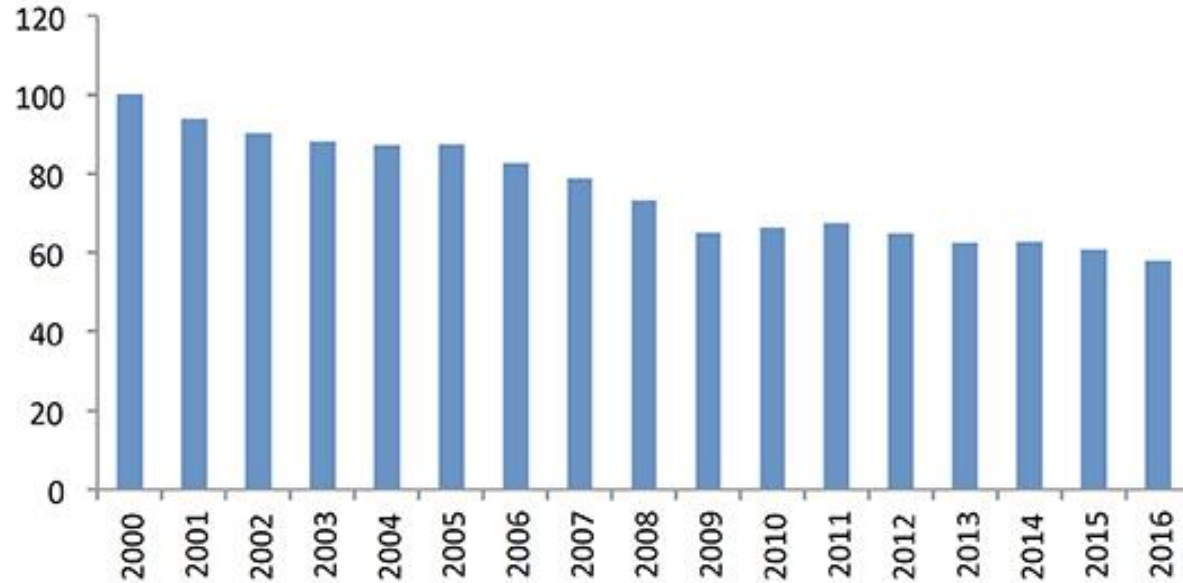


# And now...?



# Contributing to a sectoral decline

**Figure 3. Total US Department Store Sales (USD Bil.)**



Source: US Department of Commerce

	<b>Industry</b>	<b>Arena</b>
<b>Goal</b>	Positional Advantage	Capturing territory
<b>Measure of success</b>	Market Share	Share of potential opportunity spaces
<b>Biggest threat</b>	Intra-industry competitive moves	Inter-industry moves; disruption of existing model
<b>Definition of customer segment</b>	Demographic or geographic	Behavioral
<b>Key drivers</b>	Comparative price, functionality, quality	“Jobs to be done” in total customer experience
<b>Likely acquisition behavior</b>	Within industry consolidation or beyond industry diversification	Bolt-On for new capability acquisition; often across industry boundaries
<b>Metaphor</b>	Chess	Japanese game of “Go”





# Are you prepared to spot digital inflections?

- Do I have mechanisms to come in direct contact with the 'edges'?
- Am I regularly gaining exposure to diverse perspectives?
- Am I trusting and empowering small, agile teams?
- Do I have mechanisms for fostering 'little bets'?
- Do I regularly get out of the building to see what's going on?
- Are incentives aligned with gaining uncomfortable news?
- Am I making sure I'm not in denial?

# Closing Thoughts

- ▷ Transient advantage requires a new way of thinking
- ▷ Inflection points are created by the power of digital
- ▷ You can be a leader in this, or be sidelined by it



Thank you!

Feel free to connect with  
questions

[rdm20@gsb.columbia.edu](mailto:rdm20@gsb.columbia.edu)  
[@rgmcgrath](#)