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*Strategy is an integrative set of choices that positions you on a playing field of your choice in a way that you win.*

Roger L. Martin, strategist, author, top management thinker and former Dean of the Rotman business school at University of Toronto (<https://rogerlmartin.com/>).

## Roger Martin: 4 fresh strategic concepts and 4 endorsements.

*(Reading time: 12 minutes)*

In 2013, Roger L. Martin who was then Dean of the Rotman School of Business and A.G. Lafley, the former chairman and CEO of Procter & Gamble, co-authored “Playing to Win.”<sup>1</sup> A decade later, in 2022, Roger Martin released “A New Way to Think,” which builds upon his earlier insights into strategy.<sup>2</sup> Over the years, Martin’s pioneering ideas on business strategy have been the subject of many articles, tweets and YouTube videos.<sup>3,4,5,6,7,8,9</sup> This discussion will sequentially address four ground breaking concepts put forth by Martin, as well as four endorsements of contemporary strategic thinking. These analyses draw upon a variety of sources, including two of his books, four of his videos, a few of his articles, and content from the Roger L. Martin website (<https://rogerlmartin.com>), particularly his PTW/PI posts.

<sup>1</sup> Lafley, A. G., & Martin, R. L. (2013). Playing to win. Harvard Business Review Press.

<sup>2</sup> Martin, R. L. (2022) A New Way to Think. Harvard Business Review Press

<sup>3</sup> Links to over 150 posts by Roger Martin can be found on his website at

<https://rogerlmartin.com/archive/medium-playing-to-win-practitioner-insights-series>.

<sup>4</sup> Martin, R. L. (2022) A Plan is Not a Strategy <https://www.youtube.com/watch?v=iuYIGRnC7J8> 9.5'

<sup>5</sup> Roger Martin on Strategy (2023) <https://www.youtube.com/watch?v=i12wwCtQhEM> 40' The Craft by Openspace

<sup>6</sup> Martin, R. (2022) A New Way to Think about Strategy and Business

<https://www.youtube.com/watch?v=uGC6s9fLqD8> 57' Growth Manifesto Podcast

<sup>7</sup> A New way to Think by Roger Martin (2022) <https://www.youtube.com/watch?v=3dRL1VfCSLE&t=594s> 33'

<sup>8</sup> Martin, R. The Big Lie of Strategic Planning. Harvard Business Review Jan-Feb 2014

<sup>9</sup> <https://rogerlmartin.com/>



CRASH OF IDEAS SERIES

*'Integrative thinking': a conscious way of synthesizing two or more ideas to come up with one new and superior idea.* Roger Martin, former-Dean Rotman, Univ. of Toronto



The four fresh concepts discussed include:

- Strategy is externally focused.
- Deciding on a strategy involves determining, "What must be true?"
- A new strategy should not change too much.
- Avoid engaging in direct competition.

The four endorsements of current strategic thinking include:

- The role of a company is to provide value to its customers.
- Prototyping is a valuable tool to assess customer interest.
- Scenario planning and integrating the best choices produce a robust strategy.
- Specifying and documenting expected outcomes to avoid later rationalization of the actual outcomes.

### **Strategy is externally focused.**

Roger Martin insists that strategy is not synonymous with planning and considers the term "strategic planning" to be a conflation of little value. Planning encompasses activities such as determining the extent of investment in R&D, capital expenditures, recruitment, and training, to list a few examples. These actions fall within the company's purview and given there is the will, should be straightforward to accomplish. Strategy, in contrast, relates to the external business environment, including factors such as customers and competition, which are beyond the company's direct control. A strategy, according to Martin, "specifies a competitive outcome that you wish to achieve, which involves customers wanting your product or service enough that they will buy enough of it to make the profitability that you'd like to make." This implies that you can't guarantee the results, but rather, there is a belief that they may be realized if the right actions are taken. Consequently, Martin approaches revenue forecasts with caution and advises against allocating excessive time to them. While forecasts can act as benchmarks for tracking progress and thus assessing the effectiveness of your strategy, their inherent unpredictability means they cannot be precisely forecasted based on research or historical data.

Moreover, Martin emphasizes that a coherent strategy should encompass "a coordinated and integrated set of five choices:

- A winning aspiration: a unique offering that is valued by the customer.
- Where to play (WTP): the geography, product type, consumer segment distribution channels and production stages.
- How to win (HTW): either differentiate or be low cost provider,
- Core capabilities: understanding consumers, building brands, innovating, partnering, and/or leveraging internal synergies, and



- Management systems: developing optimum communications, collaborations, and decision-making as well as measuring outcomes.

These criteria bear similarities to those presented in the Business Model Canvas, suggesting that strategy and planning are inextricably linked.<sup>10</sup> No matter how extensive the planning efforts are, if they focus solely on internal improvements without integrating Martin's five strategic choices, the pursuit of the company's desired success is likely to be haphazard. Martin views planning as a complementary piece that integrates within the broader spectrum of an organization's strategic decisions.

### **Deciding on a strategy involves determining, “What must be true?”**

Martin states, “In strategy, what counts is what would have to be true (WWHTBT) – not what is true.” Scrutinizing strategic alternatives and their foundational projects often leads to uncritical groupthink supporting the ideas or, more commonly, a critical analysis highlighting significant doubts about the validity of the strategies – a role often dubbed as “playing devil’s advocate.” Martin proposes a compelling counter-approach. Instead of the pessimistic query, “Why will this not work?”, he suggests reframing it constructively: “What must be true?” for this to work. This shift redirects the decision-making group from merely pinpointing problems to exploring an array of strategic options and their prerequisites for success. In this environment, even the most skeptical individuals are encouraged to set challenging benchmarks that can be investigated through further research and experimentation, ensuring that the most effective strategic decisions are pursued.

### **A new strategy should not change too much.**

In the process of developing a new strategy, maintaining a balance is crucial to prevent the pitfalls of implementing excessive changes. Martin emphasizes that the essence of strategic success lies in nurturing customer loyalty and buying habits, which surpass the impact of brand reputation or the allure of novel innovations. For well-established products and services, Martin recommends adopting a measured approach characterized by gradual, incremental enhancements. Overwhelming the customer base with extensive changes, despite potentially offering significant improvements in the product, service, or business model, can provoke existing customers to reconsider the full array of available options, including those presented by competitors.

### **Avoid engaging in direct competition.**

A winning aspiration or an externally focused strategy targeting a well-defined consumer segment is the essence of *Playing to Win*. Martin firmly believes that strategic choices must not only position you to compete but to win. He advocates for circumventing direct

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<sup>10</sup> Osterwalder, A., & Pigneur, Y. (2010) Business model generation. John Wiley & Sons.



competition as the best approach. This can be achieved by offering valuable and distinctive products and services that cater to groups that are currently under or unserved as advocated by Clayton Christensen.<sup>11</sup> Peter Theil has provocatively stated, “Competition is for losers,” suggesting that companies should strive to seek out and build monopolies through differentiation.<sup>12</sup> In doing so, Martin recommends that some competitive space is left for competitors, thereby reducing their urge to retaliate directly. It is thus imperative to forge a unique offering via technological, procedural, or business model innovations, a concept that I colloquially term “Magic.”<sup>13</sup>

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### **The role of a company is to provide value to its customers.**

Martin cites Peter Drucker, who stated, “The purpose of a business is to create and keep a customer.” Customers generate the revenue that enables employees to deliver the product or service offerings, which in turn yield returns for shareholders or private investors.<sup>14</sup> Consequently, customer satisfaction must be the paramount priority of any business. A company must offer valuable products with quality that matches the price, as well as exceptional customer experiences, both of which are attainable only through the efforts of dedicated employees.

*"If you're not serving the customer, your job is to be serving someone who is."*

Jan Carlzon, Swedish businessman and former CEO of SAS airlines.

### **Prototyping is a valuable tool to assess customer interest.**

Given that forecasting revenues, especially longer-term, is largely speculative, experimentation is essential to determine if the quality of the offerings and the associated strategies are sufficient to attract both potential and repeat customers. Soliciting customer feedback through a series of prototypes - ranging from simple, noncommittal, and inexpensive examples to later stage, more sophisticated offerings - is a valuable tool in this process.<sup>15</sup> Well-designed experiments will yield significantly more relevant information, which can be used to validate the insights obtained from primary, secondary, and tertiary

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<sup>11</sup> Christensen, Clayton M. (1997) *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*. Harvard Business School Press.

<sup>12</sup> Theil, Peter and Masters, Blake (2014) *Zero to One: Notes On Startups, of How to Build the Future*. Crown Business.

<sup>13</sup> Jones, D (2015) No Magic = No Business Opportunity <https://hexagoninnovating.weebly.com/current-blogs/no-magic-no-business-opportunity>

<sup>14</sup> In pre-revenue and non-profit firms, the customers are the potential investors and donors, including government, respectively who must be sold on the potential of the business idea.

<sup>15</sup> <https://en.wikipedia.org/wiki/Prototype>



research sources.<sup>16,17</sup> Therefore, investing in a diverse array of experiments is a critical element of a winning strategy. Any new strategy inherently possesses an entrepreneurial - or more precisely intrapreneurial – essence, given the uncertainty and risk involved. An effective strategy reduces the risk-return tradeoff, and the analysis of experimental results can inform decision-making.

*“If a picture is worth 1000 words, a prototype is worth 1000 meetings.”*

Tom & David Kelley of the renowned design and innovation consultancy IDEO.

### **Scenario planning and integrating the best choices produce a robust strategy.**

Martin defines integrative thinking is “a conscious way of synthesizing two or more ideas to come up with one new and superior idea.<sup>18</sup>” Scenario planning, when done properly, is one way to achieve this. It involves identifying a few possible futures and then developing integrated strategies that best position the firm, regardless of which scenario materializes. These possible futures typically emerge from external factors, including customer behaviours, competitive moves and responses, as well as macroeconomic factors<sup>19</sup> all of which you have little control or influence.

*“One thing that makes it possible to be an optimist is if you have a contingency plan for when all hell breaks loose.”*

Randy Pausch (1960-2008), Professor of computer science and design.

### **Specific expected outcomes need to be documented in advance.**

Explicitly documenting the current strategy, the “what must be true,” and notably, the expected outcomes serve two functions: it facilitates clear communications among managers responsible for testing the assumptions and developing the impending implementation plans, and it helps to avoid the human tendency to later rationalize actual, frequently below-target outcomes later. This rationalization tends to rewards mediocre results and obscure the lessons that could be learned. A key success factor for business growth and success is an organization’s ability to continuously improve and optimize its myriad processes. On one hand, this reduces risk, and on the other hand, it improves the probability of success as well as the willingness to undertake future initiatives.<sup>20</sup>

*“Sometimes when you innovate, you make mistakes. It is best to admit them quickly and get on with improving your other innovations.”*

Steve Jobs (1955-2011), co-founder and two-time CEO of Apple Inc.

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<sup>16</sup> [https://en.wikipedia.org/wiki/Design\\_of\\_experiments](https://en.wikipedia.org/wiki/Design_of_experiments)

<sup>17</sup> <https://crk.umn.edu/library/primary-secondary-and-tertiary-sources>

<sup>18</sup> See the footer for this series on page 1.

<sup>19</sup> [https://en.wikipedia.org/wiki/PEST\\_analysis](https://en.wikipedia.org/wiki/PEST_analysis)

<sup>20</sup> Proofread and edited using ChatGPT4

