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**Strategic Choice Structuring:**  
**A tool for developing strategic options and overcoming inertia**

**Brian S. Silverman**  
**J.R.S. Prichard and Ann Wilson Chair in Management**  
**Rotman School of Management, University of Toronto**

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# Why an Options-Based Approach: Barriers to Making Choices, Strategic or Otherwise

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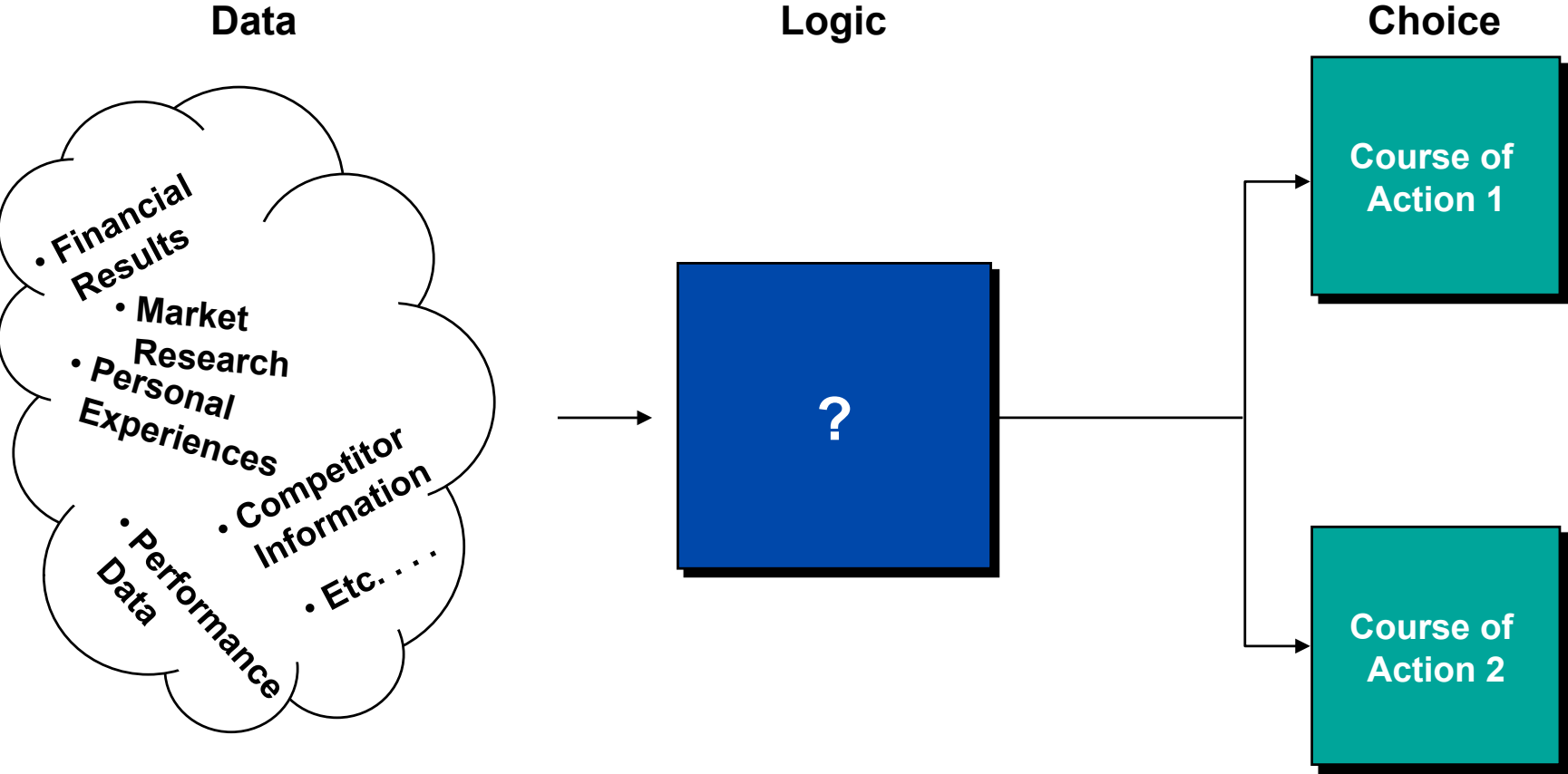
- **Choices do not get made**
  - Continual study of unresolved “issues”
  - Decision / gridlock
- **Choices appear to get made, but fall apart**
  - False consensus
  - Weak consensus
- **Choices get made, but action is not timely**
  - Drawn-out choice process
  - Time consuming “buy-in” process
- **Choices are not robust**
  - Invalid data
  - Untested inferences



***Why does this  
happen?***

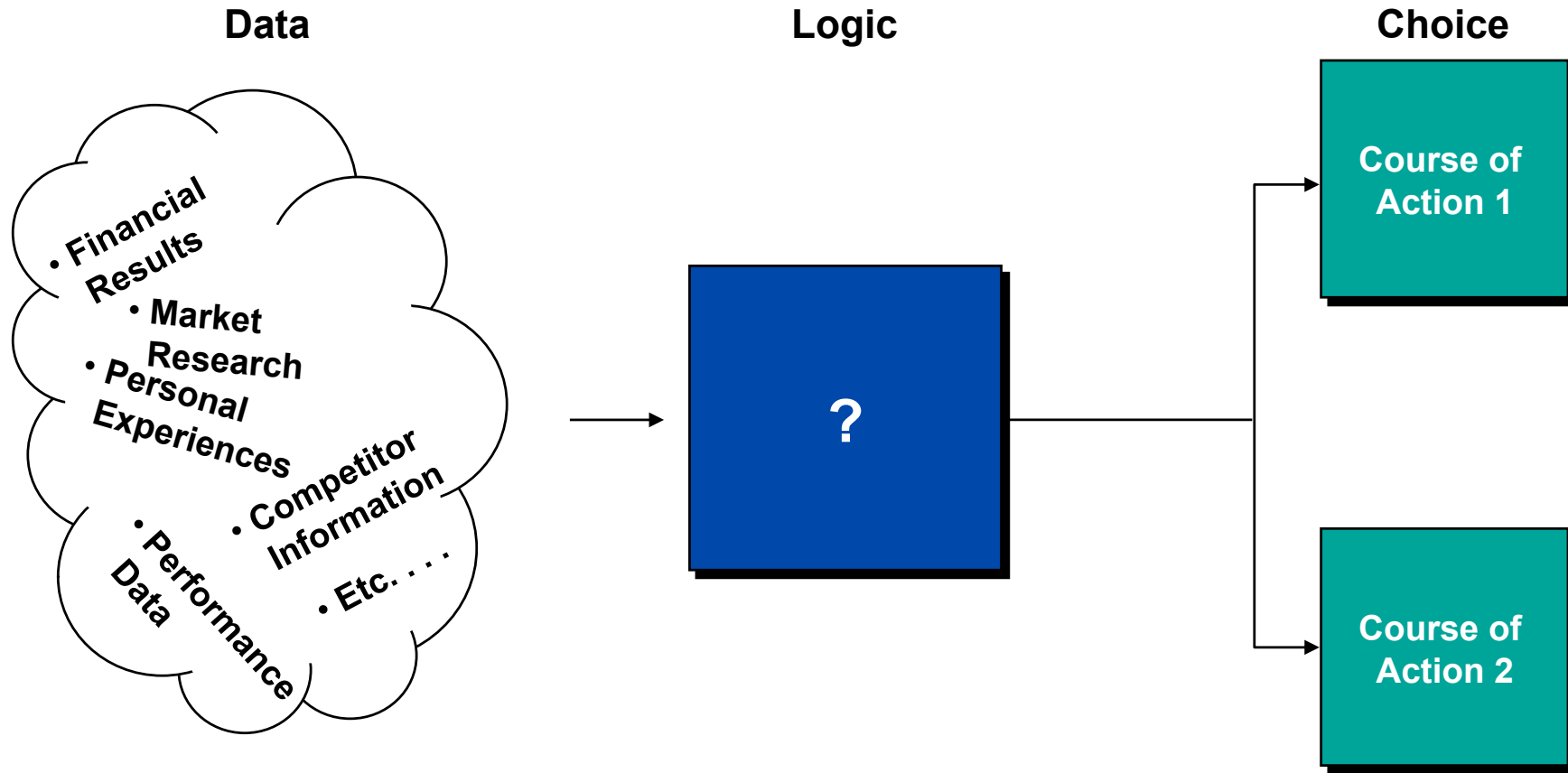
# Why an Options-Based Approach 1: Avoid Getting Lost in the Data

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# Why an Options-Based Approach 2: Overcome Group Decision-making Problem of Non-Transparent Logic

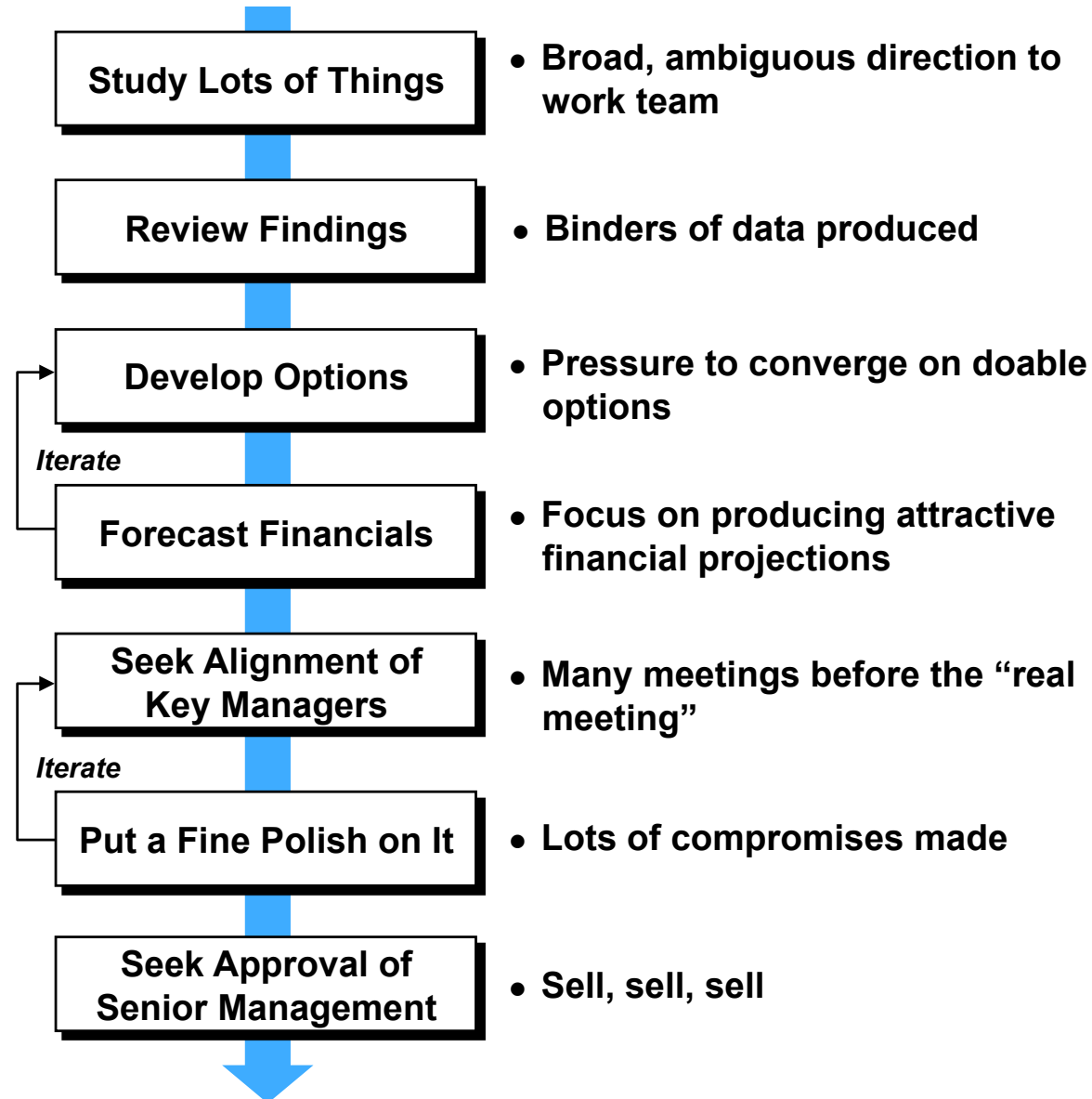
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# Why an Options-Based Approach:

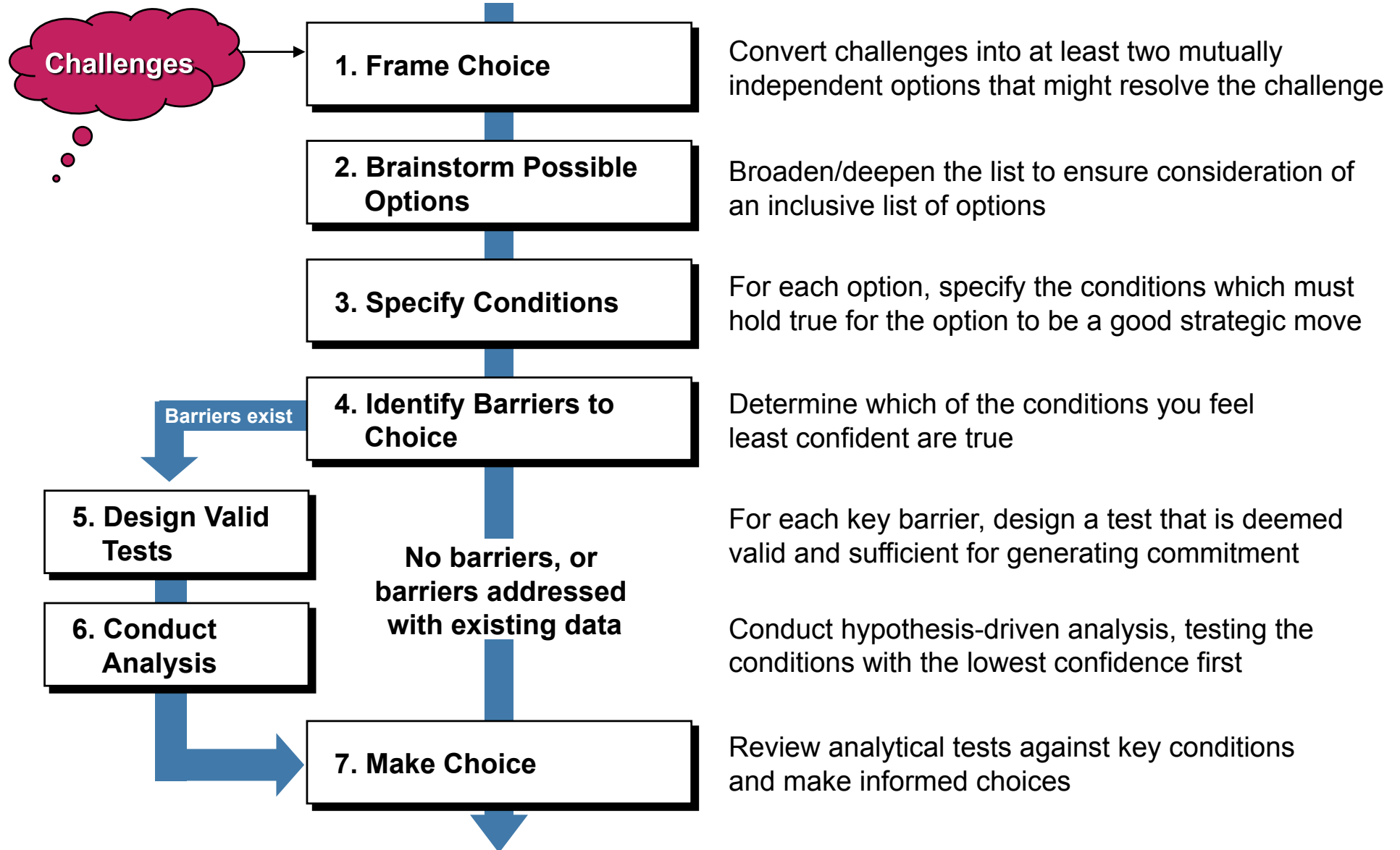
## Typical Choice Processes Aggravate Decision-Making Biases

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# An Options-based Approach to Strategy:

## The Strategic Choice Structuring Process (based on Roger Martin, 2001)



# An Options-based Approach to Strategy:

## Step 1 = Frame Choice

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### Outputs:

This step will have been successfully completed when:

- A challenge (or challenges) has been framed as a choice
- In this choice, two or more mutually exclusive general options have been identified
- These general options, plausibly, can address the challenge (e.g., capitalize on opportunity, resolve / reduce problem, etc.)

# An Options-based Approach to Strategy:

## Step 2 = Brainstorm Possible Options

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### Outputs:

This step will have been completed successfully when:

- A broad range of strategic options has been created
- These options are inclusive and diverse
- General options (“grow the business”) have been broken down into specific, actionable options (“enter country x”)
- Each option tells a plausible “story”

# An Options-based Approach to Strategy:

## Step 3 = Specify Conditions

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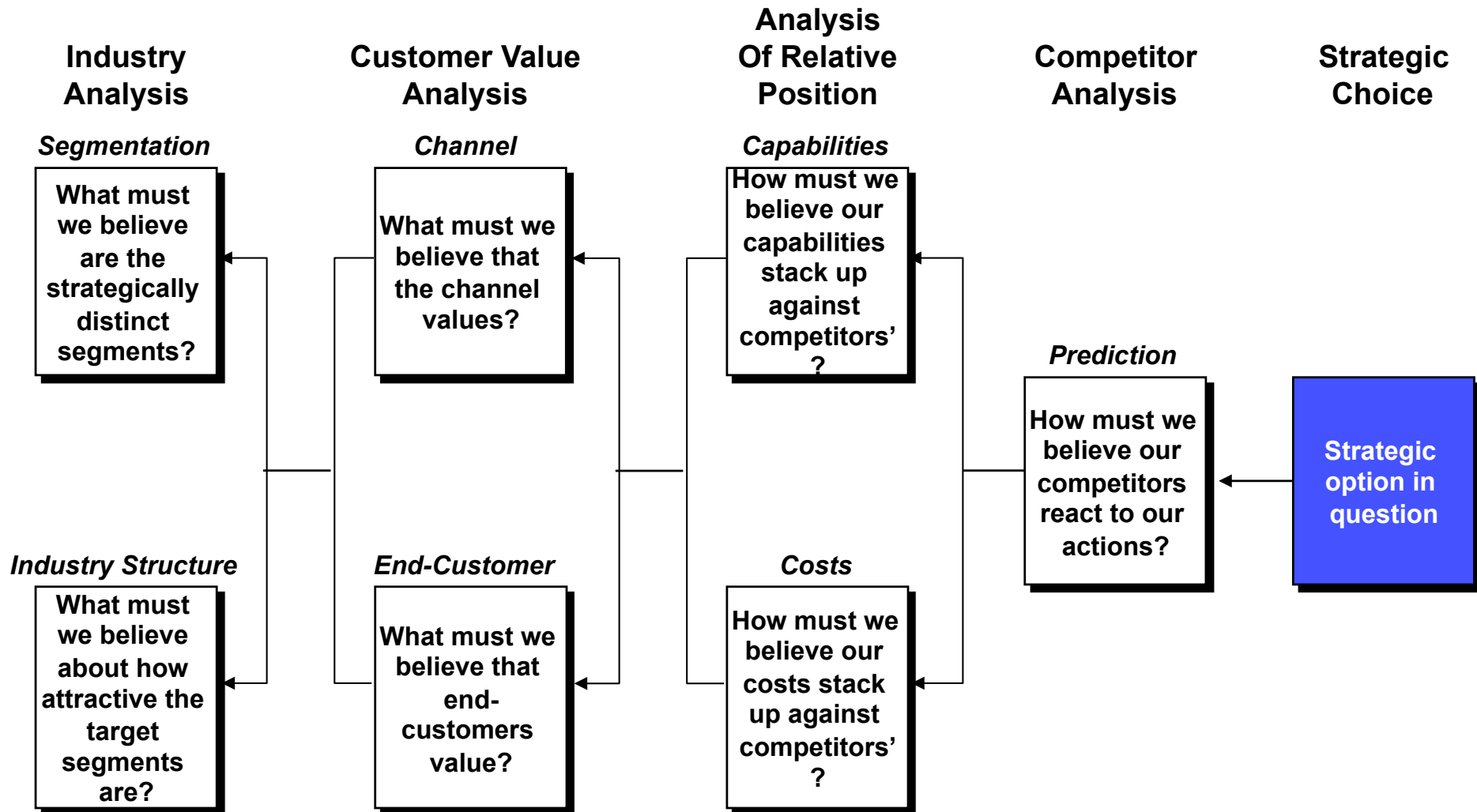
### Outputs:

This step will have been completed successfully when:

- There is an exhaustive list of the conditions that people on the team would have to believe to accept each option as valid
- Each condition is stated as a testable hypothesis
- Each condition is necessary

# An Options-based Approach to Strategy: Reverse-Engineering the Strategic Logic

*In order to pursue this option, what conditions would we have to believe exist or that we could create?*



# An Options-based Approach to Strategy:

## Step 4 = Identify Barriers to Choice

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### Outputs:

This step will have been completed successfully when:

- There are prioritized conditions for each option, in order of criticality
- There is agreement among decision makers that conditions most necessary to test have been identified
- There is agreement from senior managers / other key players that the list of options and conditions is inclusive from their point of view

# An Options-based Approach to Strategy:

## Step 5 = Design Valid Tests

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### Outputs:

This step will have been completed successfully when:

- There is a test designed for every barrier condition
- The standard of proof for each test
  - Can determine the validity of the option
  - Will generate sufficient commitment among the team
- Decision makers and other key players agree that the right tests have been designed and the right standards of proof specified

# An Options-based Approach to Strategy:

## Step 6 = Conduct Analysis

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### Outputs:

This step will have been completed successfully when:

- The test designed for each barrier condition has been carried out
  - In the reverse order of likelihood of positive outcome
- The standard of proof for each test has been met to the satisfaction of the most skeptical member of the group
- Each condition in question can be confirmed or disconfirmed

# An Options-based Approach to Strategy:

## Step 7 = Make Choice

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### Outputs:

This step will have been completed successfully when a choice is made that is:

- **Genuine**
  - Full range of options considered
  - Real tradeoffs made
  
- **Robust**
  - Logic thoroughly tested
  
- **Actionable**
  - Produces productive context for cascade of choices
  
- **Compelling**
  - Management team cognitively and emotionally committed

## Beyond the course:

### Options-led Approach – Three shifts in one’s thinking

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- From “what *should* the firm do?” to “what *might* the firm do?”
  - Goal: avoid pre-mature lock-in
- From “what *do* I believe about each option?” to “what *would I have to believe* for this option to work?”
  - Goal: give breathing room to unconventional options
  - Goal: reduce model clash (oh, Amy prefers option 1 because she believes that XXXXX)
- From “what is the right *answer*?” to “what are the right *questions*?”
  - Goal: avoid pre-mature lock-in
  - Goal: develop robust strategies by identifying and exploring key uncertainties