

ABSTRACT – Oxford Futures Forum (OFF) 2008

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MIND THE GAP: STRATEGY, SCENARIOS AND STRATEGIC CONVERSATION – AN EXPLORATORY STUDY IN THE EUROPEAN TRUCK INDUSTRY

My research project sets out to explore how scenarios can help to develop strategy in conditions of uncertainty. It suggests that scenarios can be used as transitional objects to communicate and discuss alternative future worlds and to generate new strategic conversations, which function as an important potential means of dealing with uncertainty.

My thesis sets out to explore how scenario-based strategic conversation links to strategy by examining a practical application of scenario planning, initiated by the author. The purpose of this intervention in his own organisation was to examine three potential roles for scenarios: i) creating scenarios (scenario planning), ii) using scenarios as transitional objects, and iii) promoting strategic conversation with senior management of Truck Manufacturer X (TMX¹) to improve strategic thinking. The research method employed was a form of action research drawing on participant observation. The author conducted two workshops to consider fundamental changes in European Union (EU) legislation, known as the new Block Exemption Regulation (BER), that presents the automotive industry with key strategic decisions for the future.

Reflection on learning from the scenario planning intervention led to a reflection on the intricacies of the scenario development process and an investigation of critical issues relating to strategic conversation and strategy. From a theoretical point of view, the key finding of the thesis is the emphasis upon the need to analyse the gaps that separate strategy, scenarios and strategic conversation. Three generic gaps are conceptualised: alpha (α), beta (β) and gamma (γ).

The thesis suggests that a gap matrix can provide a powerful framework for both scenario planning and strategic conversation. The focus upon gaps can challenge our mental models and create a safe conversational space. Closing gaps is important in order to change the mental models. Moreover, gaps can also serve as transitional objects as can a wild card audit that puts discontinuities or weak signals on the radar screen for strategy development.

The outcome of the research demonstrates that the process of scenario planning has the potential to provide an organisation with concepts and language objects that can be used by the members of the organisation to make its strategic conversation both more skilful and more meaningful. A strategic conversation based upon scenario planning creates new language, vocabulary and new ideas for management and its organisation. The value of strategic conversation was acknowledged by the senior management of the company.

In the case of TMX, scenarios did not lead to a change in strategy, but illustrated the possibility of transition and revealed what 'might be'. A set of six scenarios was developed. But while TMX's senior management became sensitized to scenarios, challenging its current strategy proved more problematic. The tension between the commitment to existing strategy and responding to the challenges of scenarios is complicated and presents a fundamental strategy dilemma. Based on my experience, I would like to present some of the key findings as well as discuss whether and how strategic conversation is a means to make sense of scenarios.

Supervisors:

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¹ TMX is disguised for confidentiality purposes. However, it is one of the leading truck manufacturers in the global business arena.

BIOGRAPHY

Otto C. Frommelt (MBA) is Managing Director of Volvo Austria GmbH and General Manager of Volvo Truck Center in Austria. He has top management expertise and significant international experience within the automotive industry. His senior executive roles have been diverse and include those of Head of Aftermarket, Chief Information Officer (CIO), Chief Financial Officer (CFO) and Chairman/Board member of dealerships, truck leasing company (financial services), truck rental company, parts sales company and non-profit organisations (Economic and Social Research Council (ESRC), UK). He has also enjoyed several lifelong learning interludes along the way (at Harvard, Wharton, Kellogg, etc.), including his MBA at Warwick Business School (WBS), UK.

Currently his positions of trust include business Board Memberships in Austria, Poland and Slovakia. Otto is a member of the Founders' Association, one of WBS's four advisory boards. Members of the Founders Association's role is to help shape strategy to ensure that WBS has sufficient funds to realise its aims. He is a DBA candidate at Nottingham University Business School (NUBS), UK and a lecturer at the University of Applied Science, Vienna in Austria.

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