



THE C-SUITE

with
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How does one win in the Age of Chaos? Five-year strategic plans do not hold anymore. Projects can no longer be run with the water-fall method, it is now about something hybrid or agile. We do not lock in strategies anymore, we speak of emergent strategies.

The post-pandemic world has been described as brittle, anxious, non-linear and incomprehensible. Everything we knew about business, the organisation does not seem to hold anymore. Coupled with these are the ever-changing population dynamics. Take the example of the Gen-Zs who are reported to drink less than the millennials.

The logistics (on which every business is dependent) have become totally unpredictable. A disruption to the Strait of Hormuz sends shockwaves across the world. How does one win in the Age of Chaos? Five-year strategic plans do not hold anymore. Projects can no longer be run with the water-fall method, it is now about something hybrid or agile. We do not lock in strategies anymore, we speak of emergent strategies. What does it mean for business leaders in the Age of Chaos?

Whereas one could think of guarding against these disruptions by for example building up inventory. But that also implies that one is taking on new forms of risk – inventory and working capital risk. The market has become a Chameleon, you cannot rely on the data of yesterday to make a prediction of today. Every new day calls for its own nuanced understanding. How then does one win?

In comes game theory

In 1944, the mathematician John Von Neumann and economist Oskar Morgenstern laid the groundwork for what came to be known as Game Theory. It built on the concept that business interactions, market dynamics, country relationships, all these things could be modeled as games with different players, with different interests and different pay-offs. At the heart of game theory is an attempt to answer the question – how do you make decisions under certainty or uncertainty?

In the age of chaos, how does a business leader make decisions under uncertainty? Imagine a bar owner along Bandali Rise, should they raise prices? What if they raise prices and their competitors do not? What would be the outcome? These kinds of scenarios also gave rise to the Prisoner's Dilemma, and a working solution to this problem; the Nash Equilibrium (thanks to mathematician John Nash).

As noted, games can be of different types. They could be zero-sum or non-zero sum in the sense of Win/Win (positive-sum) or Win/Lose (zero-sum) kind of games. In the prisoner's dilemma, if both prisoners cooperate and remain silent, they get a lighter sentence. Except that what makes it a dilemma is not knowing what the other is planning to do.

For today, there is an interesting category of games, the symmetrical and asymmetrical games. In symmetrical games, players get the same

You win by seeing what everyone else has ignored

STRATEGY

Instead of asking what does my competitor do well, ask, what does my competitor do badly? What do they fumble? And then go exploit that, go become the gold standard of doing it well. Often the reason the competitor can't do it well is because of organisation stasis and if you can win on that, you can win market share based on that.

outcomes if they make the same choices. For example, if two business competitors invest in the same piece of technology, then they get the same advantages. However, the BANI world has also proven that symmetrical games are rare in the business world. An AI adoption will produce different results for two competing forces.

Asymmetrical strategies for an asymmetrical world

If the world is now asymmetrical, in the sense that in the business world, there will be the market leader and market followers, one party will have access to more resources than another. Then, the only way the weak win is by adopting asymmetrical strategies. In the case of the elephant and the bee, the bee wins by stinging inside the elephant's trunk.

A small business can disrupt a market leader by launching an AI marketing campaign faster, for a fraction of the market leader's budget. The market leader will be constrained by the organisational bureaucracy, and will spend a big budget, and enter the market long after the consumers have moved on. Asymmetrical strategies also mean that a kid with a smartphone and TikTok account can go toe on toe with an established TV station.

Asymmetrical strategies demystify the resource constraint. The weak party can always win, but they must do it on a terrain of their own making. It is now possible to compete with basic resources. It is the David sling in the battle against Goliath. It is to say, if you

assess a game and realise you cannot win the game, then play a new game, redefine the rules, change the model from what has been industry standard.

Seeking asymmetrical advantages

Going forward, the work of a strategist in any organisation is to explore asymmetrical opportunities and exploit them as deeply as possible. It now means that benchmarking takes on a new perspective; instead of asking what does my competitor do well, ask, what does my competitor do badly? What do they fumble? And then go exploit that, go become the gold standard of doing it well. Often the reason the competitor can't do it well is because of organisation stasis and if you can win on that, you can win market share based on that.

It means that the CEO should be asking better questions such as; What is everybody wrong about in this market that if we got it right we would win? What is the blindspot of the industry in which we are operating? What assumptions about this business has every player accepted as fact? In asymmetry you win by seeing what everyone has ignored or taken for granted. In asymmetry, you win by taking advantage of the little things. And fortunately or unfortunately, asymmetrical game strategies are the new normal in the age of chaos.

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