

# **STRATEGIC DECLINE**

## An ugly picture

Kodak's:

*share price, \$*

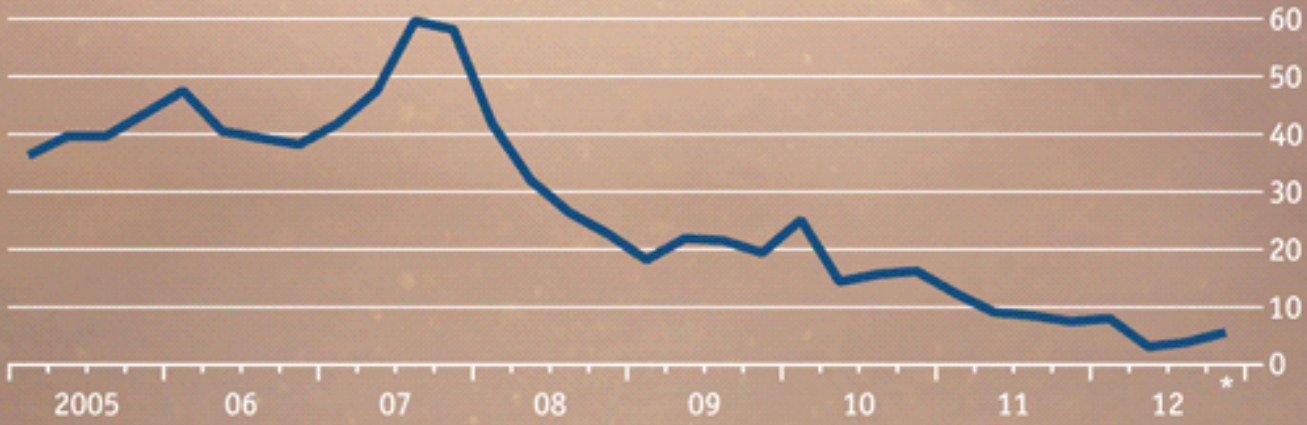
*employees, '000*



Sources: Company reports; Thomson Reuters



### Nokia's market capitalisation As % of Finland's GDP



Source: Thomson Reuters

\* Estimate

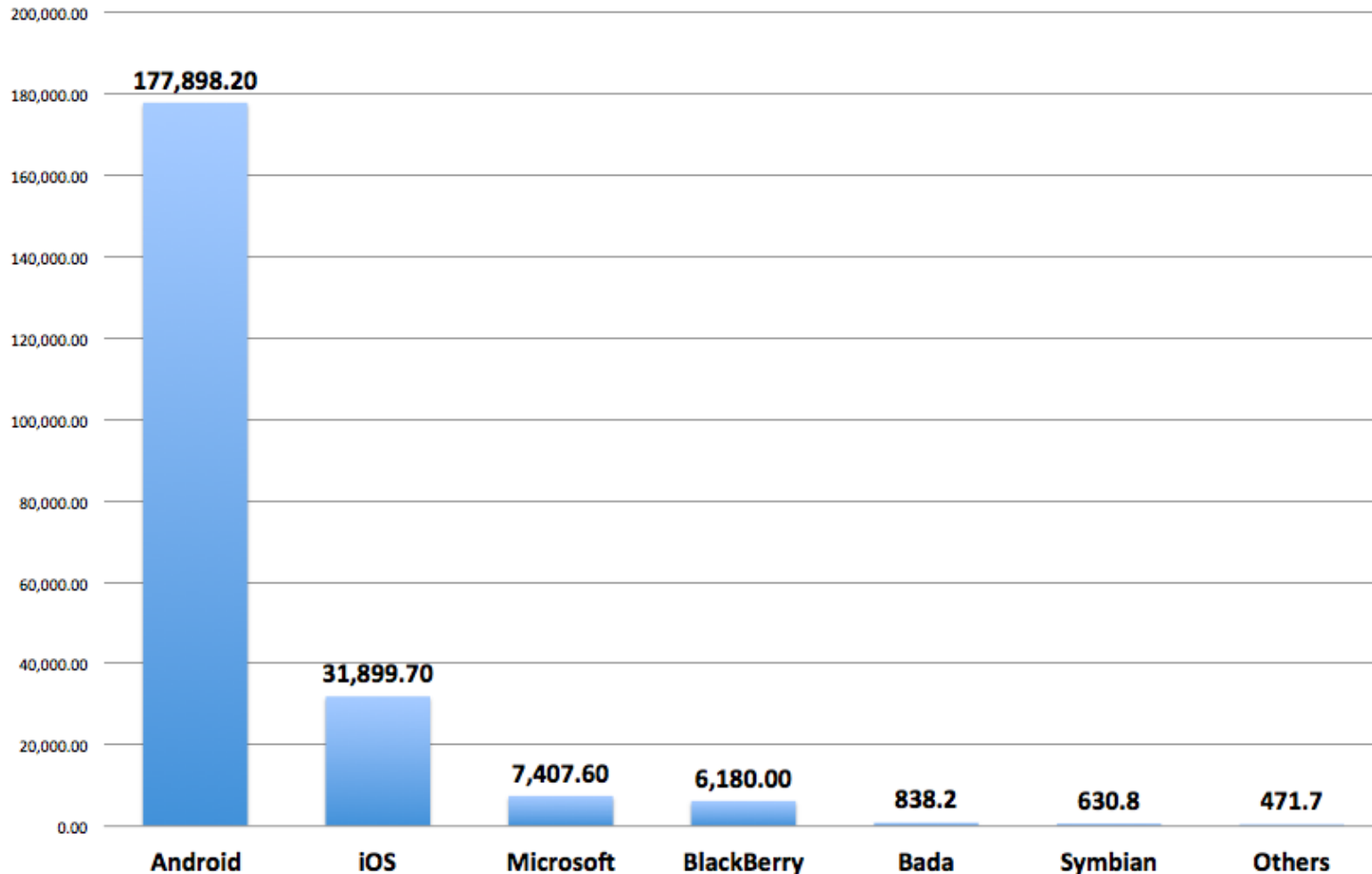


### BLACKBERRY SMARTPHONE SALES (IN MILLIONS)



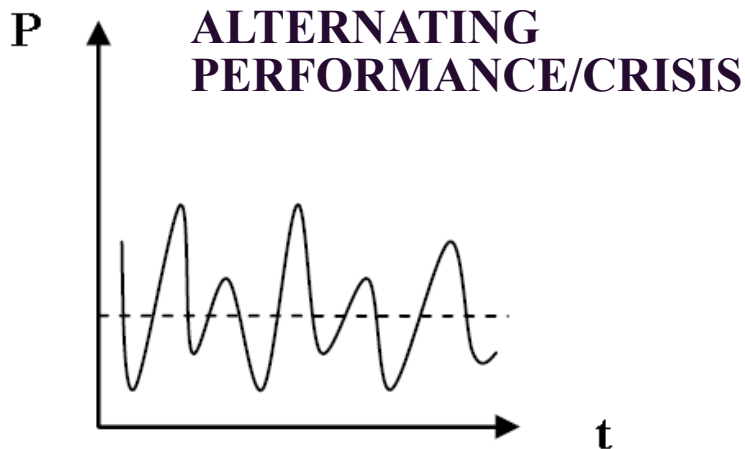
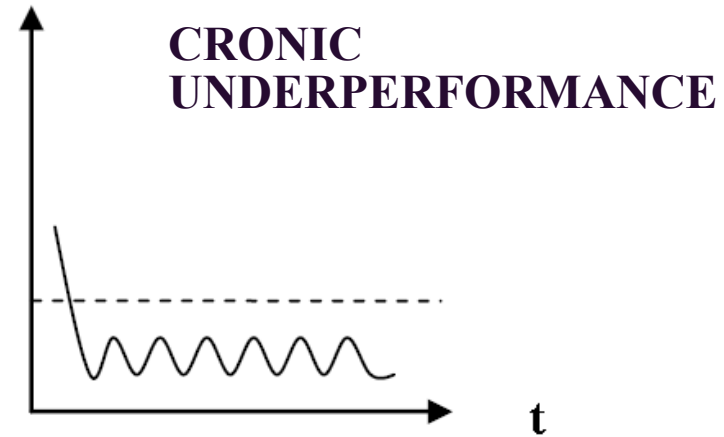
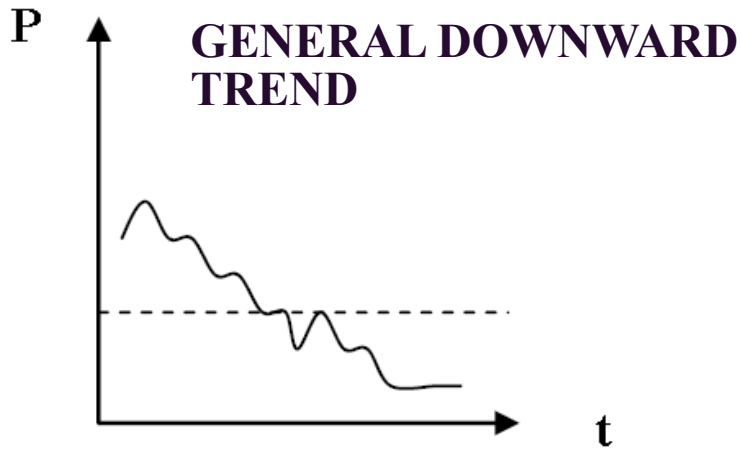
# + A BATTLE OF STANDARDS

Smartphone sales by Operating System, Gartner (2Q 2013)



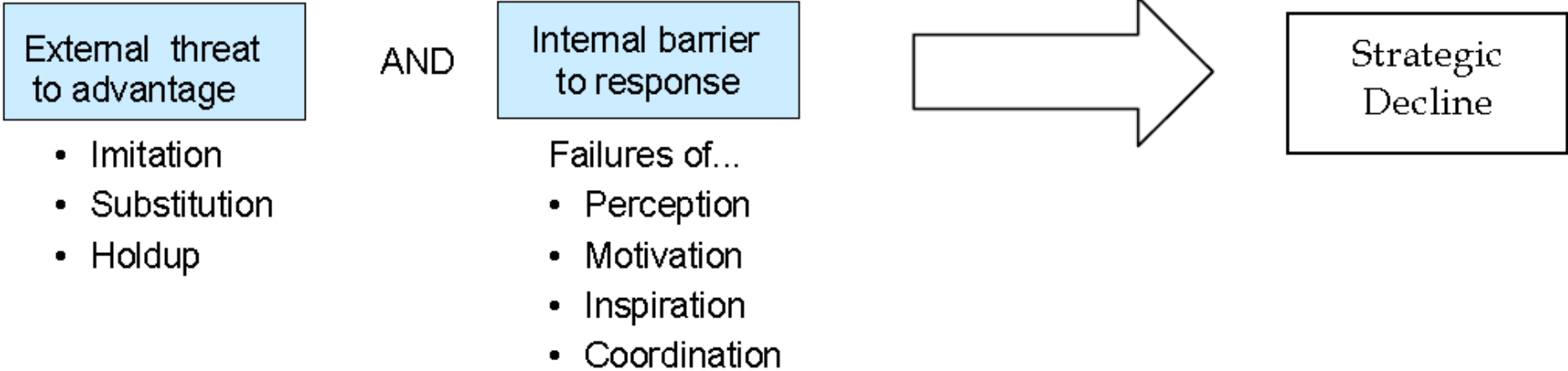


# PATTERNS OF DECLINE/ FAILURE





# A VIEW OF STRATEGIC DECLINE





# INTERNAL BARRIERS TO RESPONSE



PERCEPTION

I don't see the threat

MOTIVATION

I see the threat but don't want to respond

INSPIRATION

I want to respond but don't see how

COORDINATION

I see how to respond but can't get the organization to move







# PRACTICES REINFORCING PERMANENT FAILURE (1)



Persistent reversion to established mental frames

*Observed manifestations:*

- Resorting to ideological justifications for organization's "raison d'être;"
- Nurturing a general mentality of dependence;
- Repeatedly reverting to strategies and ideas that have worked in the past.

Continuing endorsement of organizational mission

*Observed manifestations:*

- Ongoing positive coverage of the organization in the media;
- Ongoing endorsement by known personalities;
- Ongoing granting of significant contracts

Repeat contradictions between discourse and action

*Observed manifestations:*

- Not following up on promises or commitments made;
- "Shelving" or misapplying approved organizational strategic plans.

Ongoing provision of financial support

*Observed manifestations:*

- Continuing support (various forms, including grants, subsidies, loans, etc.) from funders (government, donors, banks, etc.)



# PRACTICES REINFORCING PERMANENT FAILURE (2)



Systematic withholding or non- circulation of information

*Observed manifestations:*

- Routinely seeking to “protect” personal power/interests;
- Maintaining a defensive attitude;
- Discouraging open dialogue and debate.

Ongoing support of management

*Observed manifestations:*

- Refusing to put into question the competence of existing CEO/ED;
- Maintaining the belief that salvation of organization depends on existing CEO/ED.

Ongoing disagreement over management priorities

*Observed manifestations:*

- Unwillingness to make decisions based on financial considerations alone;
- Privileging values to the detriment of performance.