

ARTIFICIAL INTELLIGENCE SERIES – PART I

How will AI transform strategy planning?

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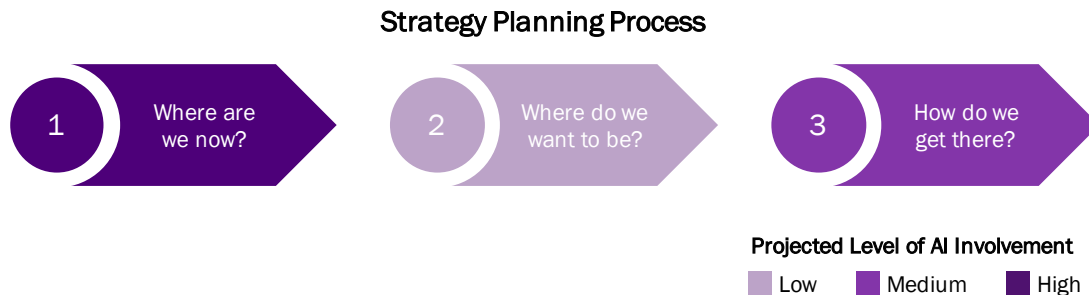
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AI is one of the hottest topic in tech. Most of us first think of AI's implications on personal lives whether it be via virtual personal assistants, self-driving cars, smart recommendations or numerous other applications. Nonetheless, AI is also widely considered to be “next big thing” in business and corporate executives are starting to explore ways to use the disruptive technology to reshape their organizations.

Survey findings largely indicate that corporate leaders mostly view AI as a transformative tool to improve processes and offerings.¹ It does not come as a surprise that AI is mainly a focus of CIOs and CTOs who are concerned with developing AI strategies which often entail building advanced IT infrastructures and investing in relevant talent. We seek to explore this topic from a different angle and would like to brainstorm on whether AI has the capacity to transform the overarching corporate strategy of an organization. In other words, can CEOs leverage AI as a tool for setting a strategic course of an organization?

STRATEGIC PLANNING

There are many different frameworks and approaches to strategy planning. Regardless of what approach is chosen and pursued, a solid planning process is ultimately designed to answer the following three key questions (see figure below):



The answers to the questions above help define an organization' strategic course. Each of the three steps entails unique tools and inputs and therefore can be expected to be impacted by AI at different levels.

Where are we now?

Assessing the current state of an organization involves a substantial amount of information gathering and evaluation. Internal and external analyses are performed, interviews with key stakeholders are conducted and key strengths and opportunities are identified. The proliferation in the amount of corporate data (e.g. financial metrics, non-financial information, industry and macro statistics)² along with rapid advances in machine learning technology now means that AI can be deployed to access and interpret data, and deduce valuable strategic insights.

Where do we want to be?

¹ <https://hbr.org/2017/08/a-survey-of-3000-executives-reveals-how-businesses-succeed-with-ai>

² <https://hbr.org/2018/01/robo-advisers-are-coming-to-consulting-and-corporate-strategy>

Insights derived from the previous step are used to define the overarching vision, mission and essential values of a company. Also, understanding the organization's core competencies becomes critical at this stage when the target state along with accompanying objectives are being set.

Vision, mission and values setting is a task that is less a function of data and more a function of human factors such as ambition, energy, creativity, culture and principles. We believe that managing people and their EQ will become increasingly important in setting the direction of organizations.

How do we get there?

Finally, strategic planning culminates with a development of a plan that lays out a roadmap to achieving its vision and objectives. This is where strategic trade-offs are encountered and choices need to be made on strategic priorities and the corresponding actionable initiatives.

In our view, human input and AI capabilities will need to work hand-in-hand to arrive at and carry out a compelling strategic narrative. We see a strong case for the use of AI in overlaying findings from Step 1 with inputs and parameters on vision and objectives from Step 2 to generate a way forward from a multitude of possible scenarios and strategic options. Human involvement will be vital in alignment of the key stakeholders to the new plan and its implementation.

FINAL THOUGHTS

Strategy planning aims to answer seemingly simple questions but these questions have many moving parts and demand a variety of inputs, exercises and assessments. It is precisely this intricate nature of the strategic planning journey, and the corresponding human factors, that makes us believe a synergistic relationship between human and machine will be necessary to achieve success.

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