

QUASI Seminar Series: October 15, 2021, Chat Transcript

Topic: **Is Luck Better Than Strategy in Cultivating Corporate Innovation?**

Yes: Chengwei Liu; No: Melissa Schilling; It Depends: Christian Busch; In Practice: Michael Mauboussin

- 11:37:38 From Mike Barnett to Everyone: Welcome everyone! Yes, we will post the slides, the recording, the chat log, and the reading list in the coming days. Please post your questions and comments in the chat box.
- 11:41:26 From Cristina Vlas (she/her) to Everyone: Hi, thank you for organizing this! My question for Chengwei is whether he analyzed how many firms not on Fortune 500 are still alive after 50 years. The graph might look the same suggesting that maybe some other factors other than luck are at play
- 11:41:27 From Shahzada Irfan to Everyone: Sorry i am bit late:) Good evening from india
- 11:43:32 From Mike Barnett to Everyone: How to explain that every single QUASI seminar is the world's best?
- 11:44:07 From Cristina Vlas (she/her) to Everyone: Sorry I have to run, hope you share the recording and the chat discussion :) great to see everyone!
- 11:46:42 From Shahzada Irfan to Everyone: Could you please share this paper with us. Am working on related lines in my ongoing project in family firms. it will be wonderful to read this article.....
- 11:55:50 From Mike Barnett to Everyone: I wonder the degree to which we're assuming that the external environment that determines/judges success is exogenous. If firms can control success outcomes, then the game changes.
- 11:57:01 From Punit Arora to Everyone: To what degree is luck really factors that we haven't identified yet?
- 12:04:43 From Melissa Schilling to Everyone: Here's that link to indicate if you want a copy of the book!  
<https://docs.google.com/spreadsheets/d/1NreDjnNbdcfKOoEkcbHuKwcBHTIILgrd1fSNx8VBrb4/edit?usp=sharing>
- 12:07:52 From Madeleine Rauch to Everyone: Thank you, Chris, for the shoutout! Very happy to be here and follow this excellent discussion! Thanks for organising!
- 12:08:13 From Mike Barnett to Everyone: We look forward to your questions. If you are a doctoral student, please do indicate, as we want to prioritize your questions.
- 12:10:28 From Mike Barnett to Everyone: That inspires me to turn my classroom into a nap room! Might as well play to my strengths.
- 12:13:46 From Rensburg, Deryck to Everyone: Is serendipity a process, or an outcome, or a mechanism, or a capability, or all of the above? Or do we know?

- 12:18:21 From Tanja Ohlson to Everyone: To all presenters: what role does intent play in answering the question about luck vs strategy? What I mean by that: I assume that most innovators are not strategy pros or high-achieving MBAs, thus not trained in all the things that can be strategically managed. Still, some set up structures in ways that are beneficial because it seemed the most logical to them. Is this luck, cultivating serendipity, quick thinking without recognising that common sense really is not that common?
- 12:29:06 From Mike Barnett to Everyone: Is that different from Danny Miller's Icarus Paradox?
- 12:35:26 From Ellie Okada to Everyone: Regarding "Luck": I understand the cognizing, searching, reconfiguring, and legitimizing limits (CSRL limits). Attractive behavioral opportunities are "protected by strong limits that deter deliberation, learning, change, and being contrarian." However, your paper also mentions that overcoming the CSRL limits leads to enjoy premium. Then, why overcoming the CSRL limits corresponds to "luck"?
- 12:37:16 From Keyvan Maleki to Everyone: Strategies changes over time some become outdated, challenged, discarded.... Can we say the same thing about luck? Or it's apple orange thing?
- 12:41:26 From Chengwei Liu to Everyone: Exactly, luck can reflect our ignorance. Decomposing luck reliably requires counterfactuals but we rarely have the privilege to do that (Pearl's book on causality is the best reference on this). One problem is that in biz schools we too often focus on the samples of one or few and over attribute favourable variance to the agents who happen to be there.
- 12:41:38 From Shahzada Irfan to Everyone: Is luck really measurable in absolute terms? from strategic perspective?
- 12:41:49 From Melissa Schilling to Everyone: What is "Zemblanity" Christian?
- 12:43:36 From Dr. Christian Busch to Everyone: @Melissa: Zemblanity: The opposite of serendipity (along the lines of making unlucky discoveries by design)
- 12:43:38 From Melissa Schilling to Everyone: Chengwei, all of your survival lines had a big drop in what would have been the same year (based on their years from start date) -- what was going on there?
- 12:44:37 From Chengwei Liu to Everyone: @Melissa: that's when in 1995 they changed the formula and included retailers and banks
- 12:45:59 From Melissa Schilling to Everyone: @Chengwei, if you take out that drop are the lines still significantly spread apart?
- 12:48:03 From Chengwei Liu to Everyone: @Melissa, yes, the trends are still robust against the 1995 shock
- 12:51:04 From Xuanye Li to Everyone: Thank you for organizing this! My question for Dr. Chengwei Liu Is there an assumption in comparing outliers VS good/average firms that outliers and good/average firms are under the same mechanism in firm operation? By

mechanism, I mean the process of skills development and resource allocation for innovation. What if outliers are under different mechanisms? If we take different views towards the mechanism of good/average firms and the mechanism of outlier firms, will we be able to explain some of the variances in the outlier bin that we cannot explain before?

- 12:54:20 From Melissa Schilling to Everyone: Here's that CEO obsolescence paper!  
<https://onlinelibrary.wiley.com/doi/abs/10.1002/smj.524>
- 12:54:53 From Melissa Schilling to Everyone: How quickly do CEOs become obsolete? Industry dynamism, CEO tenure, and company performance  
  
Andrew D. Henderson, Danny Miller, Donald C. Hambrick, Strategic Management Journal, 27 February 2006 <https://doi.org/10.1002/smj.524> Citations: 288
- 12:55:17 From Michael Mauboussin to Everyone: Thank you for the Henderson paper!
- 12:55:20 From Edward Hess to Everyone: A wonderful conversation ! I applaud all the speakers - THANK YOU for sharing with all of us!
- 12:56:00 From Michael Mauboussin to Everyone: He's collaborated with Raynor on the work I mentioned about special cause and common cause variation
- 12:56:35 From Xuanye Li to Everyone: Thank you!
- 12:57:53 From Shahzada Irfan to Everyone: it was wonderful. thank you guys
- 13:01:50 From Deborah Flamengo to Everyone: <http://ricsi.business.rutgers.edu>
- 13:01:54 From Vic Woo to Everyone: Will post the url on the chat or send via email?
- 13:02:18 From Ellie Okada to Everyone: Thank you.