Is luck better than strategy?

Dr. Christian Busch, Director, CGA Global Economy Program, NYU
Visiting Fellow, Marshall Institute, LSE
Christian.busch@nyu.edu
@ChrisSerendip

NYU
It depends!
1) Distinguish between blind and smart luck

- Often, performance differences considered as “lucky” or “unexplained variance” (Barney, 1997; Brown, 2005; Feld, 1981; Shipilov et al., 2014)

- Skill (individual) / capability (organization) vs luck (Barney, 1997; Brown, 2005; Denrell et al., 2003; Casciaro et al., 2014; Feld, 1981; Shipilov et al., 2014)

- Based on recent research (incl. multinational companies, social enterprises, incubators; Busch et al., 2018; Busch, 2020; Busch & Barkema, 2021a; Busch & Barkema, 2021b; Busch & Grimes, 2022): Not luck vs strategy, but “cultivating smart luck” is (part of good) strategy

- Blind luck (event) vs smart luck (process)

- Smart luck (serendipity) as “unexpected good luck resulting from unplanned moments, in which proactive decisions lead to positive outcomes.” (Busch, 2020)

- Particularly relevant in fast-changing world (often no well-defined problems, stable objectives, pre-defined resource needs; Engel et al., 2017; Hallen & Eisenhardt, 2012) > emerge unexpectedly

- Recent research (+ practice): serendipity as potentially influenceable and thus managerially relevant (e.g., Busch & Barkema, 2021; Denrell et al., 2015; Dew, 2009; Garud et al., 2018. Lane et al., 2020; Rauch & Ansari, 2021; von Hippel & von Krogh, 2016)
Serendipity in action

Serendipity: “Unexpected good luck resulting from unplanned moments, in which proactive decisions lead to positive outcomes”→ process rather than event (“blind luck”)

Source: Busch, 2020; Busch & Grimes, 2021
“Cultivating serendipity is an active approach to leadership in times of uncertainty.”
(Tom Linebarger, CEO, Cummins)
2) “Cultivating serendipity” as (part of) good strategy

- Argument: By developing the skill (individual) or capability (organizational) to cultivate *serendipity* (especially in contexts of high uncertainty), superior performance is possible> alternative theory of competitive advantage

- Reframed question: How, why, and when can serendipity be influenced (i.e., what are the conditions for serendipity to emerge)?
Narrative vs reality

THE ORIGINAL PLAN, ACTUAL EXPERIENCE
AND OFFICIAL STORY OF CHANGE

ORIGINAL PLAN
FOR NEW IDEA

ACTUAL EXPERIENCE

OFFICIAL STORY

*“Disconnect between the Official Story and the Actual Story of How New Things Get Done” by Leith Sharp and adapted for use by Leaders on Purpose is licensed for open sharing and adapting under Creative Commons CC BY-SA 4.0*
Serendipitous outcomes

Individual agency

Serendipity spotting

Reframing situations

Leveraging virtual and physical space design

Integrating the unexpected into strategy

Creating an organizational opportunity space

Elevating unexpected opportunities

Celebrating learning from “failure”

Removing barriers

Source: Busch, 2020; Busch, 2022; Busch & Barkema, 2021
Random event

Situation

Organizational enablers and constraints (e.g., psychological safety)

Individual moderators (e.g., self-censoring; functional fixedness)

Individual agency (e.g., alertness)

Individual mediators (e.g., previous experience; cognitive flexibility)

Boundary conditions (e.g., degree of uncertainty; time)

Serendipity

Organizational moderators (e.g., theory of value creation; power dynamics)

Blind luck

Endless future research possibilities…

Source: Busch, 2022
3) It’s early days!

- How to measure it: Busch, 2020; Fultz & Hmieleski, 2021 (e.g., “We often stumble on unexpected opportunities for new products or services”; “we often develop new products or services in unexpected ways”; etc.)

- How to study it: Counterfactuals; process studies; etc. > Frankl

- Societal inequality> different starting levels

- Serendipity as valuable area to study / vocabulary for what really happens

- Limitations: Serendipity for who?; connecting structure & agency; luck vis-à-vis serendipity; zemblanity; boundary conditions (c.f., Chengwei Liu’s work; Schilling, 2018)

- Question to audience: How would you frame/position this work? Where is the most interesting contribution?
If you take someone as they are, you make them worse, but if you take them as what they could be, you make them capable of becoming what they can be.

Goethe (& Frankl!) - adjusted
REFERENCES


Busch, C. 2022. Towards a serendipity-based view of the firm. (Under review/available upon request).


Thank you!

Twitter: @ChrisSerendip
Email: christian.busch@nyu.edu