Don’t maximize value, minimize regret: Simple rules for early opportunity screening in volatile environments

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Challenge: Implementing strategy with tied hands

We studied a global leading engineering, design and consultancy firm with headquarters in Denmark. They have an interesting problem: most of what they do is client-based projects.

Therefore, if you are the CEO of this firm and you would like to venture into Artificial Intelligence, then you need to examine whether you can, that is, whether the pipeline of possible client opportunities offer reasonable projects on artificial intelligence, and it may well be that the answer is no, but other interesting opportunities be interesting to pursue. And as we decide on a plan, the opportunities start changing again.

Research Method

For data collection, we used an adapted Applied Cognitive Task Analysis (ACTA) method (Millenio & Hutton, 1998) and Critical Decision Method (Hoffmann, 1998). The method allowed us to unravel the experts' cognition, knowledge and skills used in the judgement of new opportunities, even when the experts themselves had difficulties to talk about the choice. The data was complemented by an ethnographic inspired study. We analysed the data with a focus on simple cognitive strategies and identified the simple rules (Brigham and Eisenhardt, 2011).