

Alex Lowy Phil Hood

The  
Power  
of the

2x2

# Matrix

Using 2x2 Thinking to Solve Business  
Problems and Make Better Decisions

Includes more than 50 classic  
models for strategic, organizational,  
and personal decision making

**Dialectical SWOT Analysis**

**[www.2x2Matrix.com](http://www.2x2Matrix.com)**



# CONTENTS

Foreword xiii

*James H. Gilmore and B. Joseph Pine II*

Acknowledgments xvii

The Authors xix

Introduction 1

## PART ONE: 2 × 2 THINKING

1 The DNA of Great Problem Solving 9

2 Form, Method, and Mastery: 2 × 2 Thinking as Dialectical Process 24

3 The Eight Archetypal Dilemmas 37

## PART TWO: 2 × 2 PRACTICE

4 Designing 2 × 2 Matrices: Making Intuition Explicit 61

5 2 × 2 Thinking in Action: Fujitsu FTXS Tackles Level 2 Dilemmas 69

## PART THREE: 2×2 FRAMEWORKS INVENTORY

### 6 Strategic Frameworks 91

- Beyond Customer Led* 95
- Discontinuity and the Life Cycle* 99
- Customer as Value Manager* 105
- Customer Value Analysis* 107
- Scenarios* 115
- Gartner Magic Quadrant* 121
- Portfolio Analysis* 125
- Problems and Solutions* 127
- Dialectical SWOT Analysis: Strengths, Weaknesses, Opportunities, and Threats* 129
- Market Tipping* 131
- Corporate Strategy* 134
- Generic Strategy* 139
- E-Business Opportunity Matrix* 144
- Global Product Planning* 146
- Generic Network Strategy* 148
- Mass Customization: The Four Approaches* 151
- Attentionscape* 156
- Managing Customer Loyalty* 158
- Likelihood to Buy* 161
- Revenue and Profitability* 163
- BCG: Product Portfolio Matrix* 169
- Impact-Uncertainty Matrix* 173
- Entrance and Exit Strategies* 177

### 7 Organizational Frameworks 180

- Good to Great Matrix of Creative Discipline* 184
- Employee Motivation* 188
- Alliance Drivers* 190
- Team Types* 193
- Situational Leadership* 195
- The Four Power Players in Knowledge Organizations* 199
- T-Group Leadership* 202
- SECI* 204
- Human Capital* 210
- Differentiation and Integration* 215
- Means and Ends* 219
- The Change Grid* 221
- Learning and Change* 223

<i>Similarities and Differences</i>	225
<i>The Four Realms of Experience</i>	228
<i>Make versus Buy</i>	233
<i>Four Square Model</i>	236
<i>Product and Supply Chain Architecture</i>	238
<i>Telematics Framework</i>	244
<i>The Virtue Matrix</i>	246
<b>8 Individual Frameworks</b>	<b>250</b>
<i>Johari Window</i>	255
<i>Myers-Briggs Type Indicator</i>	261
<i>Learning Styles Inventory</i>	267
<i>I'm OK, You're OK: The Four Life Positions</i>	269
<i>Conflict Mode</i>	271
<i>Social Styles</i>	274
<i>Getting It Right</i>	279
<i>Leadership Coaching</i>	281
<i>Career Transitioning</i>	283
<i>Prisoner's Dilemma</i>	286
<i>Urgency and Importance</i>	290
<i>Influence and Concern</i>	292
<b>Notes</b>	<b>295</b>
<b>Index</b>	<b>303</b>

future trends. Seek input from thought leaders and mentors whose perceptive contributions can help you re-vision the present and future.

- Lower left: Attack. Sometimes the situation is clear and compelling. You know what's wrong and what you need to do, so take action.
- Lower right: Leverage. The problem is known, but you don't have a solution. In this case, leveraging the knowledge and efforts of partners and friends is suggested to lead more quickly to a solution.
- Upper right: Question. Wacker calls this the fool's box, referring to medieval fools or jesters. Organizations must actively nurture renegades who question and present bold ideas if they are to get beyond the limits of today's problems and solutions. In this manner, one remains open to transcendent solutions to tomorrow's challenges.

**Method.** The method has three steps:

- Step 1: Form. Establish a futures council within the firm composed of people at different levels.
- Step 2: Assign. Charge the futures council with creating a vision of the future. Include in the vision a list of questions (problems) and answers (solutions) that could have an impact on reaching the company's future vision.
- Step 3: Follow up. On a continuing basis, test the futures council's list of problems and solutions against the matrix, and take appropriate action.

## Reference

Wacker, W., Taylor, J., and Means, H. *The Visionary Handbook*. New York: Harper-Collins, 2000.



### Dialectical SWOT Analysis: Strengths, Weaknesses, Opportunities, and Threats Inspired by the East Lancashire Training and Enterprise Council

Opportunities are like buses. There is always another one coming.

—Richard Branson<sup>21</sup>

SWOT is the acronym for strengths, weaknesses, opportunities, and threats. In a traditional SWOT analysis, these four categories are investigated independently and fed into the planning process. In dialectical SWOT, we treat Strengths and Weaknesses as internal factors and Opportunities and Threats as external. Traditional SWOT analysis generates a powerful and reasonably comprehensive strategic snapshot. The unique value in this approach comes from juxtaposing

information from these two categories, as shown in Figure 6.19. Each quadrant of the matrix represents a unique combination of Internal and External conditions, and each produces a specific recommendation.

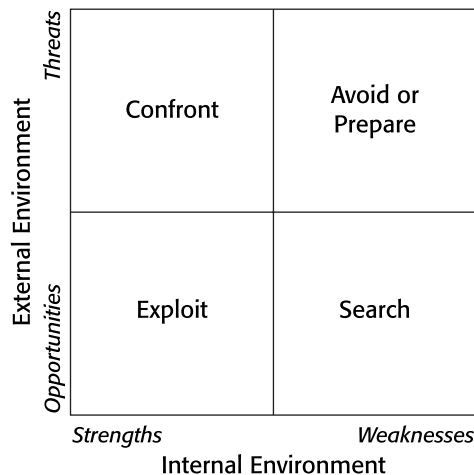
**The Two Dimensions and Their Extremes.** The SWOT matrix explores two key dimensions: External Environment and Internal Environment:

**External Environment.** Organizational success depends on sensing and responding to shifting conditions in the business environment. At the most basic level, these represent Opportunities and Threats.

**Internal Environment.** The ability to compete effectively depends on the resources and knowledge available to the organization. We draw on our Strengths and guard against possible exposure created by our Weaknesses.

**The Four Quadrants.** Dialectical SWOT defines four zones of risk and reward, each demanding a different response. The key to success often lies in being proactive:

- Upper left: Confront. Threat is matched with organizational strength. Businesses face these conditions all the time—new competitors, legislative changes, commoditization of a core offering, and many others. Mobilize to limit and control the looming danger.
- Lower left: Exploit. Opportunity is matched with strength. This is a business's growing edge, where it can capitalize on areas of strategic advantage.



**Figure 6.19.** SWOT Matrix

The one caution here is to be careful not to ignore other demands. Vital and scarce corporate resources are too easily drawn to exciting and rewarding growth-oriented projects, which can deplete the organization's ability to deal effectively with more mundane and defensive challenges.

- Lower right: Search. Opportunity is matched with weakness. This quadrant represents a conundrum. Opportunities exist that the organization can recognize but is not equipped to tackle. The gap may be financial, scale, location, or any of a number of other factors. Creative options are needed. If you don't act on the opportunity, perhaps a competitor will, with potentially disastrous consequences.

- Upper right: Avoid or Prepare. Threat is matched with Weakness. Some threats are avoidable, and others are not. Confronting competitive Threats with Weakness is not only dangerous but also resource draining. When possible, it is best to avoid such situations. Consider the company about to enter a price war with a much larger and better-financed adversary. Sometimes, however, the threat cannot be sidestepped and must be addressed, whatever the cost.

**Method.** Follow these steps to conduct a dialectical SWOT analysis:

- Step 1: Generate lists of strengths, weaknesses, opportunities, and threats. Be sure the people involved in completing this task have the necessary knowledge and independence to report in an honest (not fearful or protective) way.
- Step 2: Assess the interactive effect of the internal (Strengths and Weaknesses) and external (Opportunities and Threats) observations. Place the conclusions onto the dialectical SWOT matrix.

## Reference

East Lancashire Training and Enterprise Council. [<http://www.nvq5.com/>].



## Market Tipping

Adapted from Carl Shapiro and Hal Varian

Don't plan to play the high[er] stakes, winner-take-all battle to become the standard unless you can be aggressive in timing, in pricing, and in exploiting relationships with complementary products.

—Carl Shapiro and Hal Varian<sup>22</sup>

It is not unusual for technology markets to be dominated by a single technology standard, and sometimes by a single large firm. The Market Tipping matrix (Figure 6.20), introduced by Carl Shapiro and Hal R. Varian in *Information*