

STRATEGY AND STRATEGY DEVELOPMENT

My quest continues for a clearer understanding of what strategy is, how to develop it, what to do when you have it and why it may be useful.

I can't say that I am much further down the track, but here are some things that are going through my mind.

What is strategy ?

Most of the definitions seem to locate strategy as something which helps determine an organisation's relationship with two things :-

1. It's environment
2. Uncertainty

In many ways I still consider Henry Mintzberg's concept of strategy (or more precisely strategic thinking) as a series of ways of seeing, as one of the most insightful definitions :-

Seeing ahead
Seeing behind
Seeing above
Seeing below
Seeing beside
Seeing beyond
Seeing it through

Conceptually this is interesting, and certainly provides a challenge to those who perceive strategy as a special case of forward planning, or produce internally focussed "strategic plans". On the other hand I'm not entirely clear how this "strategic thinking" can (or indeed should) be tied down to what I would commonly regard as "strategy".

Generally speaking I still find it easier to define what strategy is "not"; and maybe that is strategy's lot - the leftover features (tacit or explicit) of an organisation once all the other things have been defined.

The most interesting framework I came across during my travels was from Stu Winby at Hewlett Packard - with strategy occupying a territory bounded by the predictability of change and the nature of the organisations relationship with that change :-

	PROACTIVE APPROACH	REACTIVE APPROACH
INCREMENTAL CHANGE (Predictable)	Planning	Tactics
DISCONTINUOUS CHANGE (Less predictable)	Strategy	Guesswork

It bears some interesting similarities with Max Boisot's typology of four different kinds of "strategy" (described in *Developing Strategic Thought*. Ed Bob Garrett) :-

	LOW UNDERSTANDABILITY of the environment	HIGH UNDERSTANDABILITY of the environment
HIGH LEVELS OF ENVIRONMENTAL TURBULENCE	Intrapreneurship	Strategic Intent
LOW LEVELS OF ENVIRONMENTAL TURBULENCE	Emergent strategy	Strategic Planning

What is interesting, for me, about this framework is that it does give a role for "strategic planning" although it confirms my suspicion that most of what I see as good quality "strategic planning" (which isn't much) is really high quality long range planning.

Boissot defines *intrapreneurship* as the state when things are so unpredictable that each segment of an organisation must be able to respond as best it can to changes; everything is in a state of flux, and the "top" or the organisation as a whole has no greater insight than anyone else in the organisation.

He defines *emergent strategy* as the product of "top down" and "bottom up" approaches which emerge incrementally over time.

Strategic intent "yields a simple, robust orientation, *intuitively* (my emphasis) accessible to all the firm's employees, an orientation which on account of its clarity, can be pursued with some consistency over the long term in spite of the presence of turbulence."

What is also interesting is that Boisot believes that “if the expression *learning organisation* has any meaning at all it requires firms to confront turbulence rather than avoid it, to *absorb* uncertainty rather than reduce it”. Hmm, it makes me look slightly afresh at concepts that I use quite a bit, such as risk analysis, assumption based planning and scenario development.

How does “strategy” develop ?

For me, two threads of thought spin out of these frameworks.

1. *Strategy development as a distinctive process*

Strategy develops as the result of a set of purposeful and defined set of processes or procedures.

For instance, the strategy development process adopted by Hewlett Packard comprises three phases, and a variety of contextually selected methods and techniques.

Phase One - *Recognition*; essentially the analytical phase of the strategy development.

Phase Two - *Choice* ; the determination of what strategy to follow.

Phase Three - *Alignment* - The process of matching the organisational culture, structure and processes with the desired strategy.

I think this process highlights what I have seen as one of the major failings of many strategy development processes. Phase One is often done badly (sometimes *really* badly), but that is nothing compared with the failure to address Phase Three. Failure to engage in Phase Three is the old “mission statement as tea-room joke” problem.

Alignment is easier said than done. Hewlett Packard have developed some really interesting approaches here. However, it is also perhaps where Gary Hamel’s explorations become relevant, because they are essentially culturally and dialogue based, rather than instrumentally method or technique based.

2. *Strategy development as emergent property*

Gary Hamel’s starting point (*Sloan Management Review* - Winter 1998) is that we do not have a theory of strategy development, and because of that many strategy development processes are doomed to fail. He poses the question - what should be our approach to developing a theory of strategy development ?

His proposed approach is to treat “strategy” as a complex emergent phenomenon in an organisation, not as a “thing” that can necessarily be determined by an instrumental process. In line with complexity theory, he suggests that a theory of strategy development will evolve by identifying what basic properties lie at the heart of this complexity.

His best guess so far is :-

- New voices being able to be heard

- Dialogue that cuts across organisational boundaries
- Releasing the deep sense of discovery possessed by most people
- Ability to see things from many different perspectives
- Willingness to undertake small risk-avoiding experiments

I am not sure whether Hamel is yet saying that get these things in place and “strategy” will emerge as if by magic, or that these properties themselves define a “strategic” organisation, or that specific strategy development tools are unnecessary. Perhaps Boisot’s framework may help me identify the answer to this puzzle. Or book a few hours of Hamel’s time.

What it raises in my mind however, is the suitability of the traditional strategy development tools, not only to the overall organisational culture, but also in sustaining and developing reflective dialogue. Most of Hamel’s possible properties rely heavily on reflective dialogue - seeking to make the strategy development process more *effective*. However, many strategy development tools I know are primarily designed to organise and hasten the discussion around strategy (ie making strategy development more *efficient*). Mintzberg has always been critical of assuming that efficient strategy development is correlated with effective strategy development.

I am reminded of a comment by Ed Jacobson during a Future Search at the point where key decisions were being made (because of time constraints), and people wanting to continue the dialogue. The frustration, at one stage appeared, to threaten the entire process. Ed’s comments have made me think quite profoundly whether the way to balance the social needs with the political or technical decision-taking pressures was to focus not on resisting the speed of change, or slowing down technological development, or find ways of integrating the social and technical more rapidly, but find a way of *slowing down the dialogue. whilst not necessarily slowing down the decision taking*. What I think all this means we have to work out a relationship between dialogue, decision taking, strategy and time. Which may not be as easy as it seems.

Questions

1. Henry Mintzberg several years ago, criticised the strategy part of strategic planning as forcing into a given time period with a given group of people something inherently developmental and reflective
2. Is there a trade off between timeliness of decision taking and dialogue ? Many strategy development processes are often driven by decision taking necessities - what are the pros and cons of disengaging strategy development from decision taking processes ? If strategy is partly about meaning, then isn’t it best to develop meaning first, and then strategy becomes an expression of it - and doesn’t “meaning” best develop over time ?
3. We always take decisions on imperfect information. If the art and science of strategy is about finding ways of keeping purpose and meaning during uncertainty or turbulence, then what is the advantage of seeking out more information - and what information ?
4. If strategy is about being proactive (see the Hewlett Packard framework), then isn’t the fast development of strategy being “reactive” about the time dimension ?

5. If strategy is an emergent property, then does slowing down the dialogue about strategy, necessarily slow down the decision taking processes that surround strategy ?
6. Can new methods and technologies which tend to speed up the communication process, be used to slow down the dialogue process ? For instance, the ease of communication these days (say via email or telephone) can be used to take the pressure off the communication process as well as put the pressure on (we can talk to each other anytime anywhere and not just right now).