

Schools of Thoughts

The Ten Schools of Thoughts by
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School of thought

- A school of thought refers to intellectual tradition collectively drawn by a group of people who share common characteristics of opinion or outlook of a philosophy, discipline, belief, social movement, economics, culture, or art.
- In strategic management the “Ten Schools of Thought” model by Henry Mintzeberg is a framework that can be used to categorize the field of Strategic Management.

The Design School

- It proposes a model of strategy making. It looks at strategy formation as a **process of conception**. It is a fit between internal capabilities and external potentials.
- Strategy formulation is a **deliberate process of conscious thought**.
- The **CEO is the key strategist** who develops the strategy and controls its execution. Strategies become successful when process of strategy formulation is kept simple and formal.

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- Formulated strategies should be clear and the plan must be kept simple.
- The strategy design process is complete once a strategy is formulated.
- Strategies can only be implemented once they are fully formulated.
- The design school is laid the foundation of strategic planning.
- Strategy formulation as a deliberate, conscious process and stating the need for both external and internal analysis.

The Critical View of Design School

- It assesses strengths and weaknesses bypassing the learning.
- Structure follows strategy, which makes strategy explicit. This promotes inflexibility.
- Under design schools thought formulation of strategy gets separated from implementation of strategy which detaches thinking from acting.

The Planning School

- Strategy formation is considered a formal process. Also, the thought process runs towards planning the entire strategy in a rigorous manner, so that the firm advances forward.
- The complete process and the plan which the company implements is documented from the start to finish.
- In short the strategy planning is treated as distinctive processes.
- The plan is given more importance whenever the management wants to take new decisions.
- With the plan in hand, the management gets a clear direction to move ahead, helping the company to move forward steadily

Planning School



The Critical View of Planning Schools

- Criticality arises when **something happens out of plan.** This typically happens when plans are made years in advance, and changes occur in the industry or the organization.
- When an internal or external variable changes, the complete plan is affected. Hence, **proper prediction is essential** when using the planning school of thought.

The Positioning school

- Entire focus is on strategy content.
- The management of firms decide that they want to position the product at the top of the mind and make decisions accordingly.
- In this case firms need to determine the competition already present in the market, and how the firm is positioned.
- Five Force Model, Value chain, and BCG matrix are a few strategic tools that can be used under the positioning school.
- Once the market is analyzed, the right strategy can be applied to improve the positioning of the firm's product.

The Critical View of Positioning School

- In the positioning school of thought, the strategy assumes that the market will remain as it is, and it does not take into consideration new entrants or changes in a business environment.
- Like the planning strategy, the positioning school of thought can also fail if there are major changes in the business environment.

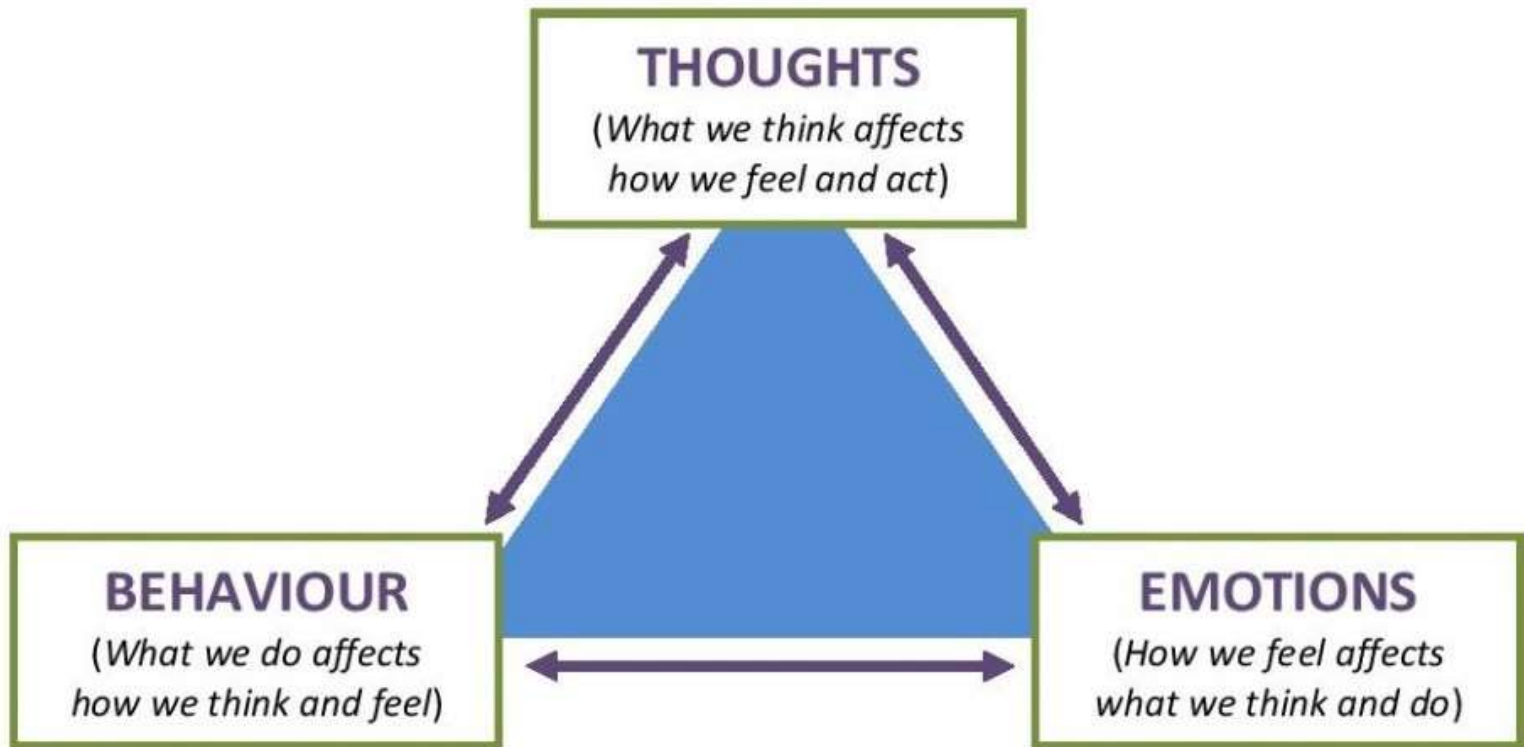
The Entrepreneurial School

- Considers strategy formation as **visionary process**.
- Focuses on **the CEO's vision** as the key determinant of strategy.
- The leader has particular perspective, a sense of long-term direction, a vision of the organization's future.
- The process of strategy formation occurs in a rather **unconscious way**. It is **deep rooted in the experience** of the leader.
- The leader promotes the vision by maintaining close **personal control of the implementation** in order to be able to reformulate specific aspects as and when necessary.
- The organization responds to leader's directives.

The Critical View of Entrepreneurial School

- The problem with this management school of thought is only one question: Where to find a mature, experienced, talented and honest leader?
- If organization designs its strategies based on the recommendations by the leader of the company, the leader has to be a visionary and
- the one who takes responsibilities of success as well as failure of strategies.

The Cognitive Triangle



The cognitive school

- Organizations give lot of importance to people's perception and their behavior. One of the best examples of cognitive studies is the Johari window. Wherein, organizations can do better business by an understanding of their employees, suppliers, and customers.
- Customer's perceptions matter and therefore, their information processing should be given a thought. This is where corporate communication plays an important role.

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- Once the organization knows what their customers demand and want sending the right signals becomes easy for them.
- It attempts to explain the rationality of choice of the product by the consumer under conditions of incomplete information and reduced processing capability.
- It analyses the external symptoms of behavior, reactions and thought processes that cannot be subject to direct observation.

The Critical View of Cognitive School

- The problem with the cognitive model is that it is not practical beyond a certain point.
- A top company cannot rely on surveys and marketing research reports alone to find new ideas or to make connections with their customers.
- Fact is that every day some new product get introduced in the market and keeping a tab on each movement in market is not possible in the cognitive school of thought.

The Learning school

- Depend on their experiences and market happenings.
- Make strategies looking at the past; not necessarily their own past.
- Take cues from strategies in market which became successful or failed.
- Things that worked in market and try to implement the same thing over time with the assumption that it will work again.
- Discard strategies that didn't work for others.

The critical view

- Steering or **guiding** the company on the basis of the **previous road maps that have gone by.**
- Depend on **decisions of past** because change is constant in the market.
- **Strategy can be used when the firm is stable, and wants to work on auto mode** while it develops something else in the mean time.

The Power school

- Power centered. People who are in power take the decisions.
- The power centers can be customers, suppliers, worker's unions or leaders in the organization.
- Designing strategy as a political process for negotiating, forming alliances and promoting one's own interests.
- Ensures that there is lesser resistance for implementing the strategy.

The critical view

- Problem arises when the powerful people stop listening to feedback from others and stop implementing measures of improvement.

The Cultural school

- Human capital is most important in organizations.
- A positive culture in the firm harnesses innovations and entrepreneurial culture in organizations.
- Strategy formation becomes subject to a company's unique values.
- Emphasizes the role of social values, beliefs and culture in decision making

The Critical View

- People **resist change** because they get used to a typical culture.
- **Politics** in organizations plays an important role.
- Only school of thought which introduces a **collectivist dimension of social process** in strategy formation.

The Environmental school

- **Situational** related and gives most importance to the environment.
- When **expert knowledge become scares**, the strategy formulation needs a change on the basis of available expertise of people.
- Total **dependence on environmental** factors.

The Critical View

- The process entirely depends on the environment which constantly changes. It is difficult for organizations to keep changing their strategies constantly.

The Configuration school

- The **most preferred** school of thoughts
- The basic premise: the strategy needs to be configured.
- Allows **the firm to move** from one position to another.
- Find a combination of all aspects of the **nine** other strategy schools.

Key to strategic management is

- to **sustain stability or at least adapt** strategic change,
- recognizing the **need** for transformation and
- to **manage** the troublesome process of transformation effectively.

The critical view

- Tries to attain stability via various ways, and keeps transforming as long as needed.
- Resolves the conflict between emergent and deliberate strategy.
- Too rigid in its distinction between phases of stability and transition phases.