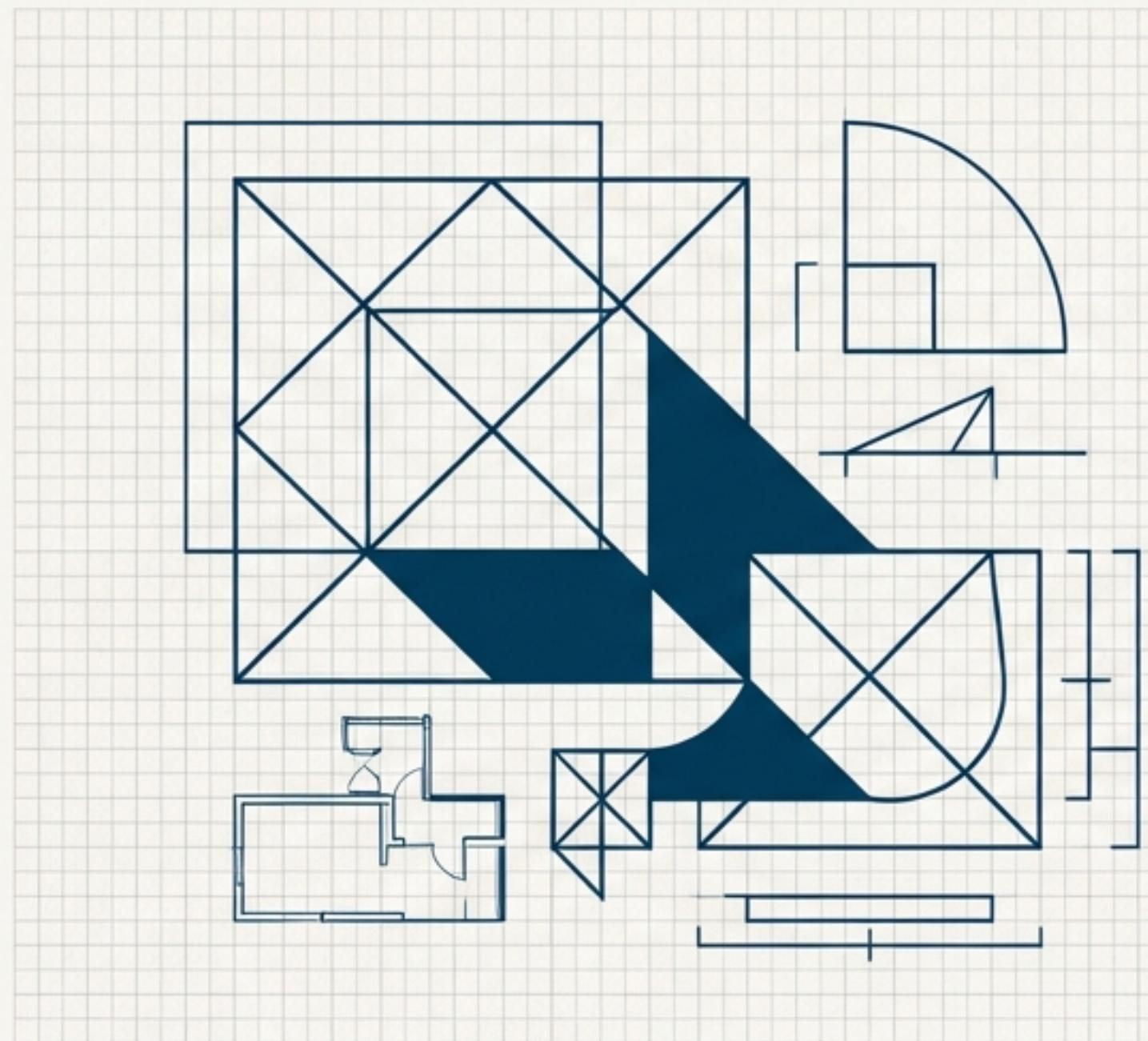


The Two Souls of Strategy

Beyond Plans and Patterns: An Integrated View for Modern Leaders

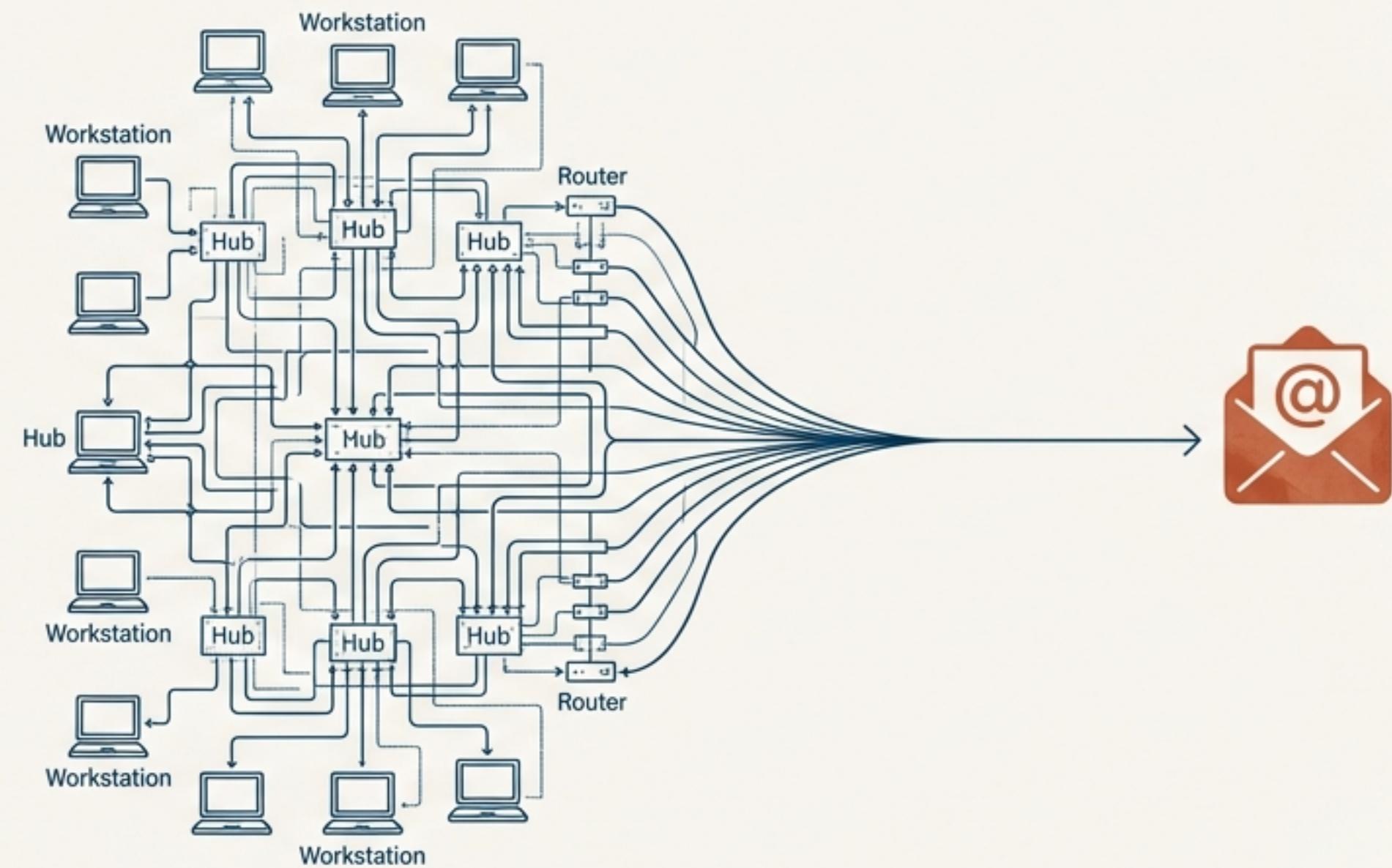


The Tale of the £5,000 Email Machine

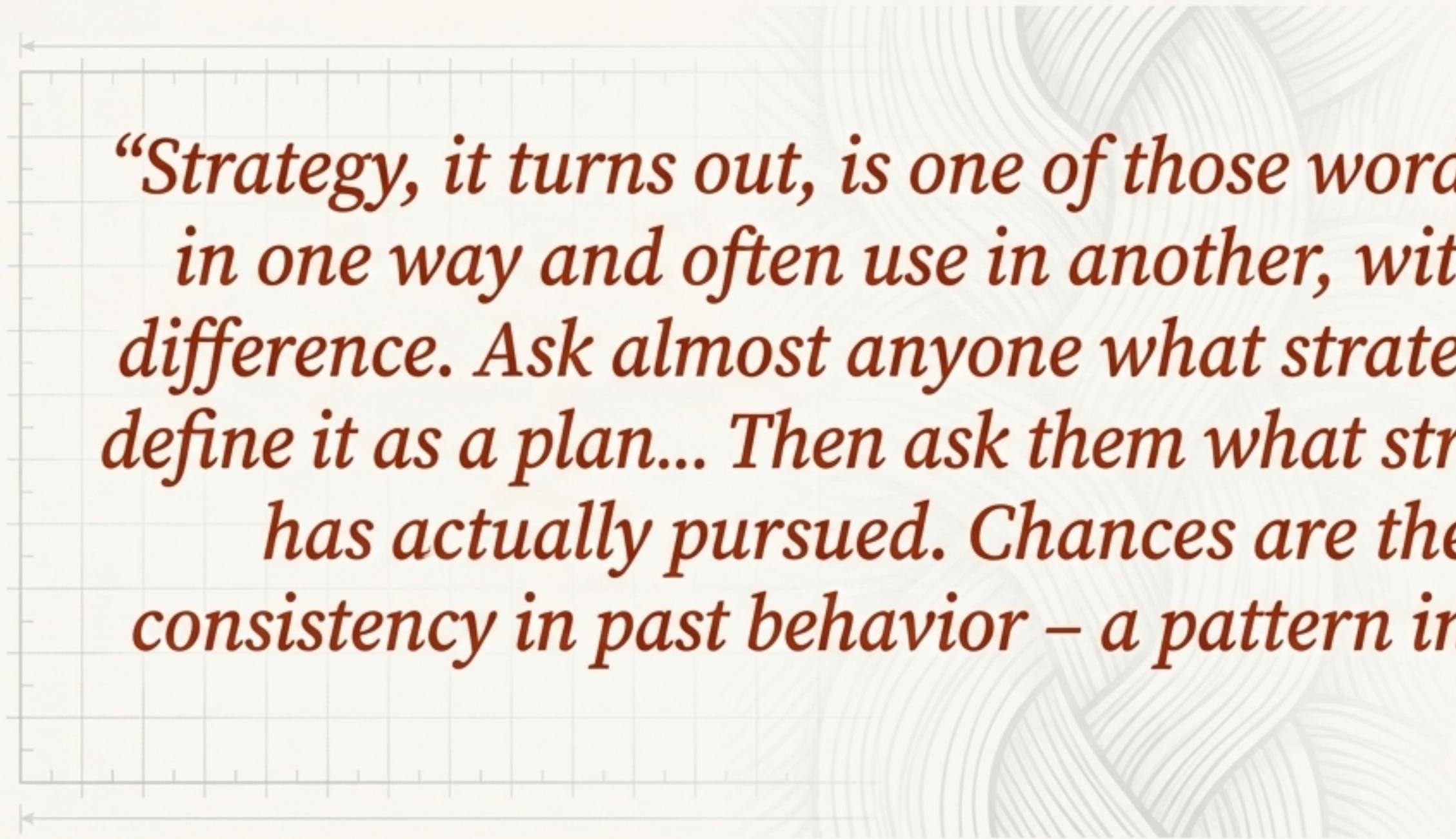
In the mid-1990s, Abbott Training invested heavily in a new, sophisticated network to integrate its UK-wide operations.

The strategic document focused on technical specifications—hubs, routers, and workstations—but said little about how the network would actually be used.

The sole concession to usability was a statement: ‘Once the network infrastructure is in place, the organisation will be able to use it for whatever it needs.’ By 1999, the expensive network was used almost exclusively for email. A failure not of technology, but of strategy.



We Say ‘Plan,’ But We Often Mean ‘Pattern.’



“Strategy, it turns out, is one of those words that people define in one way and often use in another, without realizing the difference. Ask almost anyone what strategy is, and they will define it as a plan... Then ask them what strategy a competitor... has actually pursued. Chances are they will describe consistency in past behavior – a pattern in action over time.”

— Henry Mintzberg, 1987

This observation exposes a fundamental tension at the heart of strategic management. Is strategy a deliberate blueprint for the future, or is it an organic pattern that emerges from our actions? This deck explores that question to build a more robust model for IS strategy.

The Thesis: Strategy as Deliberate Design

The Design School

This view of strategy traces back to scientific reductionism. It treats strategy formulation as an objective, analytical process.

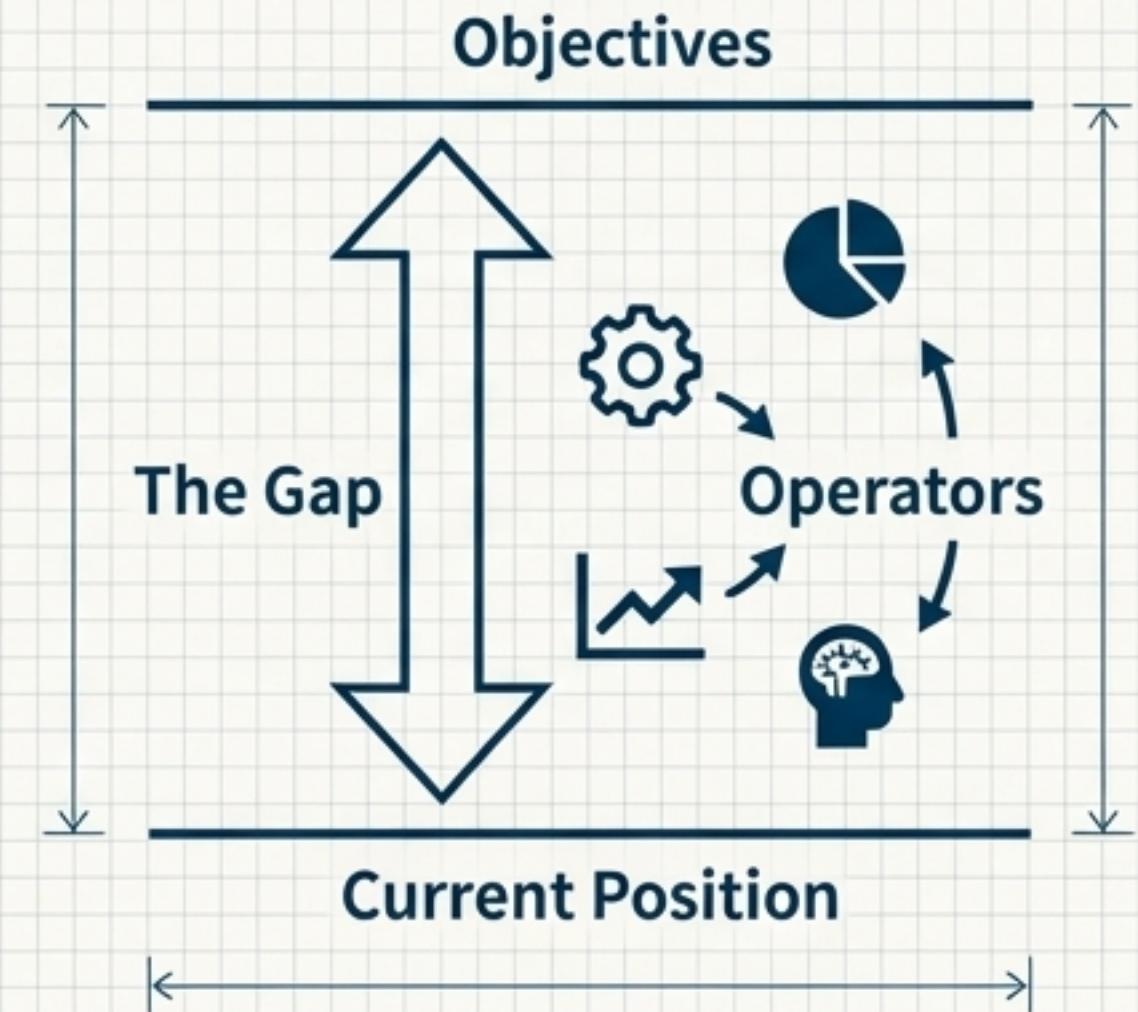
The Process

Ansoff (1964) described it as a series of reduction steps:

1. Identify a set of objectives.
2. Diagnose the current position relative to objectives.
3. Determine the “gap.”
4. Find “operators” (strategies) to close the gap.

Underlying Belief

“Primary emphasis is on the appraisals of the external and internal situations” (Mintzberg, 1990). The process itself is seen as technically sound; failures are attributed to people or organizational climate, not the planning method.



The Planner's Toolkit: A Framework for Rational Strategy

A classic example of the design-oriented approach is the framework developed by Johnson and Scholes (1993). It breaks strategy into a logical, sequential process.



The Plan in Practice: Blueprint or Flexible Framework?

The University of Luton, UK

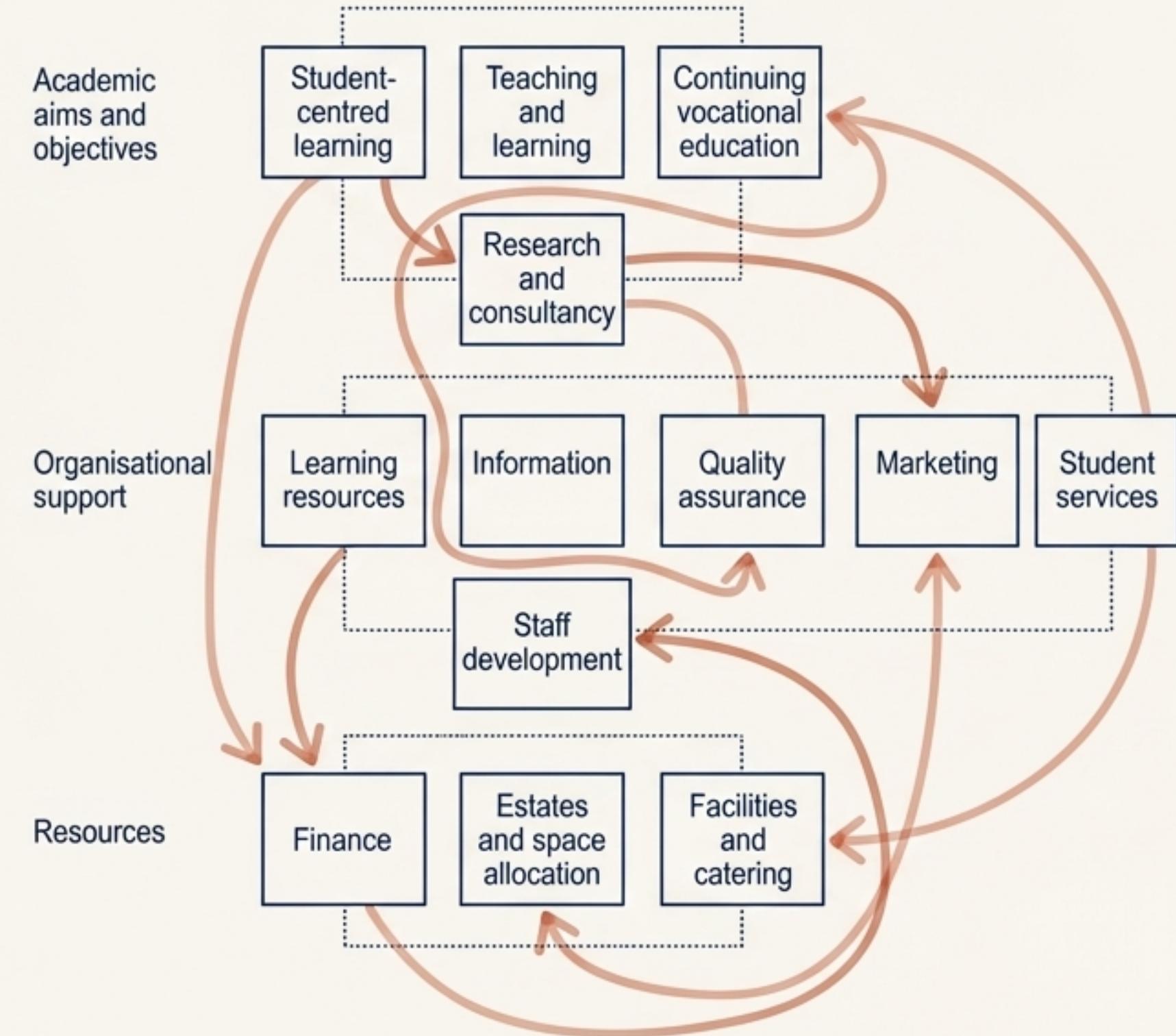
On Paper:

The university's strategic planning process appears highly structured and design-based, linked to specific government-mandated goals and functional domains. It looks like a classic 'top-down' plan.

In Reality:

The process is highly participative and interactive. Strategic aims are derived from meetings with representatives across the organization. While imperatives exist (e.g., legislation), there is considerable flexibility in *how* they are achieved.

The documented plan serves not as a rigid procedure, but as a framework to manage a more dynamic, emergent process.



The Antithesis: Strategy as Emergent Pattern

Core Idea

The patterns of action we observe as ‘strategic’ may not derive from any discernible plan. Strategies can emerge from within an organization without deliberate, top-down intention.

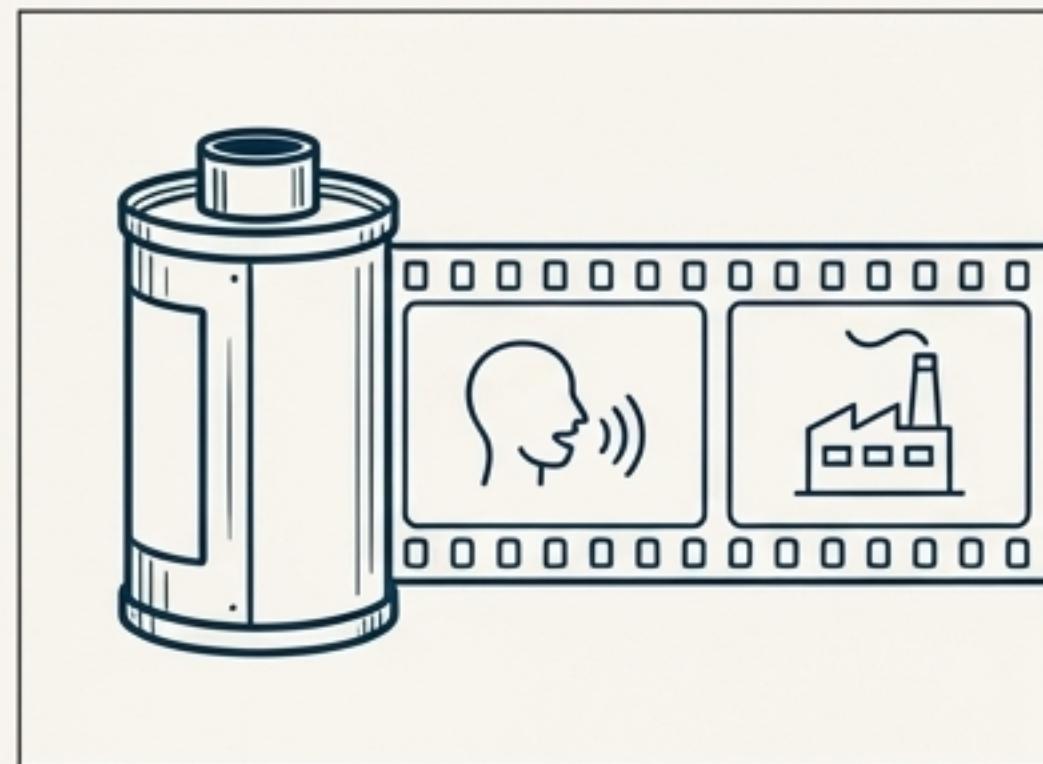
Key Distinction

- Deliberate Strategy: The actions that were realized as intended.
- Emergent Strategy: A realized pattern of action that was not explicitly intended.

“No stability means no strategy (no course to the future, no pattern from the past).” - Mintzberg, 1987. This highlights why the planning view is ill-suited to environments of constant change, which often characterize the IS domain.

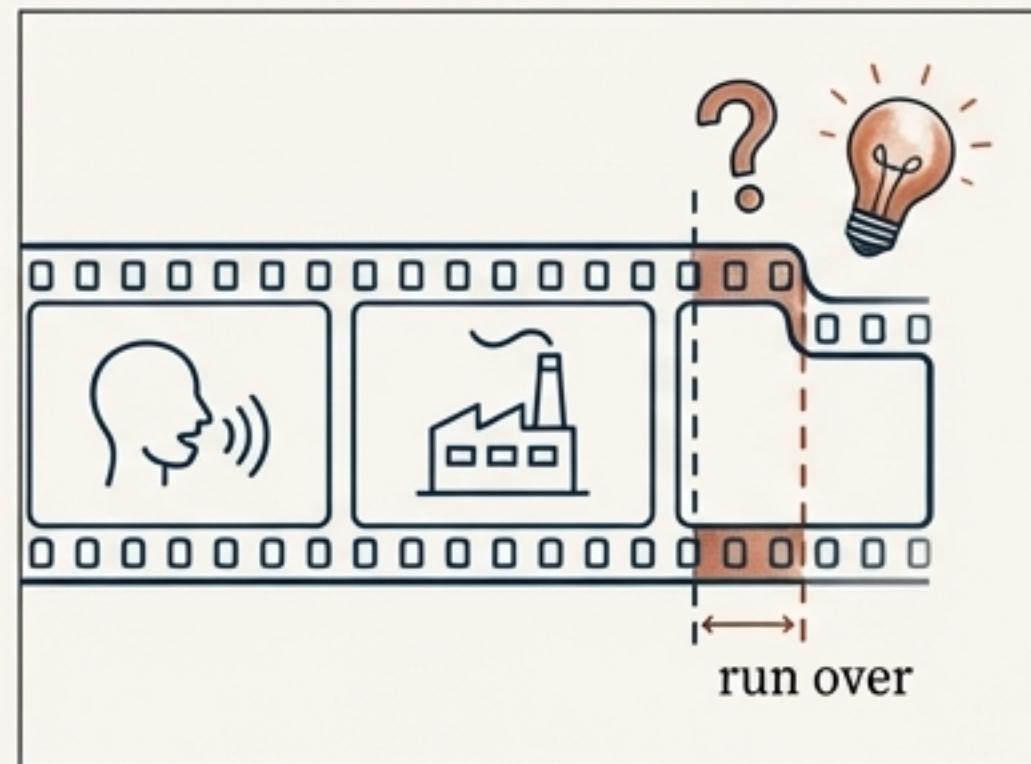


Evidence of Emergence: Accidental Feature Films



The Intended Strategy:

The organization was known for making short documentary films. This was their deliberate, planned focus.



The 'Accident':

One documentary film unexpectedly ran longer than planned.



The Emergent Strategy:

This single, unplanned event became the catalyst for a new, highly successful strategy. The organization built a new core competency around feature films, a path that was discovered, not designed.

This illustrates Mintzberg's argument that strategy is about discernible behavior, not just intention. We often attribute intention after the fact ('given realisation, there must have been intention').

When a Dominant Pattern Resists Change

International Perspective: IBM and the Quantum Leap

The Long-Held Strategy: For decades, IBM's success was built on high-margin mainframe computers. This was their dominant pattern and plan.

The Emergent Threat: The microcomputer boom began. While sales managers discussed the threat, the message did not reach senior management, who were immovable. The existing structure held the emergent strategies in check.

The Forced Leap: After huge losses (\$14 billion from 1990-93), a massive, painful restructuring was required—a “quantum leap” to a new strategy that had been resisted for years.

A successful strategy can ossify and prevent an organization from seeing and acting on the emergent patterns that signal necessary change.



A Middle Way: Logical Incrementalism

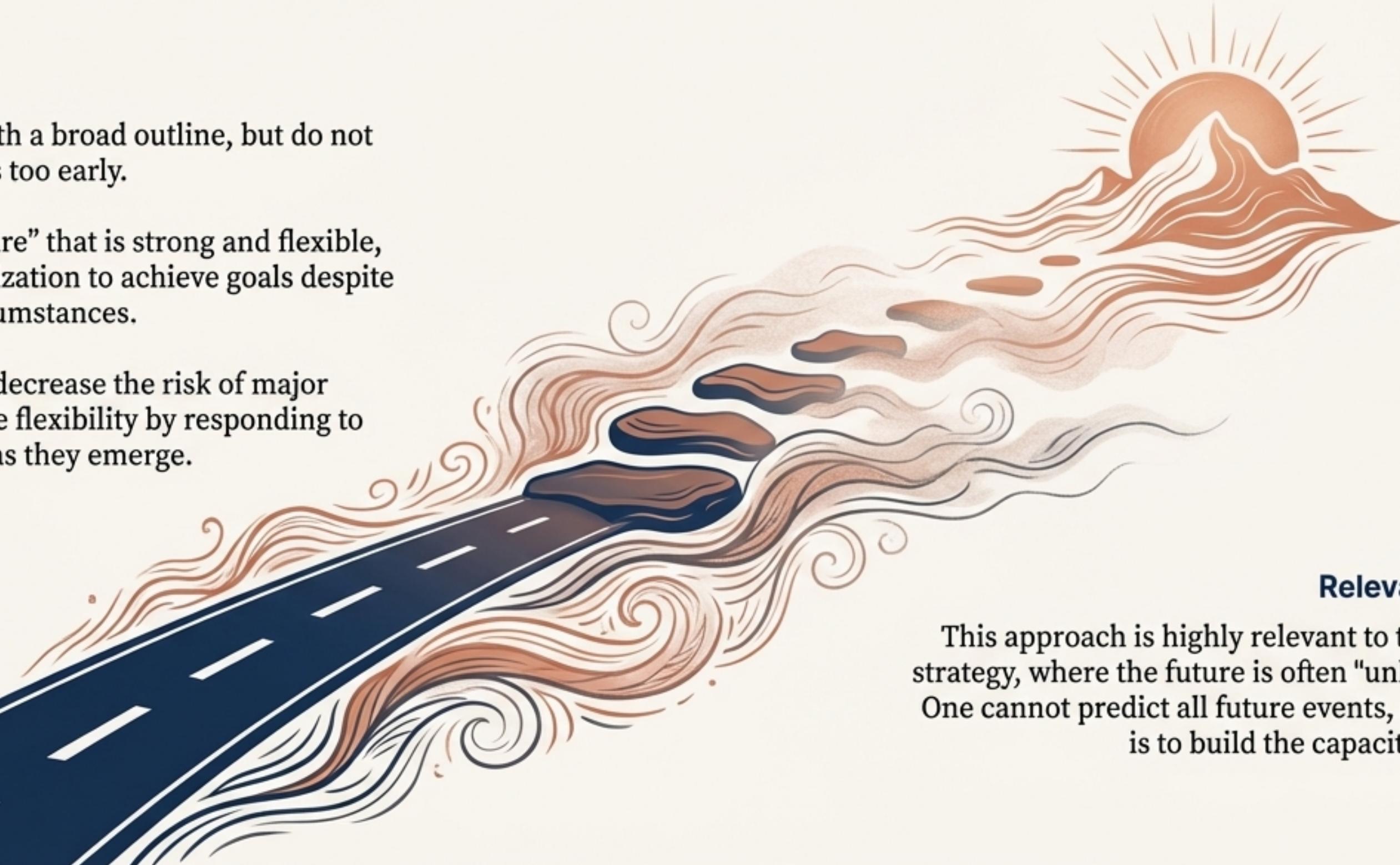
James Brian Quinn observed that most major strategic decisions are made *outside* the formal planning structure. He described strategy as a “fragmented, evolutionary and intuitive” process.

The Approach

Managers begin with a broad outline, but do not commit to specifics too early.

They build a “posture” that is strong and flexible, allowing the organization to achieve goals despite unforeseeable circumstances.

The objective is to decrease the risk of major failure and increase flexibility by responding to unforeseen issues as they emerge.

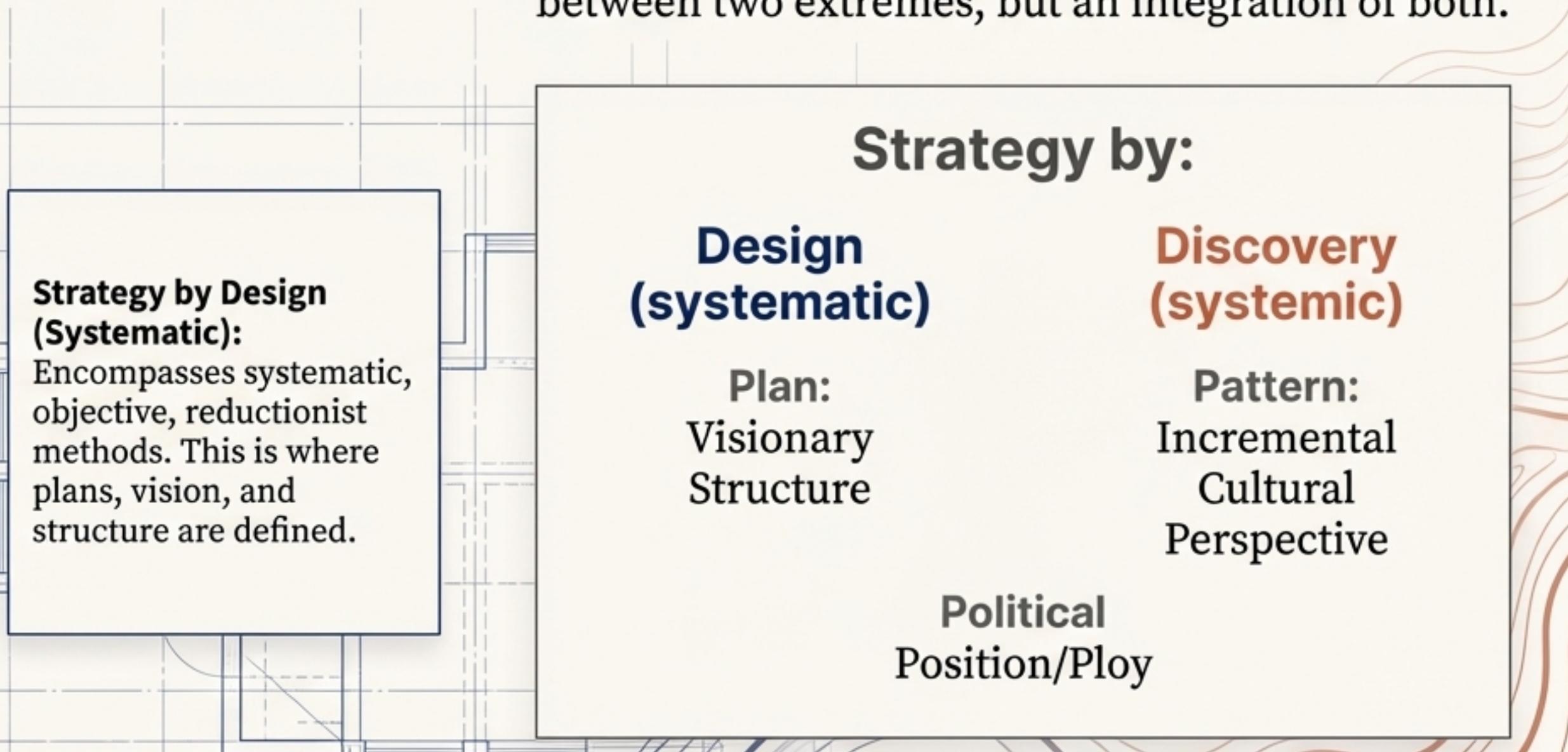


Relevance to IS

This approach is highly relevant to technology strategy, where the future is often “unknowable.” One cannot predict all future events, so the goal is to build the capacity to adapt.

Beyond the Binary: Strategy as Both Design & Discovery

The most effective approach to strategy is not a choice between two extremes, but an integration of both.



Strategy by Discovery (Systemic):
Requires holistic, participative approaches that allow for learning and adaptation. This is where patterns, culture, and incremental changes emerge.

The Right Blend: Context is King

- **The Core Question:** How can we decide which approach, or mix of approaches, is relevant to a given organizational context?
- **A Framework for Application:** We can use Mintzberg's classification of five organizational forms to understand which strategic approach is most suitable.



The optimal strategic process is contingent on the organization's structure, environment, and goals.

Applying the Framework: Strategy in Different Contexts



The Machine Organization

Common in mass production. Inward-looking, focused on standardization, formalization, and cost-benefits.

Dominant Strategy: Design. Strategy is heavily planned in a reductionist manner. The challenge is that this makes strategy hard to change.



Design

Discovery



The Entrepreneurial Organization

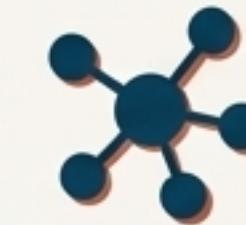
Common in startups or turnarounds. Dominated by the “strategic vision” of a single leader.

Dominant Strategy: Design. The focus is on a clear, top-down direction (Visionary).
Dominant Strategy: Design. The focus is on a clear, top-down direction (Visionary).



Design

Discovery



The Adhocracy

Highly innovative, project-based organizations (e.g., tech startups, R&D labs).

Dominant Strategy: Discovery. Strategy must emerge from collaborative, iterative processes as the organization explores unknown territory.

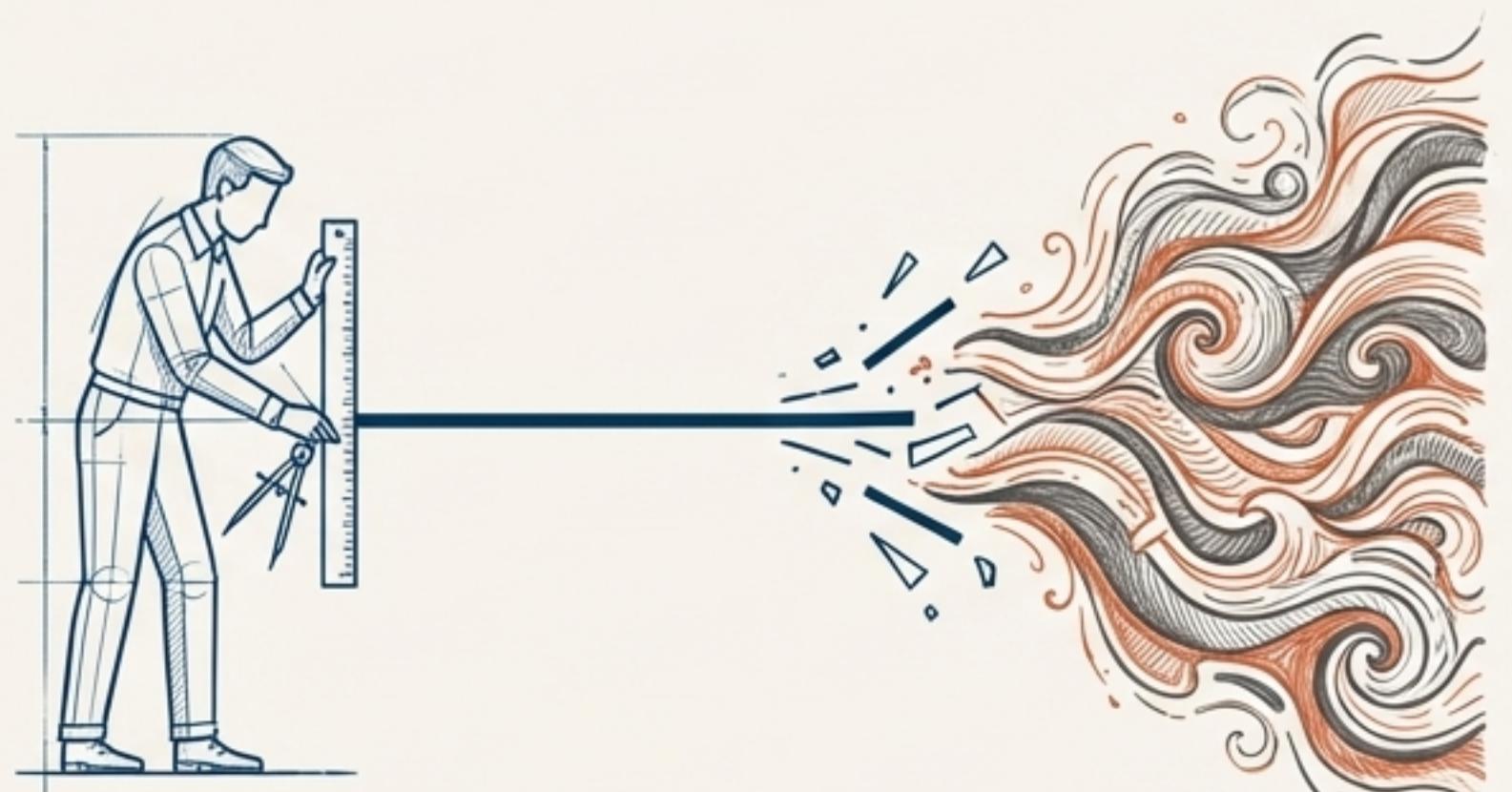


Design

Discovery

Two Fallacies of Purely 'Rational' Planning

Fallacy 1: We can predict and control the environment.



*The Belief

'The firm is able to construct forecasts with accuracy of, say, plus or minus 20 per cent' (Ansoff, 1965).

**The Reality

Environmental influences, especially technological discontinuities, often cannot be forecasted. The goal is not to predict the impossible, but to build the capacity to react once discontinuities are identified.

Fallacy 2: Senior management can be detached and objective.



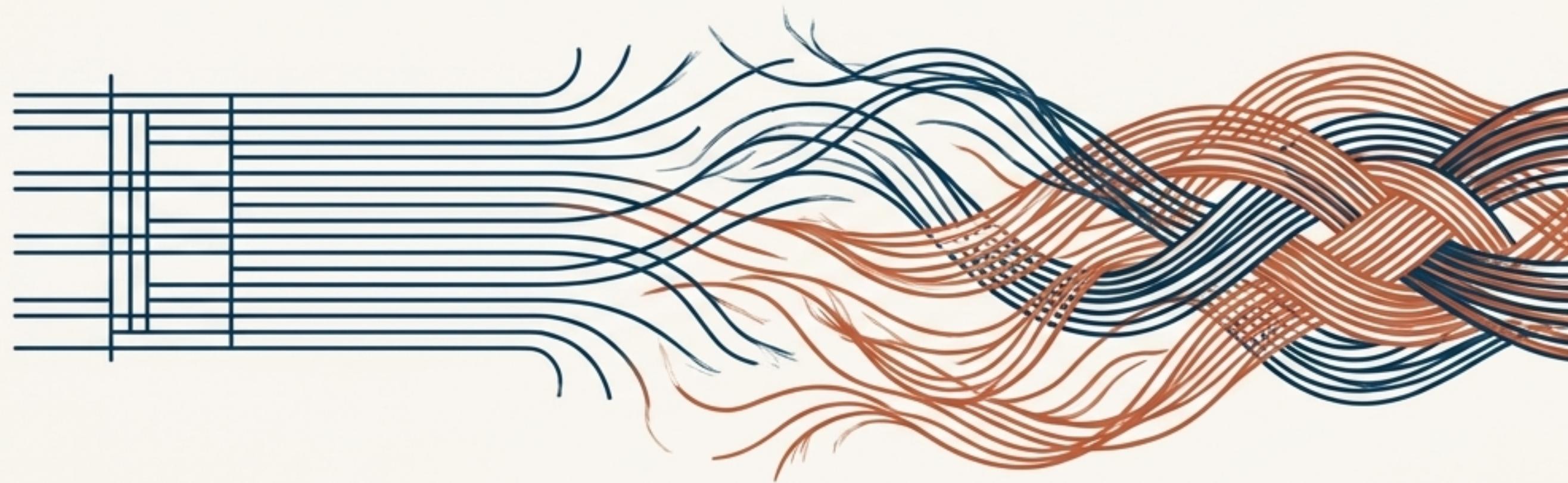
*The Belief

Decisions can be based purely on hard data from IT systems.

**The Reality

'Detaching information from its context strips it of its meaning' (Mintzberg, 1994). Basing decisions solely on objective, detached information runs a high risk of failure by ignoring crucial soft information.

The True Art of Strategy is Integration



- An impoverished view of strategy sees it only as a rational, analytical plan.
- A richer perspective recognizes that strategy also emerges as patterns of activity.
- The most effective leaders do not choose one over the other. They masterfully integrate Strategy by Design with Strategy by Discovery.

Strategy is not a static document created once every few years. It is the continuous, dynamic process of managing the known while embracing the unknown, balancing the need for a clear direction with the wisdom to learn along the way.