

Book Strategy Safari

A Guided Tour Through The Wilds of Strategic Management

Henry Mintzberg, Joseph Lampel and Bruce Ahlstrand
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Recommendation

You could read 100 books on corporate strategy and not find any of them as informative or as pleasant as this one. While no one would read a discussion of the core precepts of different corporate strategy schemes for entertainment, this book’s three authors come reasonably close to providing just that. Using a sprinkling of witty quotes and cartoons to spice up their text, Henry Mintzberg, Bruce Ahlstrand and Joseph Lampel explain 10 strategy theories without ever making you feel like you’re eating sand. They offer a chapter on each “school” of strategic management, an introduction and a final chapter that affirms that no strategic model can replace your connection to the realities of your business. *BooksInShort* finds that while the discussions are not deep enough to allow you to implement any of the strategic models, they will give you a feel for what may make sense in your situation. General readers with an interest in strategy will also find this text accessible and educational.

Take-Aways

- The 10 main archetypes of strategic management each offer different perspectives.
- The “design school” creates a unique strategy to fit an individual company’s capabilities and context.
- The “planning school” uses detailed prescriptions to inform an elaborate master plan.
- The “positioning school” applies a strategy based on identifying your market position.
- The “entrepreneurial school” focuses on a single dynamic leader’s strategy.
- The “cognitive school” examines how your firm’s managers acquire knowledge to form strategies, while the “learning school” teaches that strategies emerge from your firm’s experiences.
- The “power school” says strategy arises from a network of power relationships.
- The “cultural school” says strategy expresses shared explicit and implicit values.
- The “environmental school” views strategy as a response to external factors.
- The “configuration school” treats the other schools as serving dishes on a smorgasbord to be sampled as needed.

Summary

A Natural History of Strategic Management

Just as each of the proverbial six blind men felt one part of an elephant and argued that the piece he explored demonstrated the behemoth’s nature, from the snaky tail to a tree-trunk leg, you can find academics, consultants and executives who claim that their views and experiences represent all of strategic management. Like the elephant, corporate strategy is bigger and more complex than any single perspective can convey. Although certain ideas have great influence for a while, competitive reality forces businesspeople to create effective new approaches all the time – or lose out to those who do. Experts have produced many different schematics for corporate strategy. To get a jump on your strategic planning, start by studying the principles of 10 general models of strategic management so that you understand your choices.

1. “The Design School”

This school analyzes a company’s capabilities and external environment, and then strives to design a competitive strategy that accommodates both. This approach, formulated in the 1950s, held sway for several decades and most business schools still teach it. Critics charge that a formal design-based strategy can become an impediment to learning and a barrier to adaptation as the market changes. A strategy based on a short analysis of reality may not work over the long range. Yet, in some cases, the design school approach can be useful. It is effective during an organizational transition from a period of shifting parameters into a more stable situation. It may also fit a new organization or one that is responsive to a single, powerful, well-informed person who synthesizes information remarkably well. While its design model’s time may have passed, this school pioneered the vocabulary and core theory of strategic management, “namely that strategy represents a fundamental fit between external opportunity and internal capacity.”

2. “The Planning School”

The planning school’s ideas, first expounded in the 1960s, quickly developed into a powerful force during the 1970s. This approach uses detailed checklists, diagrams and specialized evaluative techniques, like SWOT analysis (assessing Strengths, Weaknesses, Opportunities and Threats) to produce results that are intended to do the thinking for strategists. With this method, managers are supposed to select corporate goals and implement strategic processes as instructed by analysts’ results. However, companies that used these processes seldom benefited from them. They proceeded with confusion, often trying to cram information into ill-fitting pigeonholes. The planning school fell into disfavor rather quickly in the 1980s. Jack Welch started dismantling General Electric’s vast, influential strategic management operation the

moment he became CEO. The planning school's advocates hoped their objective mechanisms would generate solid, useable results, but instead they often produced costly, destructive detours. Many of the school's so-called quantitative measures were dressed-up guesses. Some firms used irrelevant metrics simply because they offered the only solid numbers available. Worst, strategic planning bureaucrats often overruled hands-on department heads who tried to deal with actual business problems that didn't conform to the planning school's academic ideas.

3. “The Positioning School”

The positioning school, welcomed by businesspeople in the 1980s as the planning school waned, looks directly at the content of strategies rather than studying mechanisms that influence strategy making. This enables practitioners to evaluate and develop the school's principles rather than accepting its precepts on faith. Positioning-school practitioners reject the design-school tenet that you must build each strategy to fit a company's situation. They study the results of positioning strategies to determine which ones work best in particular situations. This school's adherents tend to quote Sun Tzu, Carl von Clausewitz and other military thinkers. They view a firm metaphorically as an army that must organize to be effective in battle against its competitors. Other positioning tools include the famous Boston Consulting Group four-square grid, used to determine whether a product is a “star, a problem child, a cash cow or a dog.” Later, this school also embraced Michael E. Porter's “five forces” and “value chain” as dominant ideas on corporate strategy.

4. “The Entrepreneurial School”

In this school, a single leader formulates an organization's strategy, so success hinges on that person's mental, emotional and business acumen as well as his or her experience and wisdom. Rather than focusing on the metaphorical elephant, this school pays attention to the individual riding the elephant. It defines entrepreneurs as founders, owners or “innovative leaders,” including dynamic leaders in established larger firms owned by others. This school's “great leader” model is a proven seller of magazines and books, even if academic research doesn't back up its superman or superwoman myth. In 1973, author Henry Mintzberg defined four characteristics of the entrepreneur, who: 1) focuses strategy on finding new opportunities, 2) holds all the power, 3) executes strategy in bold leaps instead of incremental steps and 4) seeks growth above all else.

5. “The Cognitive School”

As science discovers more about how the brain functions, learns and makes judgments, analytical interest in how managers' minds work and strategize has increased. This school believes that strategists are “self-taught,” meaning they develop their knowledge through experience. That experience-based knowledge informs their actions and, thus, influences future experiences. Scientists say that decision making, while it does not hinge on strict rationality, represents an attempt to be as rational as possible. Just as memories are not reruns of stored tapes, but are mental images that you reconstruct as needed (with the heavy influence of present circumstances), you construct your perceptions of your environment. Two people working side by side may have very different perspectives on what your organization is trying to do, and how and why. The cognitive school can help you understand strategy formation but, generally, it is more concerned with strategic management's theory than its practice.

6. “The Learning School”

This school accepts the cognitive school's overthrow of strict models and explains that managers develop their strategies over time as they learn. James Brian Quinn's influential *Strategies for Change: Logical Incrementalism* launched this school in 1980. Its advocates advanced by challenging established ideas. They found that what actually happens within organizations is not only different from the models, but often is also quite different from what the people in the organizations believe is happening. This school describes the way companies form their strategies rather than trying to prescribe those strategies. When you hit a strategy that doesn't work, don't even bother debating whether it failed because fools implemented it badly or formulated it poorly in the first place. Instead, focus on strategies that are less complex, less all-encompassing and less demanding, but more effective. Practitioners find that this school is a very sharp tool for individual and collective learning, although critics say that it replaces strategy with learning and, thus, undermines a firm's competitiveness.

7. “The Power School”

Organizations that follow this strategy become networks of power relationships. Within those networks, individuals represent a unique collection of professional internal and external connections. The first barrier that power school proponents must overcome is the near-universal taboo against admitting that politics play a part in every company's culture. Once people accept that, a plus side emerges because political cultures have several advantages. They allow the strongest people to win leadership roles. They promote competition among many points of view rather than preselecting a favored voice. They stimulate change and break through forces that would otherwise block progress. And, people with political power can use their influence to ease change once the company determines its path. Since your organization maintains power relationships with vendors, partners, customers, regulatory agencies and local governments, you should perform a careful stakeholder analysis to understand the strategic path you need to take.

8. “The Cultural School”

Whereas the power school explodes the organization into a network of fragmented interests, the culture school weaves everyone into a tapestry of collective interest and cooperative work. This movement grew out of public fascination with the success of Japanese companies in the 1980s. Further academic exploration began to explain culture as the organizational mind, a kind of “collective cognition.” This school's core ideas include:

- Social interaction forms strategies, flowing from the members' shared beliefs.
- People absorb those beliefs by participating in the company.
- Organizational teaching reinforces those mutual understandings.
- The firm's members cannot describe the totality of its culture.
- Strategy reflects the organization's collective intentions and protects the resources that it finds competitively advantageous.
- The existing culture promotes its own continuation, so a strategy shift often requires a change in organizational culture.

9. “The Environmental School”

While you can gain great insights from studying your organization’s interior workings, it exists in an exterior context. Other schools include external factors in their strategic analyses, but the environmental school prioritizes the external context. Thus, it positions the company in a more passive role. This school says that general forces in your environment determine most of your strategy-making process. This philosophy charges the firm’s leaders with assessing its environment correctly and adapting the organization to that reality. In the environmental school’s construct, organizations cluster around niches where they can compete and gather nourishment until the economic food fails and they die. This school uses the principles of natural selection to explain corporate formation, strategy and demise. Its critics respond that companies can choose where and when to compete, and are not necessarily limited to a single business ecosystem.

10. “The Configuration School”

If you see some value in each of these schools and want to mix and match them to fit your needs, consider the configuration school. It has made major contributions to strategic management literature and to the practices of real-world organizations. While it includes much of what the other schools offer, its core operating principles are:

- Organizations adopt a set of characteristics for a period of time.
- These traits combine to influence the strategies they formulate.
- Your company will change its configuration when it needs to respond to instabilities that affect its ability to function effectively.
- The successes of your firm’s strategic configurations over time determine its life cycle.
- Maintaining stability is a key goal of your strategic choices.
- You can use any of the tools of all the other schools to build your best strategy.
- Don’t use strategies for their own sake, but match each to the right time and situation.

So, What Is Your Strategic Path?

Companies appear to be complex entities where unique elements interrelate, and no one can isolate any single factor and still describe all its interactions. However, while identifying your firm as a conglomeration of separate components may help you manage it, companies actually function as single organisms. Attempts to treat an organization as a series of separable components will lead to the kinds of disasters that often happen when companies try to sell divisions or absorb other companies.

“[The] terrible bias in today’s management literature toward the current, the latest, the ‘hottest’...does a disservice...to the readers who are all too frequently offered the trivial new instead of the significant old.”

The 10 schools of strategic management face the realities of business differently, but can help you make your company stronger. While each school has something useful to say, base your approach on what your company is and who you are, rather than trying to force it into some model that ignores your business realities. Be aware of what others are doing, but never let the fashion of the day fool you. Stay focused on substance.

About the Authors

Henry Mintzberg teaches management at McGill University and is the author of several books and dozens of articles on management. **Bruce Ahlstrand** teaches at Trent University. **Joseph Lampel** teaches at Cass Business School, City University, London.
