Chapter 10

Strategy without Theory

Fernando Ilharco

ABSTRACT

This chapter argues that strategy is not just about making choices with regard to the future that might have long-term implications. It suggests that strategy is more fundamental than that. It suggests that strategy is not a theory or a plan but rather about an authentic way of being. It is not about strategic choices but rather about taking a stand, about choosing to choose in the first instance. Although subtle, this distinction has profound implications for how strategy is practised, as this essay will suggest.

Introduction

There are many theories of strategy; yet it is difficult to know what strategy is as such. Strategy is a notion most often used in the domain of management and government policy. Each of these areas takes strategy as something that belongs fairly obviously to itself. Nonetheless, in each of these areas there is also a lack of agreement as to what strategy essentially is.

Having said this we need to note that a theory of strategy is obviously not strategy itself. A theory of strategy is a ''theory'' of strategy. That is, it is a way in which strategy, the phenomenon in question, is articulated. Likewise, other theories of strategy are other ways of strategy being articulated. For us the issue is this: what is the key, or essential, criterion that enables us to recognise something as strategy or not? In other words, what is the essence of strategy? This short essay takes this question as its problem to be understood.

Phenomenology, the method of investigation that inspired this essay, was designed to give access to the essence of phenomena (e.g., Heidegger, 1962, 1977; Husserl, 1964, 1970; Moran, 2000; Spiegelberg, 1994). As such, it holds the promise of clarifying what phenomena are. Although phenomenology traditionally has been used for researching highly philosophical subjects, such as what is knowledge, the subject, being, man, a person and so on, Heidegger (1977), in 1955, used it to investigate

technology. Since then, particularly from the 1980s onwards, phenomenology has been used, most of the cases together with other approaches, to research information technology, decision making, managing, entrepreneurship, innovation, group work, the Internet, screens, etc.

From a phenomenological standpoint, the various articulations of the *appearances* of strategy are fairly obvious. For example, Porter's (1980) theory of strategic positioning is an articulation of the appearance of strategy just as is von Clausewitz's (1976) theory of war. Yet its essence, the necessary and grounding basis for the phenomenon of strategy to be what it is, seems to be less intuitive and clarified in these articulations.

Reading these texts one might ask: what is the common and decisive ground (or foundation) that unites all the appearances of strategy as strategy? What enables us to recognise a text, a theory, a discourse, or an action "as strategic"? What is essential in strategy? In order to answer this question we analyse some key organisational texts phenomenologically. These texts are taken as articulations of the *appearances* of strategy that can be taken as a starting point in order to reach towards the essential grounds of strategy in organisational terms.

Strategy as it Appears

There are many theories on computers' usage, impact, and so forth, just as there are many theories, studies, and approaches on strategy. Yet, one knows what a computer is and one really does not know what strategy, in itself, is. To start to clarify this state of affairs we will briefly look at what is fundamental in some of the relevant theories about strategy in the organisational field: the design school, the positioning school, and the resource-based approach. As we will see they are all concerned with the notion of fit, coupling, and relationship of a specific entity with its environment.

In the management field, strategy is overwhelmingly related to the long-term profitability and survival of the firm. For Ansoff and Sullivan (1993) strategic success relies on the optimisation of the firm's *profit potential*, in the form of new products, markets, and technologies and competitive strategies. This optimisation process is achieved when the strategic behaviour of the firm is aligned with the environment.

The concept of strategy remained within the military context until the Industrial Revolution, when it began to enter large business enterprises. Chandler (1977) considered the modern business enterprise an institutional response to increasing consumer demand and the rapid pace of technological development. The first experiences of separating the task of setting the companys' objectives (which would be the work of strategists) from actions effectively taken to reach those objectives (which would be, at least in theory, the criterion for setting a structure) were carried out early in the 20th century in the USA, particularly by the firms Dupont Nemours and General Motors (Godet, 1993).

The positive economic and technological environment along with the relative political stability of the post-World War II era, led to the first sound proposals of management strategy, namely those of Selznick (1957), Chandler (1962), Ansoff (1965), and Andrews (1971). All of them set the ground for the very influential strand

of strategic management identified as the design school. Ansoff's (1965) proposal was more focused on formalised planning than the proposals of the others referred to above, who emphasised the analysis and working of a company's key strengths and weaknesses, and environment opportunities and threats (the widely used SWOT technique), for achieving an optimum fit between the firm and its environment. Chandler (1962) established the notions of business strategy and organisational structure — until we know strategy, we cannot begin to specify the appropriate structure. The separation of thought and action, grounded on Descartes' subject–object method, lies at the roots of this claimed need for structure to follow strategy, and last but not the least to understand organisation by conceiving and separating strategy and structure. In this light, formulation and implementation are, and should be, clearly separated. That is also Ansoff's (1965) position on the subject. The strategic planning models are based on three areas of concern: the setting of the premises (fundamental organisational, social and economic purpose, values of top management, and SWOT analysis); the planning itself (mission, long-range objectives, policies and plans, as well as medium- and short-range horizontal policies and programs, and vertical plans and procedures); and the implementation and evaluation (monitoring, feedback, and adjusting); just as in the original design school models, these planning techniques would deliver unique strategies.

In 1980 a new proposal on strategy appeared in the field of management: a school whose main aim was to position the company in its specific competitive environment. The underlying philosophy of this school is "the selection of optimal strategy of literal position in the context of military battle" (Mintzberg, Ahlstrand, & Lampel, 1998, p. 85). This school owes much to von Clausewitz's (1976) *On War*. Porter (1980) argues that there are a limited number of strategies that each given company might follow. Just like the design and planning models, in Porter's theory "the essential notion of strategy is captured in the distinction between ends and means" (Porter, 1980, p. xvi). "Essentially, developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals" (Mintzberg et al., 1998, p. 35). Porter's proposal is the carrying out of an analysis of the industry and choosing one of the four potentially successful generic strategies to outperform other firms in that industry: overall differentiation, overall cost leadership, focus differentiation, and focus low cost. At stake is the firm's choice. Trying to compete in all segments, not choosing what kind of trade-off, either low cost or differentiation, the firm is going to be engaged with, is a recipe for poor performance; not choosing, consciously and decisively, the company will end up by being "stuck in the middle" (Porter, 1980) — the bad place to be in Porter's terms.[1]

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[1]Other positioning proposals had considerable success in the business community, namely the Growth-Share Matrix, which addresses the allocation of resources to the different businesses of the firm depending on the current market share and the growth potential of the business (Henderson, 1979), the "experience curve", which suggests that as the cumulative production doubles its overall cost declines by a constant percentage, the PIMS (Profit lmpact of Market Strategies) model, which identifies a high number of variables and estimates expected returns, profits, market share and so forth (Schoeffler, 1980).

More recently, strategy researchers have been drawing on game theory — following the article of Brandenburger and Nalebuff (1995). Game theory tries to analyse how rational, self-interested, actors are likely to behave in very well-defined situations (Von Neumann & Morgenstern, 1980). In all of these proposals the central strategic issue is one of choosing a position — geographical or in any other relative competitive aspect, such as volume, quality, prices, technologies, and so forth.

Both the design and positioning schools are focused on the external environment and what firms' strategies should be. In contrast to these perspectives a different proposal on strategic management, either focused on learning, power, cultural, or psychological issues, has been advancing for some decades now. This understanding of strategic management, identified as the resource-based approach, focuses on the firms' internal capabilities and resources and attempts to address how strategies actually happen.

Two particular works dating back almost 50 years — Lindblom (1959) and Penrose (1959) — can be said to be at the origin of the resource-based approach to strategy. Lindblom's paper questioned the premises of "rational" management. He argued that policy is not an orderly and controlled process but a messy one in which executives try to cope in many ways with the complexity of a world well beyond their control. So Penrose not only pointed out the firm's resources as the basis for its growth, but also identified knowledge as the one resource that can make the difference between companies. For Penrose the "input" of production is never the resources themselves, but the way in which they are used according to the firm's experience and knowledge. Wernerfelt (1984) developed Penrose's insights in the field of strategic management, claiming that a firm's strategy is the balance between exploring existing resources and developing new ones. This approach is interested in: physical capital (IT hardware and software, plant and equipment, geographic location, access to raw materials, etc.); human capital (experience, training, judgement, intelligence, relationships, etc.); and organisational capital (formal systems and structures, informal relations, practices and comportment).

According to this approach strategy is about leveraging resources, developing core competencies, and stretching the company in order to shape and capture future markets. "Creating stretch, a misfit between resources and aspirations, is the single most important task senior management faces" (Hamel & Prahalad, 1993, p. 78). This means that strategy as stretch is more than a pattern in a stream of incremental decisions. It is a clear view by the top management of the goal ahead, as well as an open path to follow and discover through leadership in the field. (Hamel & Prahalad, 1989, p. 84).

Authenticity and the Essence of Strategy

From the management theories on strategy we see that strategy addresses the question of fit, coupling, and relationship of an entity with its environment, so that the entity in question might survive and thrive in the future. For the design school it is clear that until an organisation has not specified its strategy it cannot begin to specify the appropriate way in which it will compete. The positioning school owes

much to Clausewitz. The underlying philosophy of this school is the selection of an optimal position, much like the context of a military battle. Essentially, developing a strategy is developing a formula for how a business is going to compete? Where? On what basis? What are its goals? This is very much the business translation of Clausewitz idea: "When, where, and with what forces an engagement is to be fought?" Strategy is positioning the organisation in terms of the geographical area of its activity, of the industry where it competes, of the segments in which it is present, of the trade-offs low cost/differentiation and industry wide/niches — the clearer the positioning, the clearer the strategy. At stake are organisational choices. This is true but not only this.

At stake is something more fundamental to which all these choices (which are very important) already refer and which they all take as necessary — *the necessity of the organisation to choose to choose, to take a stand*. Thus, strategy essentially refers to, or has its necessary being in, the organisational readiness and with steadfastness to choose to choose. If this is so why or how would an organisation not choose to choose? Do not all organisations always make strategic choices? Are there not always decisions made about products, markets, etc.? This is true, choices are made and these choices may have strategic implications but this does not necessary mean that the organisation has a strategy. We would rather suggest that not choosing to choose is not about whether choices are made or not, or even the potential implication of these choices. *It is about the fundamental basis of such choices.* When an organisation simply follows where the markets are taking it, where the competition is going, where its technology is suggesting it should go, and so forth, then it is making choices but it is not choosing to choose. It is simply *following* (the market, the trends, the competitors, etc.) — that is, what "they" are doing. Choosing to choose is to take a stand, to care to be (or become) something specific — in short it is to be *authentic* (Heidegger, 1962). This is what is most fundamental about strategy, its essence.

Managers can *choose to choose* (act strategically) because they *care*. Their identities as managers are intimately connected to the identity of the organisation in which they are what they are for a great part of their lives. Left to themselves they can choose to choose or not to choose (Heidegger, 1962, pp. 312–314). From the outside choosing to choose may indeed have no apparent consequences in the sort of "objective" actions they are performing when they think about the future and make plans. However, if managers take a stand — choose to choose — then these actions (planning, thinking, deciding) are authentically appropriated by them. The world opens up more clearly, and the possibilities they face show up as intensely meaningful. They can make a difference because things and actions truly and instinctively matter to them — *they are resolute* (Heidegger, 1962, p. 343). When things matter, they notice them, they attend to them, they are involved, and thus action unfolds in a world where they are responsible for themselves and their organisations. Only by being authentic can they have the possibility of fully grasping what they intend to make of themselves (and their organisations) in their common future. This projection (or projectedness) into the future (that strategy presumes) becomes intensely meaningful precisely because they have chosen and as such things matter intensely to them. This enables the manager to make decisive choices and to

take vital actions. However, this resoluteness needs to be reinforced again and again because of humans' tendency to fall into "the they" (Heidegger, 1962). Only by continuing to be authentic can strategy, as an authentic intention, plan, or pattern, come to be a fulfilment of the possibilities the manager and the organisation aims at for their future. Strategy thus relies on a recurrent experiencing of identity *in* authenticity. Theories of strategy only make sense once this essential insight is understood and enacted.

Concluding Remarks

Grounding strategy in authenticity means that its effectiveness is ultimately not dependant on plans, theories, consultants, or frameworks, but on the degree in which the organisation resolutely chooses to choose. Being authentic, we care for what we are and for what we are doing. By being authentic an organisation makes strategy part of its ongoing way of being, and as such, by continuing to be authentic, it becomes an organisation driven not only by "strategic" decisions, but also by strategy itself.

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