# "Doing" strategy

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**Abstract**

**Purpose** – Most of today's conversations around crafting business strategy center on which strategic framework is most appropriate for a firm, its strategist, or CEO to use. This opinion piece seeks to argue that the focus on frameworks is inappropriate and distracts businesses from crafting holistic and adaptive strategies. To rectify the situation, it aims to offer a more inclusive model for arriving at strategic insights. It also suggests a method for implementing this model throughout the enterprise.

**Design/methodology/approach** – The paper clarifies that the frameworks are really many different sides of the same coin and are, at best, approximations for how strategy is "really" developed. But what does that mean in terms of actually "doing" strategy? Is this not the point of strategy literature, consultants, and business schools, to teach us? While one does not purport to have all the answers on this front, one has begun to develop a theory around how different tools available to the strategic thinker can be brought together to develop as robust a strategic process as possible.

**Findings** – Ultimately, strategy is about learning, discovering, and inventing. Strategy analysis tools aid in the learning – about the industry, one's realized strategies, one's capabilities and economics. The tools are also tools of discovery: what options make their appearance as one goes through the data and analytical processes to interpret the data? Both of these – learning and discovery – should reveal the low-hanging fruit for incremental improvement of the current position. It is only after much homework and intellectual sweat that the inventions and potential blue oceans sparked by strategic intuition come to the fore. That is the source of true strategic invention and innovation.

**Originality/value** – The paper should be useful to strategy practitioners and leaders of organizations as they guide their institutions into the future.

**Keywords** Management strategy, Strategic planning, Business analysis

**Paper type** Conceptual paper

Strategy is not a thing – it is not a person, a meeting, a bound document, a PowerPoint presentation, a letter from the CEO in an annual report. Strategy, rather, is an ongoing process. Strategy is a way of thinking about a business, of assessing its strengths, of diagnosing its weaknesses, of envisioning its possibilities. If we were to boil down what we have learned from three decades of strategy advisory experience and a review of current strategy literature, this basic idea would be the result – that strategy is not something we have, it is something we do and have to keep doing in order to support and grow a successful business or organization.

If we accept the assertion then, that strategy is a continuous evolutionary process rather than an outcome or end point, the question then becomes: how do we "do" strategy? What tools are available to us to navigate this process?

## The framework fallacy

Over the past three decades numerous frameworks for how to "do" strategy have been developed, and along with each of them have come equally numerous proponents and detractors. From the famed Five Forces (Porter, 1979; Oster, 1999), the profit zone

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(Slywotzky and Morrison, 2002), blue ocean strategy (Kim and Mauborgne, 2005), the resource-based view (Collis and Montgomery, 2008), strategy as options (Williamson, 1999; Beinhocker, 1999), effectual reasoning (Sarasvathy, 2008), and the BCG or McKinsey matrices (Bourgeois, 1997), the question about the correct, or at least most relevant or productive, strategy frameworks motivates many of the practice-oriented discussions about how to do strategy. But, from our point of view, if we are debating which framework to use in order to construct our strategy, we are missing the point of the process.

In fact, to take it one step further, when we define any one strategic idea as a stand-alone framework, we have already missed the point. This is because, while often separated and parsed out for academic articles or consulting white papers, these different strategic ideas are merely components of one idea: reasonable and aspirational strategic management. We believe the confusion around the use of frameworks often arises because of the need to distinguish the various layers of strategy from one another in order to thoroughly examine each of them. While this process is necessary to some extent, it causes the examiner to fall prey to what we might call the Heisenberg-esque uncertainty principle of firm strategy: if we attempt to evaluate one aspect of a firm's strategy through the lens of a given framework, we risk losing perspective on where the firm's full strategy is directing it. This point is exacerbated by the fact that so much of the strategy that comes to fruition in the market is actually emergent (rather than explicitly intended) strategy – in the end a firm's strategy is what it does, not what it had planned to do (Mintzberg, 1978).

So, if we feel that strategy is a holistic process rather a set of distinct and discreet frameworks, why do we bother to examine these frameworks at all? For us, the answer to this question hinges on the desire to codify a process that, for many of the great business leaders, happens intuitively. According to many authors, these people – the Jobs, Buffetts, Gates, Dells, Welchs of the world – seem to wake up every morning with a clear understanding of where the world is going and how to get there sooner and more profitably. For the rest of us, if we were to rely wholly on emergent strategy to drive our organizations' development, we can assume that we would see a great many more business failures – we simply need some way to organize and prioritize the mountains of data that are germane to developing a strategic direction.

Our delineation of strategic frameworks helps us to achieve this clarity by laying out clear questions and lines of analysis for us to follow (a sort of color-by-numbers for strategic thinkers, if you will). Recognizing this need, however, we must also remember that the codified frameworks we develop are, at best, proxies for this inherent strategic insight and that our ultimate goal should be to train this insight into ourselves and our institutions through constant practice.

## Strategic continua

So this is all well and good – we have observed that strategy is a process, not a destination. We have clarified that our frameworks are really many different sides of the same coin and are at best, approximations for how strategy is "really" developed. But what does that mean in terms of actually "doing" strategy? Is this not the point of strategy literature, consultants, and business schools, to teach us? While we do not purport to have all the answers on this front, we have begun to develop a theory around how different tools available to us as strategic thinkers can be brought together to develop as robust a strategic process as possible (see Table I).

In thinking through these frameworks, we find it useful to organize the tools on two dimensions: first, the degree to which they are predominantly analysis- vs action-focused and, second, the period during which they are predominantly employed and over which they show their primary efficacy. For example, taking the example of Porter's Five Forces, we can see fairly clearly that this tool lends itself towards in-depth analysis but, in and of itself, is not primarily focused on taking action. The timing piece is a bit more troublesome, however. We contend that one of the most common mistakes in employing the more analytical strategic tools is that people feel most inclined to use them to describe the current state (or even recent historic state) of the market and firm, but often fail to use them to evaluate the possible future states of the world. Working on the assumption that the future is, in fact, the most important time period for a business attempting to construct its competitive strategy, this seems to be a crucial oversight. In fact, the real development of strategy requires us to look at both the current and future states and then use the tools at our disposal in order to bridge the gap between the two and make our organizations competitive in the future world. Thus, we identify the five-forces tool as both current-period and future-focused.

This same analysis can be applied to each of the frameworks referenced previously (see Table II).

| | |
|---|---|
| Industry analysis | Typified by Porter's Five Forces, industry analysis asks firms to think thoroughly about the structure and dynamics of their industry and the implications on optimal strategies |
| BCG/McKinsey matrices | Strategic positioning for a multi-business firm is simply a matter of plotting the business units relative to one another on a matrix taking into account industry attractiveness (e.g. growth) and competitive strength (e.g. relative market share). The matrix dimensions are informed by industry analyses and internal resources |
| Resource-based view | RBV takes the position that all businesses compete based on distinct resources or capabilities, some of which are stronger, more stable, and more valuable than others |
| Blue ocean identification | Thinking in terms of "blue oceans" means finding market spaces that avoid the intense competition of established products. This often requires an intense understanding of the consumer, leading to the identification of unmet (and often unspoken) needs |
| Effectual reasoning | Akin to RBV in its emphasis on an organization's means, effectual thinking focuses on an organization's current resources and determines how to use those resources in previously-unplanned actions, while minimizing the risk involved (see Appendix, "Effectual Reasoning," for a description of this approach) |
| Strategy as options | Options strategy holds that effective planning for an uncertain future requires organizations to place many small bets on different initiatives in order to make itself viable in a wide range of circumstances |
| Strategic intuition | Strategy intuition is a manner of approaching each problem or situation as if it were new and unique, and drawing on diverse knowledge and sources in order to develop new ways of dealing with problems. Strategic intuition can occur at the top (Welch), during the creation of a firm (Gates), or at lower levels during the course of events (crescive management) (see Appendix, "Strategic Intuition".) |

**Table I.**
Strategic tools/frameworks

| Framework | Analysis vs Action | Current vs Future |
|---|---|---|
| Industry analysis | Purely analysis | Current/future |
| BCG/McKinsey Matrix | Purely analysis | Current |
| Resource-based view[a] | | |
| Descriptive | Skews to analysis | Current |
| Prescriptive | Skews to action | Future |
| Blue ocean identification | Moderate action | Current/future |
| Effectual thinking | Heavy action | Skews current |
| Strategy as options | Heavy action | Future |
| Strategic intuition | Analysis and action | Future |

**Note:** For the purposes of this analysis, we have split RBV into two components: Descriptive and Prescriptive. This distinction is meant to illustrate the difference between using RBV to explain and clarify the sources of a firm's competitive advantage(s), and using RBV to identify capabilities that will be necessary to compete in the future

**Table II.** Strategic frameworks – focus and timeframe

As we apply this analysis, we see that we possess tools that span both the analysis/action and current/future continua, applicable with regard to different portions of the strategy formulation process. Furthermore, we are aware of the overarching idea of strategic intuition that drives the overall context of our strategy and can correspondingly lead to large-scale shifts in organizational direction when it comes into play. We can visually conceptualize this universe of strategic tools as follows (see Figure 1).

Following the generally accepted principle that the goal of any business or organization is to deliver sustained superior performance as judged against some metric or group of metrics (bottom line, triple bottom line, etc.) we can surmise that a well-run business will take part in initiatives and planning across multiple times periods. It follows, then, that this multi-temporal strategic toolkit is not only convenient but absolutely essential to achieving an organization's goals. By performing analyses and taking strategic actions designed to have impacts in both the current and future

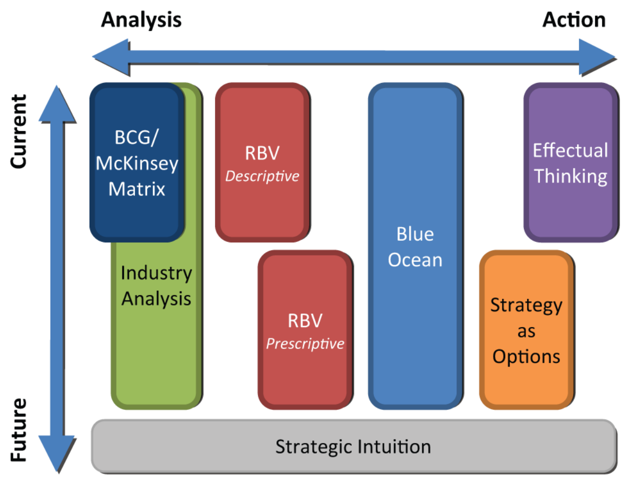


**Figure 1.** Frameworks across strategic continua

periods, businesses can ensure that they will remain relevant and viable as time passes. As a result, it is not a question of "Which framework should we use?" but rather "How do we use all the tools available to us to craft a robust and sustainable strategy?"

## Whole-enterprise driven strategy

Once more, though, if we stop at this point in our understanding of strategy development, we will again miss a crucial part of the picture. Equally important as the tools used to "do" strategy is the identification of those who should use those tools. All too often, strategy development is conceived of as the purview of CEOs, planning departments, or external consultants; little thought is given to the role of the entire enterprise as a source of strategic direction. We feel this framing of the issue is short-sighted at best and, at worst, threatens to leave a firm irrelevant in the face of more nimble competition. The concept of crescive strategic management (Bourgeois and Brodwin, 1984), taken along with our idea of strategic framework continuums, provides an alternative conception of the strategy creation process.

The crescive model – with its name derived from the Latin *crescere*, to grow – most importantly redefines the role of the CEO in strategy development. Rather than crafting and imposing firm strategy from on high (as in the traditional top-down model), the crescive CEO instead takes on the role of strategic mediator, picking from among strategic options presented to him and meting out resources accordingly. As a direct result of this change in the CEO's role, the crescive model also redefines the role of all others within an organization. Put simply, for a CEO to have strategic options from which to choose he or she must, by necessity, have staff at all levels capable and able of developing strategic intuition and crafting these alternatives.

Of course, it is difficult to picture almost any organization, no matter how advanced, in which all employees at all levels spend substantial portions of their day "planning" or developing firm strategy in the conventional sense. How then can we rectify these two seemingly conflicting ideas? We feel that the analysis/action continuum of strategic tools provides insight to this answer. Specifically, we can recast the analysis/action continuum as a high/low-level employee continuum or, perhaps more pointedly, an executive/front-line continuum (see Figure 2).

Re-thinking the continuum in this manner, we are now provided with a guide as to what roles all members of an organization can play in the strategy development process. In essence, this suggests that the closer to the "front-line" employees are, the more their roles allow for in-the-moment strategy development using action-oriented

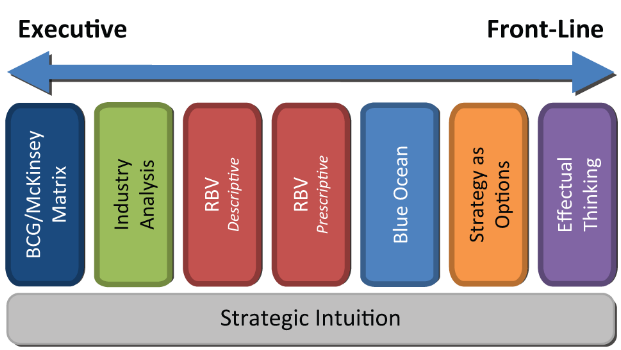


**Figure 2.**
Whole-enterprise strategic tool focus

tools like options strategy, effectual thinking, and the like. In contrast, the more employees are further up the organisation, the more their skills and roles offer them opportunities to employ comparatively analytical strategic tools. Again, the outlier in this model is the idea of strategic intuition which, based on the accumulation of experience and insight over time, is a viable method of strategy formulation at all levels of an organization.

Going back to the crescive model, this continuum helps to explain the roles employees play in the development process – on the front-line, action-oriented strategic ideas are generated during the course of business or during personal experimentation, and, through an organizational receptivity to bottom-up idea generation, are passed upward through the chain of command. At the higher levels of the organization, employees and leadership with broader views of the industry, market, internal portfolio and the like then choose from the front-line ideas, picking those strategic alternatives that best align with the overall direction of the firm.

We must bear in mind, however, that this executive/front-line continuum should serve is a guide to the strategic strengths of various employees groups, not as a definition of responsibilities. As we have asserted previously, the delineation of tools and frameworks is merely a simplifying concept, and, thus to provide definitive role descriptions based on this delineation would falsely frame the matter. No doubt higher-levels employees can be counted on to think in an effectual manner about new opportunities with existing resources, just as front-line employees can acquire unique insights into the changing dynamics between suppliers, competitors, and customers within their industry during the course of their work. What is important is that, in order for a firm to remain competitive in its industry and valuable to all its stakeholders, all members of an enterprise must be engaged in the strategy discovery and development process, playing the roles and using the tools most appropriate for their positions.

## Land mines and exit ramps: strategy for the future

In the end, an analogy can help think though the different ways of "doing" strategy. Imagine an Aston Martin being driven through a vast open space. Throughout this space, placed irregularly and sometimes at great distances from one other, are land mines and exit ramps that can be difficult to reliably see from a distance. As the driver makes his way through the space, he attempts to avoid the mines and find the exit ramps to get him out of the space. If, while he is still some ways away, the driver is made aware of a possible mine or ramp on the horizon, it takes only a small change to his course (i.e. a small turn of the wheel) to avoid or move toward the possible object. However, if the driver chooses to ignore the potential object, preferring to hold his course until he has a better sense for what lies before him, he invites the chance that he will need to make larger and larger corrections as he gets closer. Taken to the extreme, if the driver waits until he is right on top of the mine or ramp (at which point he can be certain of its existence), he will have to jerk the steering wheel violently in order to avoid the mine or make the ramp, possibly causing great damage to the car in any case.

This, to us, is a strong metaphor for our jobs as strategists, both as CEOs and as front-line intuitors. While it is certainly imperative that we keep one eye on the road in front of us we, above all else, need to maintain a clear view of the horizon, watching for any "mines" that might be in our way or "ramps" that might allow us access to more appealing markets. If we spot a glimmer of them early, we can make small bets to move us in the right direction. If, however, we wait until the future is absolutely certain, we run the risk of complete ruin. Strategy is, at its core, nothing more than making the most of our current situation and planning so that we are even better positioned in the future. By taking full advantage of all of the strategic tools available to us and always being aware of what lies in front of us, we can ensure that we are as prepared as possible to sustain our "superior performance" for periods to come.

Ultimately, strategy is about learning, discovering, and inventing. Strategy analysis tools aid in the learning – about the industry, our realized strategies, our capabilities and economics. The tools are also tools of discovery: what options make their appearance as we go through the data and analytical processes to interpret the data? Both of these – learning and discovery – should reveal the low-hanging fruit for incremental improvement of current position. It is only after much homework and intellectual sweat that the inventions and potential blue oceans sparked by strategic intuition come to the fore. That is the source of true strategic invention and innovation.

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## Appendix

*Effectual reasoning*

Effectual reasoning, as identified by Saras Sarasvathy (2008), is a manner of thinking that stands in contrast to the prevailing manner of business decision making in the world today, what she terms causal reasoning. In Sarasvathy's terminology, casual reasoning is typified by an individual or organization marshaling available means to accomplish a predetermined goal. In comparison, effectuation is a process through which an actor examines the resources at his disposal and then allows these means to determine a path and a goal for his efforts so as to minimize the possibility and size of loss through the effort.

While Sarasvathy posits that effectuation is particularly useful for entrepreneurs and even suggests that large, established organizations may be predisposed to causal reasoning, it is not an undue stretch to imagine the application of effectuation in smaller pockets of businesses or in cases of more innovation-minded business efforts. In essence, one can conceptualize effectual reasoning as an "in the moment" application of options strategy only, rather than targeting a given effort towards the development of a specific option, being more open to allowing options to present themselves and develop over time.

### *Strategic intuition*

Strategic intuition, an idea and term coined by William Duggan (2007), is an attempt to explain and codify the process by which great strategic thinkers arrive at "groundbreaking" insights and plans. At its essence, this idea, which stands in contrast to both ordinary intuition (gut) and expert intuition (experience) as well as means-and-ends reasoning, describes the coming together of previous experience and historical knowledge to provide a novel manner of addressing a new problem.

Perhaps one of the clearest ways to conceptualize strategic intuition is to compare it to what it is not. First, it is not ordinary intuition, that "gut feeling" that many of us get in the process of living our daily lives and that draws on little previous experience. Second, it is not expert intuition, that manner of split-second decision making made famous in Malcolm Gladwell's Blink, occurring as highly experienced practitioners draw on past occurrences to dissect a similar problem. Finally, and most importantly, it is not typical means-and-ends reasoning, calling on us to fully analyze a problem before us before coming to a reasoned conclusion as to the appropriate next steps.

Rather, strategic intuition is the progression through which experience and historical knowledge is stored within our brain and, as a new problem is presented to us, is allowed to congeal and coalesce at its own pace to form a wholly new solution. Instead of jumping to a conclusion based on similar problems, expert intuition allows practitioners to draw on disparate experiences to address challenges that are entirely new to them. In Duggan's (2007) words, strategic intuition occurs when "a flash of insight cuts through the fog of your mind with a clear, shining thought [so that you can] see clearly what to do."

## About the authors

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