THE MEANS - ENDS QUANDARY FOR MANAGEMENT: WHEN THE STRATEGIC PLAN BECOMES A STRAIGHT JACKET

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ABSTRACT

In this paper I consider the relevance of the traditional approach to strategy in an age of increasing turbulence and uncertainty in the competitive business environment. It seems that in too many cases sticking to the strategic plan becomes more important than achieving the desired outcome even when it is obvious that changing circumstances require changing the strategy. A suggestion is made that a compromise approach is more appropriate in which plans can be designed but in a manner that ensures they can be quickly amended in the light of new threats or new opportunities in the environment or internal resource/operational issues. One fundamental principle underpinning the application of the process must be that ends are not subverted by the preservation of pre-determined means. Another is that strategic thinking on a continuous basis is more important that a one-off strategic plan.

INTRODUCTION

An article I wrote a few years ago expressed some scepticism about whether managers actually apply the techniques they and academics espouse (Smith, 2004). One of my areas of concern was strategy, which I considered along with a number of other areas such as leadership, policy and training. However, I gave each area relatively short treatment and recently I have come across material that leads me to think again in more length and depth about strategy and the present relevance of the view in which it is commonly held. The term itself, like many others in management, has derived from the military model and the traditional strategic process itself has military parallels (De Monthoux, 1996, Mitreanu, 2006). It is interesting to note that a significant development in the literature dealing with doing business with the Chinese suggests that Westerners would be well advised to study the battle strategies of the legendary Chinese General, Sun Tzu, to gain an understanding of how the Chinese think and act strategically (McNeilly, 1996, Chu, 1992, Chu, 2007).

Typically, strategy is seen as the vital component in determining business success in a competitive world. It is a disciplined approach to decision making devised by top management after a consideration of the threats and opportunities faced together with an examination of the resources and capability of the business with the resulting

vision, mission, goals, plans and budgets communicated widely throughout the business as the guide to performance and its measurement. The strategic plan that results from this essentially analytical process becomes the mechanism which top management hopes will control people's activities and achieve the stated goals. Mitreanu (2006) on the other hand argues that, while in war objectives can be clearly defined, in the corporate world the goals orientation is inappropriate when success has to be indefinitely sustained. He warns business strategists to remember that the more specific a goal, the further away it may potentially lead the organisation from its optimal big picture outcome.

It needs to be also remembered that while strategy provides direction, it also provides cohesion and this could be considered to be a more important operating factor because lack of formal strategy does not necessarily imply a lack of direction but will entail a lack of cohesion.

A recent hint I had of continuing scepticism in regard to the conventional wisdom (besides the many strategic plans emanating from strategic planning workshops I have seen consigned to bottom drawers) was spelled out in an article by Amanda Gome (2005). She claimed that, given the pace at which markets develop these days, the make-up of business plans has changed. Gone is the SWOT model. Now documents have to be brief, specific to the audience they are communicating to, living and dynamic and focused on the near future. High growth firms, she says, think out of the square anyway and take advantage of short term opportunities. In another article, Gluyas (2002) claims that General Electric's Jack Welch is mostly responsible for the proliferation of strategic reviews, vision statements and management themes, all designed to galvanise an organisation and achieve superior performance. I also resurrected comments by Ricardo Semler of Semco fame which he made at a Seminar in Perth (Semler, 1994). Strategic planning, he said, is the extrapolation of wishful thinking! Semco plan each next 6 months using a system of rolling budgets set by the employees and that is it! They don't know what is likely to happen 12 months or more down the track so they have a short term "reactively proactive" planning system. An interesting quote he made which he said was attributed to Oliver Cromwell was, " --- no one ever travels so high as he who knows not where he is going ". Perhaps some of the problems relating to strategy are, as claimed by Singer (2008), that few executives who frequently use the word have a clear idea of what strategy is or is not.

THE TIN OPENER MESSAGE

This revisit process led me to recall a book I have in my possession containing 72 collected essays written over many years by the late University of Western Australia Professor, Walter Murdoch, and published, coincidentally, when he was 72 years of age (Murdoch, 1947). One of these thought provoking and brilliantly written essays is titled "On Tin Openers".

Many of the essays have a message and this one is no exception. Professor Murdoch proclaims, in this essay, no less than his theory of life – his belief that the mistake that vitiates so much of our thinking is the fundamental fallacy of our time. Stated simply this is that we mistake means for ends. Nearly 60 years on I see good reasons to not question the belief he illustrates.

Using the tin opener as an example of all the "gadgets" we invent, from machinery to institutions, he points out that gadgets are devised by man for an end beyond

themselves and the trouble begins when we forget the end for which the things were devised and become slaves of the things. The things become our master. Thus a textile factory makes cloth and that objective is aimed at the outcome of providing human beings with a form of protection. However, the factory manager's main concern, his goal in fact, is to keep the thing, tool, gadget, running. The machine takes over and becomes the master of man whose duty it is to keep the machine at work. The purpose becomes to keep the shareholders and employees happy rather than to be concerned about the number of people who will shiver with cold if cloth is not provided.

Necessity is the mother of gadgets but once they are made they create a necessity of their own, the necessity of keeping them in use.

Parliament, he says, is a gadget and when people forget, in the battle of party politics, the aim and purpose for which Parliament was invented, they become slaves to a gadget.

According to Professor Murdoch, a concept such as liberty is not an ultimate good but a gadget, a tool devised by the human mind for the purpose of enabling us to achieve a certain quality of life which we see to be ultimately desirable. There is, he suggests, no sovereign virtue in being free; every thing depends on what sort of life we want to be free to live. Peace he sees also as a conceptual gadget conceived for a purpose beyond itself. So long as the world wants peace as an end in itself, it will not get it. The world will get peace, permanent peace, when it wants peace badly enough. But it will not want peace badly enough until it sees that peace is not an end in itself but a means to a finer quality of life.

I think that we could also consider the strategic plan as a "gadget" which is designed to enable organisations to achieve goals. But the plan can too easily become the master and its perpetuation can become more important than what it is designed to achieve. Thus the end becomes sticking to the plan itself and its relatively short term goals rather than aiming to achieve the desired outcome, which in the long run is continued and sustained success. Such an obsession with the plan can be the result of management wanting to maintain stability, control and smooth operation. The very nature of organisations and their managers dictates that they have great difficulty in dealing with uncertainty and change. It has been suggested by Arthur Koestler that many a manager's downfall is their lust for certainty (Smith, 2001).

MORE CHALLENGES TO CONVENTIONAL WISDOM

Then, in discussing strategy and the strategy process with a colleague teaching on the topic he mentioned the terms "scripted strategy" and "improvisation strategy".

This linked in my mind with the dramaturgical metaphor in management theory (Clark and Mangham, 2004; Cornelissen, 2004) where organisations can be seen as "theatres" in which the actors (employees) work with a script (plans) but are often called on to improvise on both words and actions in order to achieve audience (customer) satisfaction. My colleague noted that scripted strategy is that developed in the traditional manner while improvisation strategy is a more flexible approach dictated by reacting to circumstances – as actors do in a theatre performance. He claimed that improvisation strategy in business is a better approach in conditions of

high uncertainty and can be equated to a type of "logical opportunism". In conclusion he said that strategists matter more than strategy!

These thoughts fit with feelings I have had for some time: that strategic thinking is more important than strategic planning and that the strategy process can be more important than the plan developed. Some time ago I marked a PhD thesis which described research into managers' understanding and use of strategy theory in the mining industry. Three things were clear to me as a result of reading the dissertation – first, the middle managers interviewed were not all that clear about the theoretical aspects of strategy, second, they had little knowledge of their company's detailed strategic plan but, third, they knew what was expected of them and the organisation, and how they did their work depended on particular organisational and environmental or internal operational issues faced at different points of time. Their behaviour matched the 'improvisation strategy' approach rather than following the 'scripted strategy' approach. As a result of my experiences in dealing with Asian managers it is clear that scripted strategy is not their thing. Their intuitive, incremental and responsive approach to the market environment and its interaction with the internal operating environment fits easily with the logical opportunism concept even though their logic is often seen by Westerners as illogical!

During my investigations I recalled the work of two earlier iconoclasts of the traditional approach to strategy, the so called "incrementalists", Charles Lindblom and James Quinn. In a book by Moore (1992) they are described as upsetting the scholarly consensus about the means-end nature of complex decision making. Lindblom and Quinn both contend that the conventional view of how strategic decisions are made is just plain wrong. They argue for an approach they call "logical incrementalism" which is, it appears to me, to be close to the "logical opportunism" approach noted above. While Lindblom called the process "Muddling Through" in a well known article (Lindblom, 1959), Quinn, twenty years later (Quinn,1980) claimed that this process is not "muddling through" but is, by contrast, a conscious, purposeful, proactive executive practice when properly managed.
In a sense, Henry Mintzberg followed the line of reasoning of these two authors in his book about the rise and fall of strategic planning (Mintzberg, 1994). He describes the nature of strategy making as dynamic, irregular, discontinuous and calling for groping, interactive processes with an emphasis on learning and synthesis which compels managers to favour intuition as against the stepwise approach that forms the basis of traditional strategic planning. In his view, because analysis is not synthesis, strategic planning is not strategy formation so that, ultimately, strategic planning is an oxymoron.

Adding further to my scepticism about the traditional approach to strategy are two recent articles. One by Mockler (2006) describes how successful leaders continually try to balance structured and unstructured approaches and thinking on strategy and how a failure to balance them has led to many corporate failures. For structured and unstructured one could well read scripted and improvised! Another by Nordblom (2006) discusses how the involvement of middle managers in developing strategic objectives was the key to the successful merger of Mack and Renault trucks into the Volvo Group. In a much earlier article by James et al (1999) they talk about the gulf that often exists between what companies aim to do and what they actually achieve in

relation to environmental strategy. The authors conclude that this is so because strategy formulation takes little consideration of the organisation's capability to implement the strategy in terms of the organisation's context and values. Sull (2007) is also concerned that the gap between strategy and execution needs to be closed.

STRATEGY IS DESTINY?

Finally, I have been impressed by a chapter in a book co-authored by Stanford Professors Jeffrey Pfeffer and Robert Sutton (Pfeffer and Sutton, 2006, chapter 6). They press a case for the practice of evidence-based management as against the many dangerous half-truths and total nonsense which, they say, often lie behind business decisions. Evidence-based management, for them, involves management decisions being based on the best evidence (hard facts), managers systematically learning from experience, and organisational practices reflecting sound principles of thought and analysis. Amongst a number of chapters questioning what they see as dangerous half-truths is one where they ask the question: "Strategy is Destiny?". Strategy may or may not be destiny they say, but it is big business if the 9,496 business strategy books listed on amazon.com are any guide. They have no quarrel with the conclusion that leaders and their people need to know what to do and how to compete. However, their argument is, that like many half-truths, a fixation on strategy can obscure as much as it illuminates. An obsession with strategy can lead to managers overlooking more crucial and more sustainable avenues for success. They make the point that even corporate successes attributed to great strategy often turn out not to be the result of strategy at all but chance or a legislative or customer behaviour change. Emphasising strategy is only one method of working out the right thing to do and possibly not the best. They claim that the empirical evidence shows a surprisingly weak link between the activity of strategic planning and company performance.

At one point in the chapter they quote Richard Kovacevich, CEO of Wells Fargo Bank in the USA as saying that organisational culture and the ability to operate effectively – successful implementation – are much more important to organisational success than having the right strategy. They also note that Meg Whitman (CEO of eBay) attributes eBay's success to the fact that the company spends less time on strategic analysis and more time trying and tweaking things that seem as though they may work, and then learning along the way.
Whitman says they put things out there, get feedback and then evolve it – you can't predict what is going to happen so it's another way of saying 'perfect' is the enemy of 'good enough'. Her message is, learn as you go.

Many leaders, they say, fall prey to a belief in the 'magical powers' of strategic analysis and the pursuit of the grand idea that will cure their problems once and for all – beliefs and pursuits often fuelled by management consultants and the business press! A similar view is expressed by Gluyas (2002) who cites a CEO who suggests that the inherent flaw of strategic reviews is that they build a perception that the business has lost its way while creating an expectation of "quantum breakthroughs". The result is that too many companies overemphasise strategy which detracts time, resources and focus from the less glamorous and gritty details of implementation and undermines the ability to adapt to shifting conditions in pursuit of the ends desired. Harking back to Walter Murdoch (1947) and his tin-opener essay, the strategy itself becomes the end rather than the means!

While strategy is still viewed as within the purview of top management and the Board, Pfeffer and Sutton (2006) claim that much research shows that strategy is often produced and altered by people further down the hierarchy so that top management's most important role is to be the architect of the corporate culture and the management systems in which strategy and implementation get produced. Another recent book by James Jasper (2006) takes a sociological view of strategy and emphasizes that it is critical to the achievement of strategic goals to understand the social and cultural setting in which you are working. Jasper agrees that while the top management may make the grand strategic decisions in deciding where the organisation is heading, its fate will be really determined by the decisions and choices made by individuals at other levels of the organisation over whom top managers have little control. This is because organisations can have formally stated goals but not motivations and only individuals have these. He also makes the point that goals as well as the means to achieve them could well have to change with changes in circumstances.

Many years ago, Warren Schmidt (1970, p29) also warned of what he called the planner's dilemma:

"The greater the degree of change, the greater the need for planning – otherwise .   precedents of the past could guide the future; but the greater the degree of uncertainty, the greater the likelihood that plans right today will be wrong tomorrow."

ANOTHER APPROACH ?

So, what to make of all of this? There can be no argument that organisations must know what business they are in and what they hope to achieve in terms of goals - this is part of what strategy is all about. In similar vein, in a book I wrote many years ago (Smith, 1994, p.32) I noted that "The best place to begin is where you want to be".

As an aside, in another section of the book (Smith, 1994, p27) I note that "When all is said and done, more is said than done". I said this in relation to policy but it could apply equally to the strategy area as suggested in the article noted above by James et al (1999).

Despite all my skepticism and the arguments against the traditional approach summarised above, the fact remains that the traditional approach remains at the forefront of most organisational attempts at developing strategy. This is evidenced by the number of strategy planning workshops that organisations hold regularly and the plethora of strategic plans that are the result. Thus the argument boils down to this: what are the best means by which organisations should set their direction for the outcome of continued success? Is scripted strategy the way to go or is improvisation a more realistic option?

Perhaps, in place of either/or, the answer is a compromise position and rather than 'strategy is destiny' we would be better to consider a 'strategy is thinking, acting, learning and reacting' framework. Such a framework seems more realistic when we consider that whatever we do will have two sets of consequences or results – intended and unintended. In both cases the results can be useful or not useful so it is inevitable that plans, strategic or tactical, will always need to be changed in small or large ways to increase the chances of the best result – that which is intended and useful. Intended

results which do not occur or unintended consequences which are dysfunctional point to failures in decision making. Unintended results which are useful can be attributed to good luck!

Thus the strategic plan, which describes the means to the desired ends, should be considered as a work in progress which is adapted as necessary by changing circumstances both externally and internally, not only by top management but by those charged with implementing the plan. Strategy is not a linear process it's an iterative loop involving the use of information to make sense of things, make choices, make things happen and make revisions (Sull, 2007).
The plan should not be "set in stone" and only visited once a year at best.
American military and political icon, Dwight Eisenhower, is claimed to have said that plans are nothing, planning is everything and the aphorism seems apt in view of my suggested framework. Such compromise means that we do not throw the baby out with the bathwater but produce strategy that is based on hard facts, is contributed to by both middle and top management, acts as a guide to direction and effective implementation, provides cohesion and is adaptable to changing conditions in the outside and inside environments. A fundamental principle underpinning the application of the process must be that ends are not subverted by the preservation of pre-determined means. The caveat on this, of course, is that the management team must have the competence to manage using such a compromise framework without losing control, while making the most of changes and opportunities faced. Developing and applying this competence begins with a fundamental mind set shift away from a strategy is destiny view. This, understandably, is a big ask of managers grounded in that view.

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