The 10 Schools of Strategic Thinking

Schools versus Models

The intent of this document is not to match models against schools of thought but rather to clarify strategy better (both its development and application), especially in the work and marketplaces.

To a certain extent we may say that the models are an outcome of schools of thought or rather they are (one of) the end-products of schools of thought. It could equally be argued that the two are separate and are not complementary to each other for the simple reason that when they were generated it was not because they were derived from any one of the schools, at least not deliberately.

Perhaps the important thing to realise is that models are the direct consequence of the attempts of enterprises (especially consultancies, corporations and institutions) to have a tool kit that allows them to depict todays and tomorrows scenarios of the firm and disseminate the strategy in the most efficient and effective way.

Brief Introduction and Overview of Schools of Thought

This is a review of Henry Mintzberg's Nine Strategy Schools of Thought, in "Strategy Safari - A Guided Tour Through The Wilds of Strategic Mangament" by Henry Mintzberg, Bruce Ahlstrand, Joseph Lampel. The Free Press, New York, 1998.

"Strategy formation is judgmental designing, intuitive visioning, and emergent learning; it is about transformation as well as perpetuation; it has to include analyzing before and programming after as well as negotiating during …" – Henry Mintzberg

Throughout time, a large amount of thinkers have addressed the issues related to business strategy systems from many different angles. To a large extent the difference in perspective can be understood from a wide range of base disciplines on which the strategy arguments are based, like for example economy, biology, anthropology, philosophy and politicology. Mintzberg emphasises this broad diversity of perspectives in the current debate and has identified nine main distinct schools in strategic thinking. Three of these schools – Design, Planning and Positioning School - are said to be prescriptive in nature and the other six schools – Entrepreneurial, Cognitive, Learning, Political, Cultural and Environmental School - are descriptive in nature.

As with any classification, there is a certain danger in the sense that trying to put rich individual ideas and concepts into a limited number of 'boxes' may lead to oversimplification. However, this classification of strategy schools does contribute to a deeper understanding of how strategy systems are perceived in a limited number of mainstreams of thinking. With a (corporate) strategy system being defined as the set of deliberate or non-deliberate processes that determines the focus, composition, scale and scope of corporate activities, in order to sustain distinctive strategic advantages over time [Kemp, 2003], the following concise review of the nine main schools of strategy thinking provides with a rich diversity of angles on how strategies are shaped, initiated, negotiated, formulated, implemented and improved – in other words, how strategy systems function.

The Design School – Strategy Systems as Processes of Conception

According to the design school, strategy systems are prescribed to be deliberate in nature and strategy formation is regarded as a process of conscious thought. Responsibility for that control and consciousness must rest with the chief executive officer, who is thereby the main

strategist. Moreover, the model of strategy formation should be kept as simple and informal as possible. Strategies should be one of a kind, where the best ones result from a process of individualised design. The strategy systems thus should be regarded as a true design process, which is complete when strategies appear fully formulated. Thereby strategies should be made explicit and they have to be kept simple. Finally, only after these unique, full blown, explicit, and simple strategies are fully formulated can they be implemented.

The Planning School - Strategy Systems as Formal Processes
According to the planning school, with its roots in systems thinking and cybernetics, strategy systems are prescribed to be the controlled, conscious processes of formal planning, decomposed into distinct steps, each delineated by checklists and supported by techniques. Responsibility for the overall process typically rests with the chief executive in principle; however responsibility for its execution rests with staff planners in practice. In comparison with the design school, resulting strategies appear from this process much more full blown and detailed. Strategies are made explicit so that they can be implemented through detailed attention to objectives, budgets, programs and operating plans of various kinds. The thinking of the planning school has led organisations, mainly in the seventies and early eighties, to build up significant staff departments of analysers and planners. This has broad with it an amount of disadvantages in practice, such as [according to Mintzberg, 1998]: staff departments taking over the process; the process being dominated by the staff; planning systems being virtually designed to produce no results; planning focussing on the more exciting game of mergers, acquisitions and divestitures at the expense of core business development; planning processes failing to develop true strategic choices; planning neglecting the accompanying organisational and cultural requirements of strategy; single-point forecasting as an inappropriate basis for planning in an area of restructuring and uncertainty.

The Positioning School - Strategy Systems as Analytical Processes
According to the positioning school, with its main roots in economics, strategy systems are prescribed to focus on strategies that are generic, specifically common, identifiable, positions in the marketplace. Thereby the marketplace (the context) is perceived to be economic and competitive. The dominant process is therefore one of selection of these generic positions based on analytical calculation. Analysts do play a major role in this process, feeding the result of their calculations to managers who officially control the choices. As with the design and planning school, strategies coming out of this process are first articulated and then implemented. The main difference being the strong focus on the external environment, especially market structures are believed to drive deliberate positional strategies.

Next to the three above described prescriptive schools, Mintzberg describes six descriptive schools.

The Entrepreneurial School - Strategy Systems as Visionary Processes
According to the first of the descriptive schools, the entrepreneurial school, strategy systems are described to be processes existing mainly in the mind of the leader. Strategies are thereby believed to be specifically about a sense of long-term direction, a vision of the enterprise future. The processes of the strategy system are thereby semiconscious at best, firmly rooted in the experience and intuition of the leader, whether he or she actually conceives the strategy or adopts it from others and internalises it in his or her own behaviour. The leader promotes the vision single-mindedly, sometimes even obsessively, maintaining close personal control of implementation processes in order to be able to reformulate specific aspects as necessary.

So, entrepreneurial strategy systems tend to be both deliberate and emergent, in the sense that the overall vision and direction is of deliberate nature, whereas it is emergent on how the details of the vision unfold. The enterprise is likewise typically a simple structure responsive to the leaders directives, generally found among start-ups, companies owned and managed by a single individual, or turnarounds in large established enterprises. Many of the procedures and power relationships are suspended to allow the visionary leader considerable latitude for manoeuvring. Entrepreneurial strategy systems are argued to tend to take the form of niche strategy, one or more patches of a market position protected from the forces of outright competition.

The Cognitive School - Strategy Systems as Mental Processes
According to the cognitive school, with its main roots in psychology, strategy systems are described to be cognitive processes that take place in the mind of the strategist. Strategies thus emerge as perspectives - in the form of concepts, maps, schemas, and frames - that shape how people deal with inputs from the environment. These inputs, according to the 'objective' wing of the school, flow through all sorts of distorting filters before they are decoded by the cognitive maps, or else according to the 'subjective' wing are merely interpretations of a world that exists only in terms of how it is perceived. As concepts, strategies are difficult to attain in the first place, considerably less than optimal when actually attained, and subsequently difficult to change when no longer viable. In this regard various forms of cognition have an influence on how strategy systems are said to function, such cognition as confusion, cognition as information processing, cognition as mapping, and cognition as concept attainment.

The Learning School - Strategy Systems as Emergent Processes
According to the learning school, also with its main roots in psychology, strategy systems are described to be processes of learning over time, in which formulation and implementation activities are intertwined and indistinguishable in nature. This is due mainly to the complex and unpredictable nature of enterprises and their environments. Through the diffusion processes of knowledge bases, which are necessary for strategy systems, deliberate control is excluded. Whereas the leader must learn too, and sometimes can be the main learner, more commonly it is the collective system of the enterprise that learns. This implies that there are many potential strategies in most enterprises, at any point in time. The learning is a process proceeding in emergent fashion, through behaviour that stimulates thinking retrospectively, so that sense can be made of action. Thereby, the role of leadership becomes not to preconceive deliberate strategies, but to manage the process of strategic learning, from which novel strategies can emerge. Accordingly, strategies appear first as patterns out of the past, only later, perhaps, as plans for the future, and ultimately, as perspectives to guide overall behaviour.

The Power School - Strategy Systems as Processes of Negotiation
According to the power school, with its roots in politicology, strategy systems are described to be mainly shaped by power and politics, whether as a process inside the enterprise itself or as the behaviour of the enterprise as a whole within its external environment. Strategies that may result from such processes tend to be emergent in nature, and take the forms of positions and ploys more than perspectives. On the one hand parts of the power school ('micro power') see strategy making as the interplay, through persuasion, bargaining, and sometimes through direct confrontation, in the form of political games, among parochial interests and shifting coalitions, with none dominant for any significant period if time. In the understanding On the other hand other parts of power school ('macro power') see the enterprise as promoting its

own welfare by controlling or cooperating with other enterprise, through the use of strategic manoeuvring as well as collective strategies in various kinds of networks and alliances.

The Cultural School - Strategy Systems as Collective Processes
According to the cultural school, with its roots in anthropology, strategy systems are described to be processes of social interaction, based on the beliefs and understandings shared by the members of an enterprise. An individual acquires these beliefs through a process of acculturation, or socialisation, which is largely tacit and nonverbal, although sometimes reinforced by a more informal indoctrination. The members of an enterprise can, therefore, only partially describe the beliefs that underpin their culture, while the origins and explanations may remain obscure. As a result, strategy takes the form of perspective above all, more than positions, rooted in the collective intentions (not necessarily explicated) and reflected in the patterns by which the deeply embedded resources, or capabilities, of the enterprise are protected and used for competitive advantage. Strategy is therefore best described as deliberate (even if not fully conscious). Culture and especially ideology do not encourage strategic change so much as the perpetuation of existing strategy. At best, they tend to promote shifts in position within the enterprise' overall strategic perspective.

The Environmental School – Strategy Systems as Reactive Processes
According to the last of the nine schools, the environmental school with its roots in biology, strategy systems are described to be mainly about responding in a natural manner with the corporate external environment. The external context, presents establishes itself to the enterprise as a set of general forces, and is thereby the central factor in the strategy making processes. The enterprise must respond to these external forces, because otherwise it would be 'selected out'. Leadership, in this regard, becomes a passive element for the purposes of reading the environment and ensuring proper adaptation by the enterprise. In the long run, enterprises end up clustering together in distinct ecological-type niches, positions where they remain until resources become scarce or conditions too hostile.

Summing up…..
So what now does this imply for strategic management?
On the one hand, these nine very different streams of understanding strategy systems, once again underline that strategy is indeed a complex and multi-dimensional function within the enterprise.
On the other hand, it also points to a lack of a coherent body of knowledge in the field of strategy theory: "each of the nine schools represents a specific angle or approach to strategy … Mintzberg (however), shows that each school of thought is concerned with a certain aspect of the total picture, ignoring the other aspects along the way. If the contributions, shortcomings, assumptions and context of the diverse schools of thought are made more explicit, the fragmentation within strategic management is made painfully obvious." [Elfring and Volberda, 2001]

Such fragmentation of solutions, implies a huge difficulty in trying to solve concrete strategic problems in current day enterprises.

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