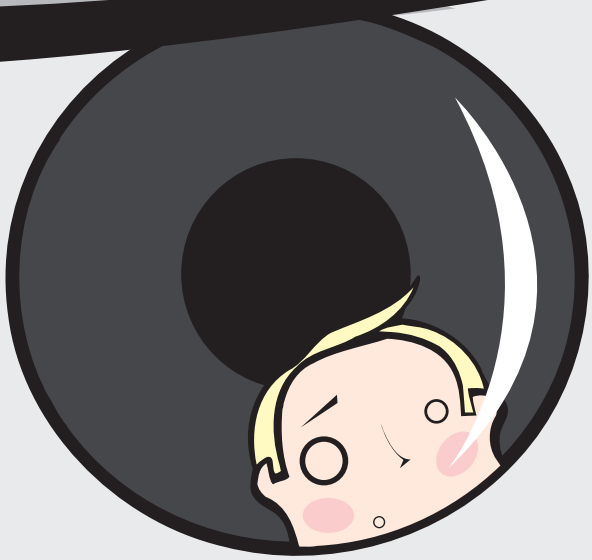
STRATEGY BITES BACK

STRATEGY IS FAR MORE, AND LESS, THAN YOU EVER IMAGINED...

HENRY MINTZBERG
JOSEPH LAMPEL
BRUCE AHLSTRAND

"A REALLY CHEEKY LITTLE BRAT OF A BOOK"
BUSINESS VOICE



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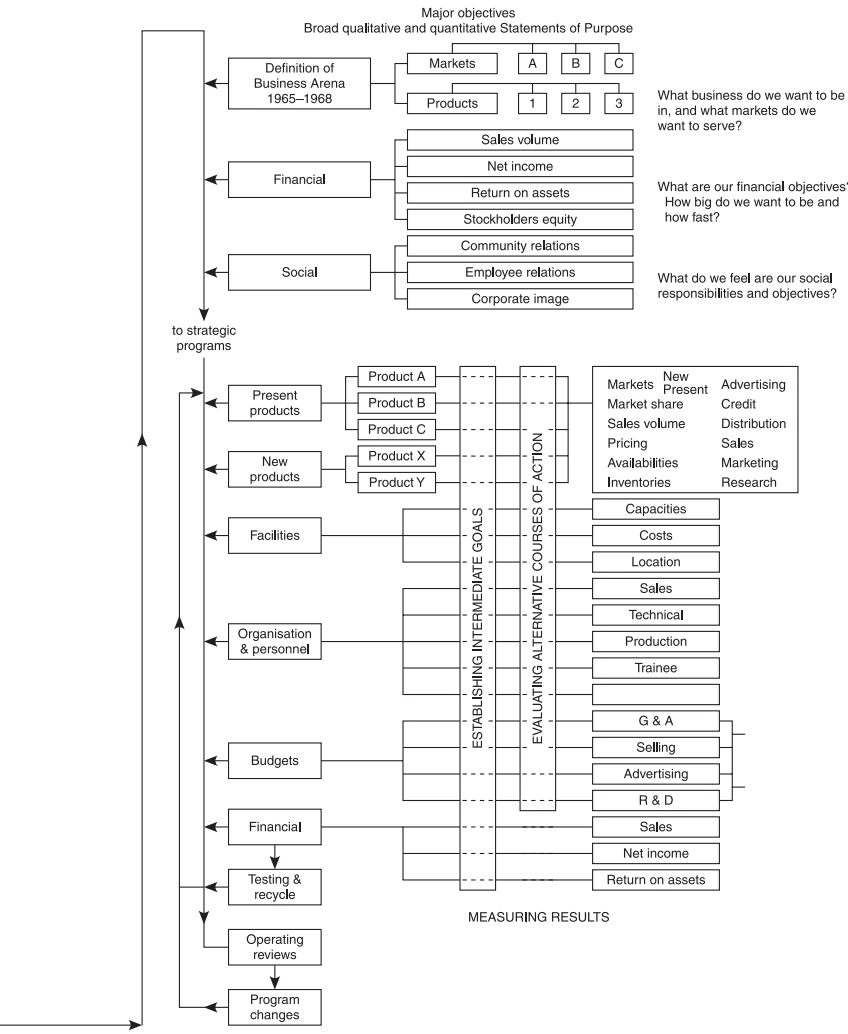

The planning process at Kaiser Aluminium, circa 1964. Reprinted with permission of the Free Press, a Division of Simon & Schuster Adult Publishing Group, from *TOP MANAGEMENT PLANNING* by George A. Steiner. Copyright © 1969 by George A. Steiner. All rights reserved.

SPEECH AT THE SECOND PLENARY SESSION OF THE EIGHTH CENTRAL COMMITTEE OF THE COMMUNIST PARTY OF CHINA

MAO TSE TUNG (NOVEMBER 15, 1956)

Read this carefully; if you can figure it out, let us know. We can't. Even if it did tie hundreds of millions of people in knots for decades.

Is the First Five-Year Plan correct? I support the opinion that it is essentially correct, as is clearly shown by the first four years of its implementation. True, there have been mistakes, but this is hardly avoidable because we lack experience. Shall we still make mistakes in the future when we have gained experience after several five-year plans? Yes, we shall. One can never acquire enough experience. Will it be possible to make no mistakes at all in planning ten thousand years hence? Things happening ten thousand years hence will no longer be our business, but one thing is certain, mistakes will be made even then . . . As some comrades put it, attention has been paid only to the "bones" but very little to the "flesh".

Factory buildings have been put up and machinery and other equipment installed without the municipal construction and service facilities to go with them, and this will become a big problem in the future. In my view, its effects will be felt not during the First Five-Year Plan, but during the Second, or perhaps the Third. As to whether the First Five-Year Plan is correct, we can draw a partial conclusion now and another one

next year, but I think a comprehensive conclusion will have to wait till the last phase of the Second Five-Year Plan. It is impossible to avoid some degree of subjectivism in planning. To make a few mistakes is not so bad . . . On the whole, nothing seriously or fundamentally wrong has been found in the First Five-Year Plan so far.

There should be three rounds of discussion before the annual state budget is decided. That is to say, comrades on our Central Committee and other comrades concerned should hold three meetings to discuss it and make the decision. This will enable all of us to get to understand the contents of the budget. Otherwise it will always be the comrades in charge who know them better while we on our part will just raise our hands. Yet don't we know anything about the contents? Well, I would say yes and no, we don't know very much about them. With this method of decision after three rounds of discussion, can you say you will know them very well? Not likely, and there will still be a gap between us and the comrades in charge. They are like opera singers on the stage, they know how to sing; we are like the audience, we don't know how to sing. But if we go to the opera often enough, we shall be able to tell good singers from poor ones more or less correctly. After all, it is up to the audience to pass judgment on the singer's performance. And it is with its help that the singer corrects his mistakes. This is where the audience is superior. An opera can continue to run if people like to see it over and over again. Operas which people don't like very much have to be changed. Therefore, inside our Central Committee there is the contradiction between experts and non-experts. Experts have their strong points, and so do non-experts. Non-experts can tell what is right from what is wrong.

PLANNING AND FLEXIBILITY
BY HENRY MINTZBERG

Can planning be flexible? Planners claim it can; some even talk about "Flexible Planning". But maybe the very purpose of a plan is to be inflexible. In the following excerpts from Henry's book *The Rise and Fall of Strategic Planning*, we get glimpses of this – for better and for worse. For worse was an infamous battle of World War I, which leads into a discussion about whether processes like strategy creation can be formalized at all.

Keeping the ship on course

Consider Henri Fayol's (1949) turn-of-the-century use of the analogy of a ship at sail to emphasize planning's role in maintaining stability:

> *Unwarranted changes of course are dangers constantly threatening businesses without a plan. The slightest contrary wind can turn from its course a boat which is unfitted to resist . . . regrettable changes of course may be decided upon under the influence of profound but transitory disturbance . . . [compared with] a program carefully pondered at an undisturbed time . . . the plan protects the business not only against undesirable changes of course which may be produced by grave events, but also against those arising simply from changes on the part of higher authority. Also, it protects against deviations imperceptible at first, which end by deflecting it from its objective.*

The assumptions underlying these comments are intriguing: that change of course is a bad thing, "contrary winds" being threats and organizational responses to them being "undesirable" and "regrettable". Courses should be set in "undisturbed" times, namely before the winds begin to blow. Above all, the organization must never be deflected from its set course. A good way to deal with the occasional gust perhaps, but a heck of a way to cope with hurricanes (let alone icebergs, or news of the discovery of gold on a different island).

Of course, Fayol had gusts in mind – minor perturbations rather than major discontinuities. And he assumed the organization knew a great deal about the water in question. These are, of course, the conditions where planning makes the most sense, where the price of inflexibility is relatively low (assuming the ability to forecast accurately). As Makridakis (1990) pointed out,

> *Strategy . . . should not change at the first sign of difficulty. A fair amount of persistence will be required to get beyond difficulties and problems. On the other hand, if substantial environmental changes are occurring, if competitors' reactions have been misjudged, or if the future is turning out contrary to expectations, strategy must be modified to take such changes into account. In other words, strategy must adapt: it is better to follow a side alley that leads somewhere than to finish at a dead end.*

And in that case, the organization may well be advised to discard its plans as well as its formal process of planning. A common problem is that it does not.

Keeping the battle on course

The "disturbance" at the infamous World War I battle of Passchendaele was not the wind but the rain. According to Feld, it

was sunny when the plans were made at corps headquarters; as a result 250,000 British troops fell.

> *The critics argued that the planning of Passchendaele was carried out in almost total ignorance of the conditions under which the battle had to be fought. No senior officer from the Operations Branch of the General Headquarters, it was claimed, ever set foot (or eyes) on the Passchendaele battlefield during the four months that battle was in progress. Daily reports on the condition of the battlefield were first ignored, then ordered discontinued. Only after the battle did the Army chief of staff learn that he had been directing men to advance through a sea of mud. (p. 21)*

To quote Stokesbury's account (1981) in his history of World War I, the "great plan" was implemented despite the effect of the steady, drenching rain on the battlefield – despite the fact that the guns clogged, that soldiers carrying heavy ammunition slipped off their paths into muddy shell holes and drowned, that the guns could not be moved forward and the wounded could not be brought backward. "Still the attack went on; they slept between sheets at corps headquarters and lamented that the infantry did not show more offensive spirit."

> *[A] staff officer . . . came up to see the battlefield after it was all quiet again. He gazed out over the sea of mud, then said half to himself, "My God, did we send men to advance in that?" after which he broke down weeping and his escort led him away. Staff officers . . . complained that infantrymen failed to salute them. (pp. 241–242)*

Who should be blamed for such a tragedy? General Haig, the British commander in charge? No doubt. But not solely. Behind him was a long tradition, especially but not only in the military, of separating strategy from tactics, formulation from