

Strategy - Lecture 1

Types of Strategies

1. The planned strategy

The planned strategy is clear intentions back by formal control. The leader is the centre of authority with their intentions being very clear and precise and the goal is to transform the intention to collective action with minimum distortion. Programs and systems are built in to the plan to ensure that no one acts in another way then intended.

For this type of strategic process to be effective the environment has to be extremely stable or the organization has to be able to predict it with great accuracy. When organizations put large quantities of resources in a mission or project they might nottolerate unstable environment. When they have plan several years ahead and don't allow avoiding behaviour and commit themselves firmly. An example of this can be mining companies.

2. Entrepreneurial strategy

The second type of strategy there is has tolerance for a little emergent strategy, but is still very much planned. The owner controls the organization tightly and can impose his vision or direction on the organization. This type of strategy is very common in young organizations and in entrepreneurial organizations. The central actor is the one that places the organization were he/she wants to in the world. Compared to the planned strategy the intentions are harder to identify and are less specific, but as long the actors in the organizations respond to the will of the leader the strategy appear to be rather deliberate. Because the strategy comes from a single person there can be sudden changes in it and reformulation isn't unusual. The adaptability of the entrepreneurial strategy is what distinguishes it from the planned one. Visions in the brain of a person are more flexible then articulated ones. The adoption and "emergentness" of planned strategies are discouraged by the articulation. Psychologists have shown that articulation of strategy manifests it, impending willingness to change it.

3. Ideological Strategy

Vision can be collective – when the members of an organizations share a vision and the members identify so strongly with it that they pursue it as an ideology. This leads to patterns in their behaviour so that clear realized strategies can be identified. Since an ideological strategy is likely to overt and becoming articulated one can see intentions. That is why one can say that this type of strategy is deliberate. These intentions would be viewed as organizational, differing from the entrepreneurial and planned strategy by being embraced by everyone in the organization and not originate from one centre and then being accepted passively. The collective vision makes it harder to change, because all members of the organization have to accept the changes. Moreover, the ideology is rooted in traditions and precedents. Therefore people resist changing it. Mintzberg & Waters has not yet studied any organization dominated by an ideology but such strategies seems to occur in certain organizations describe in the literature.

4. Umbrella strategy

For the umbrella organization Mintzberg & Waters relax the condition of tight control over the actors in the organizations and in some cases control over the environment. Leaders have only partial control over the members of the organization and can design the umbrella type of strategy. An umbrella strategy is when there are general guidelines for behaviour, defined boundaries and the other actors in the organization can manoeuvre within them. This means that strategies can emerge within these boundaries.

The umbrella strategy can not only be labelled as deliberate and emergent but also “deliberate emergent” in the sense that the central leadership creates conditions which allow strategies to emerge. Like the entrepreneurial strategy there is a certain vision emanating from the central leadership, but in the umbrella strategy don't the ones controlling the vision also control the realization. One example of the umbrella strategy is NASA during the 1960, when they focused their efforts to put a man on the moon. Within this specific target several different strategies emerged, as various technical problems were solved by thousands of different specialists.

5. Process Strategy

The process Strategy is similar to the umbrella strategy. The leadership functions in a organizations in which actors must have considerable discretion to determine the outcome. This is because the environment is unpredictable and uncontrollable. Instead of controlling strategy on a general level with boundaries and target the leadership influences the strategy indirectly. In other words they control the process of strategy making instead of the content of the strategy. This results in a behaviour that would be deliberate in one respect but emergent in another. The leadership designs the system from which patterns of action evolve from.

6. Unconnected strategy

The unconnected strategy is perhaps the most straightforward of all. One part of the organization, a subunit or sometimes even an individual is able to realize its own pattern in its stream of action. Since these unconnected strategies doesn't come from the central leadership or from intentions from the whole organization the can be considered relatively emergent. But for the subunit/individual they clearly can be deliberate or emergent depending on the prior existence of intentions. Thus the unconnected strategy may be deliberate or emergent for the actors involved but always emergent from the perspective of the organization.

7. Consensus strategy

In this strategy the condition for prior intentions are totally dropped, this type of strategy is clearly emergent. In this strategy different actors converge on the same pattern or theme so that it becomes pervasive in the organizations, without need for central direction or control. The consensus strategy grow out of the mutual adjustment among the different actions as they learn from each other and from their responses the environment and thereby finds a common pattern that works for the organization. This means that the convergence is not driven by intentions by management or by prior intentions shared by the

organizations as a whole; rather it evolves around the results of a host of individual actions. Sometimes actors might promote the consensus and try to negotiate others to accept it, but the point is that this strategy comes more from collective actions than from collection intentions. One example of this could be a university that finds itself over the years favouring the sciences over the humanities as its members came to realize that this is where its real strengths lie.

8. Imposed strategy

This time the strategy comes from outside the organization, its imposed on the organization. This means that the environment can directly force the organization into a pattern in its stream of actions regardless what the central control does. The clearest case is when an external group or individual with a great influence over the organization imposes a strategy on the organization. For example, state-owned Air Canada was forced by the minister to buy a particular type of plane. The strategy was clearly deliberate but not by anyone in the organization. Given the inability to resist, the organization had to pursue the given strategy and thus it became deliberate for the organization. Sometimes can the environment rather than individual/group that impose strategies on organizations by restricting their options. Once again Air Canada can serve as an example. Did Air Canada really choose to fly jet aeroplanes and later wide body aeroplanes? Could any world class airline decide otherwise? Again the organization has to make the external strategies, imposed on them, internal. In reality the organizations have to compromise between determinism and free choice. Environment seldom pre-empt all choice and just as rare the environment seldom offers unlimited choice. As most real world strategies have some umbrella strategy characteristics, so to does the environment set boundaries for most organization.

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