

Business Strategy Sample Assignment

Rational Planning Model

The rational planning model is a model of the planning process involving a number of rational actions or steps. Taylor (1998) outlines five steps, as follows:[1]

Definition of the problems and/or goals;

Identification of alternative plans/policies;

Evaluation of alternative plans/policies;

Implementation of plans/policies;

Monitoring of effects of plans/policies.

The rational planning model is used in planning and designing neighborhoods, cities, and regions. It has been central in the development of modern urban planning and transportation planning. The model has many limitations, particularly the lack of guidance on involving stakeholders and the community affected by planning, and other models of planning, such as collaborative planning, are now also widely used.

The very similar rational decision-making model, as it is called in organizational behavior, is a process for making logically sound decisions.[2] This multi-step model aims to be logical and follow the orderly path from problem identification through solution. Rational decision making is a multi-step process for making logically sound decisions that aims to follow the orderly path from problem identification through solution.

Strategy as plan

To almost anyone you care to ask, strategy is a plan – some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation. A kid has a 'strategy' to get over a fence; a corporation has one to capture a market. By this definition, strategies have two essential characteristics: they are made in advance of the actions to which they apply, and they are developed consciously and purposefully. A host of definitions in a variety of fields reinforce this view. For example:

- In the military: Strategy is concerned with 'draft[ing] the plan of war ... shap[ing] the individual campaigns and within these, decid[ing] on the individual engagements' (Von Clausewitz, 1976, p. 177)
- In game theory: Strategy is 'a complete plan: a plan which specifies what choices [the player] will make in every possible situation' (von Newman and Morgenstern, 1944, p. 79)
- In management: 'Strategy is a unified, comprehensive, and integrated plan ... designed to ensure that the basic objectives of the enterprise are achieved' (Glueck, 1980, p. 9).

As plans, strategies may be general or they can be specific.

Strategy as ploy

As plan, a strategy can be a ploy; too, really just a specific 'maneuver' intended to outwit an opponent or competitor. The kid may use the fence as a ploy to draw a bully into his yard, where his Doberman pinscher awaits intruders. Likewise, a corporation may threaten to expand plant capacity to discourage a competitor from building a new plant. Here the real strategy (as plan, that is, the real intention) is the threat, not the expansion itself, and as such is a ploy.

Strategy as pattern

But if strategies can be intended (whether as general plans or specific ploys), surely they can also be realized. In other words, defining strategy as a plan is not sufficient; we also need a definition that encompasses the resulting behaviour. Thus a third definition is proposed: strategy is a pattern – specifically, a pattern in a stream of actions (Mintzberg and Waters, 1985). By this definition, when Picasso painted blue for a time, that was a strategy, just as was the behaviours of the Ford Motor Company when Henry Ford offered his Model T only in black. In other words, by this definition, strategy is consistency in behaviour, whether or not intended.

This may sound like a strange definition for a word that has been so bound up with free will ('strategos' in Greek, the art of the army general [Evered 1983]). But the fact of the matter is that while hardly anyone defines strategy in this way, many people seem at one time or another to so use it. Consider this quotation from a business executive: 'Gradually the successful approaches merge into a pattern of action that becomes our strategy. We certainly don't have an overall strategy on this' (quoted in Quinn, 1980, p. 35). This comment is inconsistent only if we restrict ourselves to one definition of strategy: what this man seems to be saying is that his firm has strategy as pattern, but not as plan. Or consider this comment in *Business Week* on a joint venture between General Motors and Toyota:

The tentative Toyota deal may be most significant because it is another example of how GM's strategy boils down to doing a little bit of everything until the market decides where it is going.

(Business Week, October 31, 1983)

A journalist has inferred a pattern in the behaviour of a corporation and labelled it strategy.

The point is that every time a journalist imputes a strategy to a corporation or to a government, and every time a manager does the same thing to a competitor or even to the senior management of his own firm, they are implicitly defining strategy as pattern in action– that is, inferring consistency in behaviour and labelling it strategy. They may, of course, go further and impute intention to that consistency – that is, assume there is a plan behind the pattern. But that is an assumption, which may prove false.

Thus the definitions of strategy as plan and pattern can be quite independent of each other: plans may go unrealized, while patterns may appear without preconception. To paraphrase Hume, strategies may result from human actions but not human designs (see Majone, 1976–1977). If we label the first definition intended strategy and the second realized strategy, as shown in Figure 1, then we can distinguish deliberate strategies, where intentions that existed previously were realized, from emergent strategies, where patterns developed in the absence of intentions, or despite them (which went unrealized).

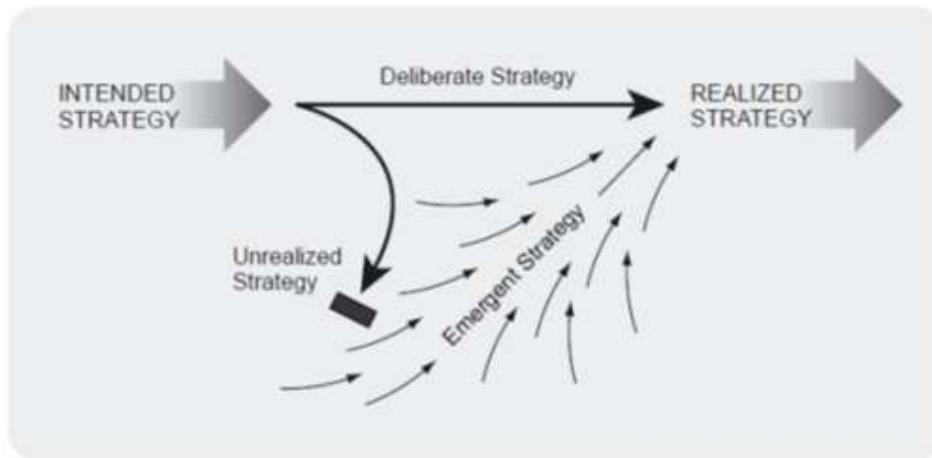


Figure 1 Deliberate and emergent strategies

For a strategy to be truly deliberate – that is, for a pattern to have been intended exactly as realized – would seem to be a tall order. Precise intentions would have had to be stated in advance by the leadership of the organization; these would have had to be accepted as is by everyone else, and

then realized with no interference by market, technological, or political forces and so on. Likewise, a truly emergent strategy is again a tall order, requiring consistency in action without any hint of intention. (No consistency means no strategy, or at least unrealized strategy.)

Strategy as position

The fourth definition is that strategy is a position – specifically, a means of locating an organization in what organization theorists like to call an ‘environment.’ By this definition, strategy becomes the mediating force – or ‘match,’ according to Hofer and Schendel (1978, p. 4) – between organization and environment, that is, between the internal and the external context. In ecological terms, strategy becomes a ‘niche’; in economic terms, a place that generates –rent’ (that is ‘returns to [being] in a “unique” place’ (Bowman, 1974, p. 47)); in management terms, formally, a product-market ‘domain’ (Thompson, 1967), the place in the environment where resources are concentrated.

Note that this definition of strategy can be compatible with either (or all) of the preceding ones; a position can be preselected and aspired to through a plan (or ploy) and/or it can be reached, perhaps even found, through a pattern of behaviour.

In military and game theory views of strategy, it is generally used in the context of what is called a ‘two-person game,’ better known in business as head-on competition (where ploys are especially common). The definition of strategy as position, however, implicitly allows us to open up the concept, to so-called n-person games (that is, many players), and beyond. In other words, while position can always be defined with respect to a single competitor (literally so in the military, where position becomes the site of battle), it can also be considered in the context of a number of competitors or simply with respect to markets or an environment at large. But strategy as position can extend beyond competition too, economic and otherwise.

Indeed, what is the meaning of the word ‘niche’ but a position that is occupied to avoid competition? Thus, we can move from the definition employed by General Ulysses Grant in the 1860s, ‘Strategy [is] the deployment of one’s resources in a manner which is most likely to defeat the enemy,’ to that of Professor Richard Rumelt in the 1980s, ‘Strategy is creating situations for economic rents and finding ways to sustain them,’ (Rumelt, 1982) that is, any viable position, whether or not directly competitive.

Astley and Fombrun (1983), in fact, take the next logical step by introducing the notion of ‘collective’ strategy, that is, strategy pursued to promote cooperation between organizations, even would-be competitors (equivalent in biology to animals herding together for protection). Such strategies can range ‘from informal arrangements and discussions to formal devices such as interlocking directorates, joint ventures, and mergers’ (p. 577). In fact, considered from a slightly different angle, these can sometimes be described as political strategies, that is strategies to subvert the legitimate forces of competition.

Strategy as perspective

While the fourth definition of strategy looks out, seeking to locate the organization in the external environment, and down to concrete positions, the fifth looks inside the organization, indeed inside the heads of the collective strategist, but up to a broader view. Here, strategy is a perspective, its content consisting not just of a chosen position, but of an ingrained way of perceiving the world. There are organizations that favour marketing and build a whole ideology around that (an IBM); Hewlett-Packard has developed the ‘H-P way,’ based on its engineering culture, while McDonald’s has become famous for its emphasis on quality, service, and cleanliness.

Strategy in this respect is to the organization what personality is to the individual. Indeed, one of the earliest and most influential writers on strategy (at least as his ideas have been reflected in more popular writings) was Philip Selznick (1957, p. 47), who wrote about the ‘character’ of an organization – distinct and integrated ‘commitments to ways of acting and responding’ that are built right into it. A variety of concepts from other field also capture this notion; anthropologists refer to the ‘culture’ of a society and sociologists to its ‘ideology’; military theorists write of the ‘grand strategy’ of armies; while management theorists have used terms such as the ‘theory of the business’ and its ‘driving force’ (Drucker, 1974; Tregoe and Zimmerman, 1980); and Germans perhaps capture its best with their word ‘Weltanschauung,’ literally ‘world view,’ meaning collective intuition about how the world works.

This fifth definition suggests above all that strategy is a concept. This has one important implication, namely, that all strategies are abstractions which exist only in the minds of interested parties. It is important to remember that no one has ever seen a strategy or touched one; every strategy is an invention, a figment of someone's imagination, whether conceived of as intentions to regulate behaviour before it takes place or inferred as patterns to describe behaviour that has already occurred.

What is of key importance about this fifth definition, however, is that the perspective is shared. As implied in the words Weltanschauung, culture, and ideology (with respect to a society), but not the word personality, strategy is a perspective shared by the members of an organization, through their intentions and/or by their actions. In effect, when we are talking of strategy in this context, we are entering the realm of the collective mind – individuals united by common thinking and/or behaviour. A major issue in the study of strategy formation becomes, therefore, how to read that collective mind – to understand how intentions diffuse through the system called organization to become shared and how actions come to be exercised on a collective yet consistent basis