



Reading 1.3

5 Ps for Strategy

Lampel, J., Mintzberg, H., Quinn, J. B., & Ghoshal, S. (2014). *The strategy process: Concepts, contexts, cases* (5th ed., pp. 3–9). Upper Saddle River, NJ: Pearson Education.

Five Ps for Strategy BY HENRY MINTZBERG

Human nature insists on a definition for every concept. But the word *strategy* has long been used implicitly in different ways even if it has traditionally been defined in only one. Explicit recognition of multiple definitions can help people to maneuver through this difficult field. Accordingly, five definitions of strategy are presented here—as plan, ploy, pattern, position, and perspective—and some of their interrelationships are then considered.

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

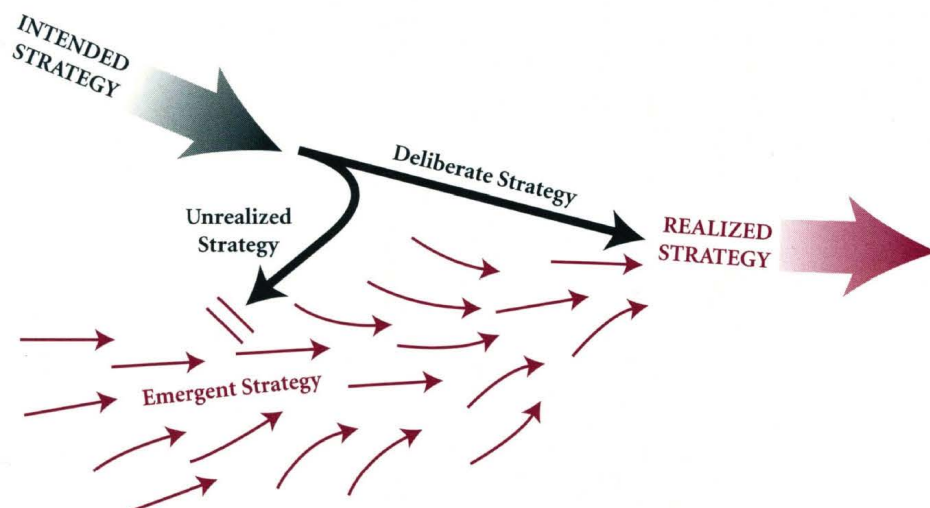


FIGURE 1
DELIBERATE
AND EMERGENT
STRATEGIES

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, 1976–77). 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*).

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.) Yet some strategies do come close enough to either form, while others—probably most—sit on the continuum that exists between the two, reflecting deliberate as well as emergent aspects. Table 1 lists various kinds of strategies along this continuum.

STRATEGIES ABOUT WHAT?

Labeling strategies as plans or patterns still begs one basic question: *strategies about what?* Many writers respond by discussing the deployment of resources, but the question remains: which resources and for what purposes? An army may plan to reduce the number of nails in its shoes, or a corporation may realize a pattern of marketing only products painted black, but these hardly meet the lofty label “strategy.” Or do they?

As the word has been handed down from the military, “strategy” refers to the important things, “tactics” to the details (more formally, “tactics teaches the use of armed forces in the engagement, strategy the use of engagements for the object of the war” [von Clausewitz, 1989: 128]). Nails in shoes, colors of cars; these are certainly details. The problem is that in retrospect details can sometimes prove “strategic.” Even in the military: “For want of a Nail, the Shoe was lost; for want of a Shoe the Horse was lost . . .” and so on through the rider and general to the battle, “all for want of Care about a Horseshoe Nail” (Franklin, 1977: 280). Indeed, one of the reasons Henry Ford lost his war with General Motors was that he refused to paint his cars anything but black.

Rumelt (1980) notes that “one person’s strategies are another’s tactics—that what is strategic depends on where you sit.” It also depends on *when* you sit; what seems tactical today may prove strategic tomorrow. The point is that labels should not be used to imply that some issues are *inevitably* more important than others. There are times when it pays to manage the details and let the strategies emerge for themselves. Thus, there is good reason to refer to issues as more or less “strategic,” in other words, more or less “important” in some context, whether as intended

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, decide[ing] on the individual engagements” (von Clausewitz, 1989: 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: 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: 9).

As plans, strategies may be general or they can be specific. There is one use of the word in the specific sense that should be identified here. 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.

In fact, there is a growing literature in the field of strategic management, as well as on the general process of bargaining, that views strategy in this way and so focuses attention on its most dynamic and competitive aspects. For example, in his popular book, *Competitive Strategy*, Porter (1980) devotes one chapter to “Market Signals” (including discussion of the effects of announcing moves, the use of “the fighting brand,” and the use of threats of private antitrust suits) and another to “Competitive Moves” (including actions to preempt competitive response). And Schelling (1980) devotes much of his famous book, *The Strategy of Conflict*, to the topic of ploys to outwit rivals in a competitive or bargaining situation.

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 behavior. Thus, a third definition is proposed: strategy is a pattern—specifically, a pattern in a stream of actions (Mintzberg and Waters, 1982). By this definition, when Picasso painted blue for a time, that was a strategy, just as was the behavior 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 behavior, *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: 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 behavior of a corporation and labeled 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 behavior and labeling 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.

TABLE 1
VARIOUS KINDS OF
STRATEGIES, FROM
RATHER DELIBERATE
TO MOSTLY
EMERGENT*

| | |
|----------------------------------|---|
| <i>Planned Strategy:</i> | Precise intentions are formulated and articulated by a central leadership, and backed up by formal controls to ensure their surprise-free implementation in an environment that is benign, controllable, or predictable (to ensure no distortion of intentions); these strategies are highly deliberate. |
| <i>Entrepreneurial Strategy:</i> | Intentions exist as the personal, unarticulated vision of a single leader, and so are adaptable to new opportunities; the organization is under the personal control of the leader and located in a protected niche in its environment; these strategies are relatively deliberate but can emerge too. |
| <i>Ideological Strategy:</i> | Intentions exist as the collective vision of all the members of the organization, controlled through strong shared norms; the organization is often proactive vis-à-vis its environment; these strategies are rather deliberate. |
| <i>Umbrella Strategy:</i> | A leadership in partial control of organizational actions defines strategic targets or boundaries within which others must act (e.g., that all new products be high priced and at the technological cutting edge, although what these actual products are to be is left to emerge); as a result, strategies are partly deliberate (the boundaries) and partly emergent (the patterns within them); this strategy can also be called deliberately emergent, in that the leadership purposefully allows others the flexibility to maneuver and form patterns within the boundaries. |
| <i>Process Strategy:</i> | The leadership controls the process aspects of strategy (who gets hired and so gets a chance to influence strategy, what structures they work within, etc.), leaving the actual content of strategy to others; strategies are again partly deliberate (concerning process) and partly emergent (concerning content), and deliberately emergent. |
| <i>Disconnected Strategy:</i> | Members or subunits loosely coupled to the rest of the organization produce patterns in the streams of their own actions in the absence of, or in direct contradiction to, central or common intentions of the organization at large; the strategies can be deliberate for those who make them. |
| <i>Consensus Strategy:</i> | Through mutual adjustment, various members converge on patterns that pervade the organization in the absence of central or common intentions; these strategies are rather emergent in nature. |
| <i>Imposed Strategy:</i> | The external environment dictates patterns in actions, either through direct imposition (say, by an outside owner or by a strong customer) or through implicitly preempting or bounding organizational choice (as in a large airline that must fly jumbo jets to remain viable); these strategies are organizationally emergent, although they may be internalized and made deliberate. |

*Adapted from Mintzberg and Waters (1982: 270).

before acting or as realized after it. Accordingly, the answer to the question, strategy about what, is: potentially about anything. About products and processes, customers and citizens, social responsibilities and self-interests, control and color.

Two aspects of the content of strategies must, however, be singled out because they are of particular importance.

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: 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” (i.e., “returns to [being] in a ‘unique’ place” [Bowman, 1974: 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 behavior.

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 (i.e., 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.” 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 favor 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: 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 fields 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 it best with their word “Weltanschauung,” literally “worldview,” 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 that 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 behavior before it takes place or inferred as patterns to describe behavior 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 behavior. 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.

INTERRELATING THE Ps

As suggested above, strategy as both position and perspective can be compatible with strategy as plan and/or pattern. But, in fact, the relationships between these different definitions can be more involved than that. For example, while some consider perspective to *be* a plan (Lapierre,

1980, writes of strategies as “dreams in search of reality”), others describe it as *giving rise* to plans (e.g., as positions and/or patterns in some kind of implicit hierarchy). But the concept of emergent strategy is that a pattern can emerge and be recognized so that it gives rise to a formal plan, perhaps within an overall perspective.

We may ask how perspective arises in the first place. Probably through earlier experiences: the organization tried various things in its formative years and gradually consolidated a perspective around what worked. In other words, organizations would appear to develop “character” much as people develop personality—by interacting with the world as they find it through the use of their innate skills and natural propensities. Thus pattern can give rise to perspective too. And so can position. Witness Perrow’s (1970:161) discussion of the “wool men” and “silk men” of the textile trade, people who developed an almost religious dedication to the fibers they produced.

No matter how they appear, however, there is reason to believe that while plans and positions may be dispensable, perspectives are immutable (Brunsson, 1982). In other words, once they are established, perspectives become difficult to change. Indeed, a perspective may become so deeply ingrained in the behavior of an organization that the associated beliefs can become subconscious in the minds of its members. When that happens, perspective can come to look more like pattern than like plan—in other words, it can be found more in the consistency of behaviors than in the articulation of intentions.

Of course, if perspective is immutable, then change in plan and position within perspective is easy compared to change of perspective. In this regard, it is interesting to take up the case of Egg McMuffin. Was this product when new—the American breakfast in a bun—a strategic change for the McDonald’s fast-food chain? Posed in MBA classes, this earth-shattering (or at least stomach-shattering) question inevitably evokes heated debate. Proponents (usually people sympathetic to fast food) argue that of course it was: it brought McDonald’s into a new market, the breakfast one, extending the use of existing facilities. Opponents retort that this is nonsense; nothing changed but a few ingredients: this was the same old pap in a new package. Both sides are, of course, right—and wrong. It simply depends on how you define strategy. Position changed; perspective remained the same. Indeed—and this is the point—the position could be changed easily because it was compatible with the existing perspective. Egg McMuffin is pure McDonald’s, not only in product and package, but also in production and propagation. But imagine a change of position at McDonald’s that would require a change of perspective—say, to introduce candlelight dining with personal service (your McDuckling à l’Orange cooked to order) to capture the late evening market. We needn’t say more, except perhaps to label this the “Egg McMuffin syndrome.”

THE NEED FOR ECLECTICISM IN DEFINITION

While various relationships exist among the different definitions, no one relationship, nor any single definition for that matter, takes precedence over the others. In some ways, these definitions compete (in that they can substitute for each other), but in perhaps more important ways, they complement. Not all plans become patterns nor are all patterns that develop planned; some ploys are less than positions, while other strategies are more than positions yet less than perspectives. Each definition adds important elements to our understanding of strategy, indeed encourages us to address fundamental questions about organizations in general.

As plan, strategy deals with how leaders try to establish direction for organizations, to set them on predetermined courses of action. Strategy as plan also raises the fundamental issue of cognition—how intentions are conceived in the human brain in the first place, indeed, what intentions really mean. The road to hell in this field can be paved with those who take all stated intentions at face value. In studying strategy as plan, we must somehow get into the mind of the strategist, to find out what is really intended.

As ploy, strategy takes us into the realm of direct competition, where threats and feints and various other maneuvers are employed to gain advantage. This places the process of strategy formation in its most dynamic setting, with moves provoking countermoves and so on. Yet ironically, strategy itself is a concept rooted not in change but in stability—in set plans and established patterns. How then to reconcile the dynamic notions of strategy as ploy with the static ones of strategy as pattern and other forms of plan?