Is Your Strategy Working Out Now?
Strategic Inquiry as Leadership
by
Sangbeom Kim

B.S. Economics
Hanyang University, 1997

SUBMITTED TO THE MIT SLOAN SCHOOL OF MANAGEMENT IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE IN MANAGEMENT
AT THE
MASSACHUSETTS INSTITUTE OF TECHNOLOGY
JUNE 2011

©2011 Sangbeom Kim. All rights reserved.

The author hereby grants to MIT permission to reproduce and to
distribute publicly paper and electronic copies of this thesis document in
whole or part in any medium now known or hereafter created.

Signature of Author: ________________
Sangbeom Kim
MIT Sloan School of Management
May 6, 2011

Certified by: ________________
Donald Roy Lessard
Epoch Foundation Professor of International Management

Accepted by: ____________________ / ____________________
Stephen Sacca
Director, MIT Sloan Fellows Program in Innovation and Global Leadership
MIT Sloan School of Management
ABSTRACT

Since the word “strategy” was introduced to the business world around the 1950s, a large number of research studies have emerged about “what is a good strategy?” (Strategy as a product) and even “what is good strategizing practice?” (Strategy as a practice). However, less research has been done on what impact a strategy should deliver, i.e. “what is the good strategized?” (Strategy as an impact).

Similarly, many top managers expend a great deal of efforts getting the right strategy (Strategy as a product.) or ensuring an organization has the right strategizing practice (Strategy as a practice), but they typically are less mindful about how they lead the strategy and strategizing practice by validating and substantiating that the firm is obtaining the right results from the strategy (Strategy as impact).

This research suggests that top managers should use the impact of strategy as the key criterion in managing the strategy as a product and as a practice by providing well framed strategic inquires that top managers should address and leverage to lead an organization.

Thesis Supervisors: Donald Roy Lessard
Title: Professor of MIT Sloan School of Management
Table of contents

1. Chapter 1: Introduction ........................................................................... page 4

2. Chapter 2: Literature review .................................................................. page 21

3. Chapter 3: Strategic inquires for top managers to ensure “strategy as an impact” ........................................... page 38

4. Chapter 4: Strategic inquires for top managers to ensure “strategy as a product” ................................................... page 62

5. Chapter 5: Strategic inquires for top managers to ensure “strategy as a practice” ...................................................... page 88

6. Chapter 6: Conclusion ............................................................................ page 107

7. References ............................................................................................ page 109

8. Appendix ................................................................................................ page 116
Chapter 1: Introduction

A. What is the research subject/issue and why is it important?

1. What is the research subject?

If the top manager of a company, one day asks, "Is my strategy really working and delivering its anticipated value? What key questions would allow me to confirm the effectiveness of the strategy? And if the board were to ask me these questions, how would I answer?"
This thesis seeks to answer these questions.

Let me try to explain this issue in a different way. The word “strategy” and the concept of “strategic management” were introduced into the business field by several pioneers including Alfred D. Chandler and Igor Ansoff between the late 1950s and early 60s (McKierman, 1996: 1-10). Since then, the concept has evolved into a variety of different thoughts, insights, debates, and conversions by many researchers, scholars and practitioners.

We can divide the studies of “strategy” from its inception into two camps\(^1\): the prescriptive schools that see strategy as a goal by focusing more on its content as a product (Strategy as a product), and the descriptive schools that see it as an emergence by focusing more on its process as a practice (Strategy as a practice) (Mintzberg, 207: 30-124) (See Exhibit 1-1). Simply put, strategic management has evolved \textit{vis a vis} the detailing, development, divergence and debate between these two fundamentally different perspectives.

\(^{1}\) For more detailed explanation, please see the chapter 2
EXHIBIT 1-1: DIFFERENT VIEWS ON STRATEGY BETWEEN THE PRESCRIPTIVE SCHOOLS AND THE DESCRIPTIVE SCHOOLS

<table>
<thead>
<tr>
<th>50's</th>
<th>60's</th>
<th>70's</th>
<th>80's</th>
<th>90's</th>
<th>2000's</th>
<th>2010's</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Prescriptive schools**
- **Strategic planning**
  - "The planning school"
  - **Key assumption**: Industry forces are assessable and static
  - **Key theorists**: Chandler, Ansoff
  - **Key belief**: Strategy is a goal and a plan to be formulated in a deliberate manner

**Descriptive schools**
- **Strategic positioning**
  - "The positioning school"
  - **Key assumption**: Competition will determine required competence
  - **Key Theorists**: Porter, Hax
  - **Key belief**: Strategy is a strategic choice for competitive advantage given the market structure

- **Strategic navigating**
  - "The learning school"
  - **Key assumption**: Industry forces are variable and uncertain
  - **Key Theorists**: Weick, Mintzberg
  - **Key belief**: Strategy is a emergence with constant course correction and pattern recognition

- **Strategic leadership**
  - "The resource based school"
  - **Key assumption**: Competence determines possible competitiveness
  - **Key Theorists**: Hamel, Grant
  - **Key belief**: Strategy is a distinctive and unique organizational competence to sustain the success of the firm

*Later, McGill Group including Mintzberg evolved as a "Configuration School".*

Source: (Peter McKiernan, 2003), (James W. Fredrickson, 1990), (Henry Mintzberg, 2009)

Given this evolution, my research seeks to explore when and how top managers should choose to use aspects of each of these two, strategy as a product and as a practice, in a complementary way, but more importantly, in a way that leads to business success (See Exhibit 1-2).
In this thesis, I define strategy as a product, a practice and an impact as explained in Exhibit 1-3. Furthermore, I will argue that top managers should use “the impact” of a strategy (Strategy as an impact) as the key criterion in managing the strategy as a product and as a practice.
EXHIBIT 1-3: WORKING DEFINITIONS OF STRATEGY AS A PRODUCT, A PRACTICE, AND AN IMPACT

- Strategy as a product" ("The strategy")
  - The content of a strategy based on a belief that a good content of a strategy will enable organization's successful strategizing practice and strategic impact

- Strategy as a practice" ("Strategising")
  - An organization's strategizing practice based on a belief that it will ensure successful content and impact of a strategy

- Strategy as an impact" ("Being strategised")
  - The state of a company where the strategy is being realized, based on a belief that a successful state should be the same whether the state is preplanned or emergent

- Core question that the thesis tries to address
  - What are the well-framed strategic inquiries for the top managers to make the good strategy as "a product," "a practice," and "an impact?"

2. Why is this issue important?

Finding a practical way to leverage these two perspectives to create an impact is important for two reasons.

First, middle level managers need a more balanced view on strategy as today's business world poses many complications and challenges. In spite of many studies in both the prescriptive and the descriptive schools in academia, not many middle level managers have an understanding of both perspectives. It was surprising to see that only twenty percent of the middle managers I had interviewed knew of the concepts, and even those who did know had a

---

3 None of fifteen interviewees heard of the words "the prescriptive schools" or "the descriptive schools". When the
strong tendency to favor one over another. 

For example, middle level managers in a strategy development department often believe that strategy should be a goal and a plan. As such, the managers overemphasize the value of strategy as content. Even for implementation, the practitioners believe that a rigorous implementation plan will guarantee the success of the implementation itself.

On the other hand, middle level managers who are close to the execution field, i.e. those who closely interact with customers, vendors, manufacturers, and sales people, instinctively know the importance of strategy as a practice. Yet, these managers, sometimes subconsciously, neglect the value of strategy as a product and miss the opportunity to strengthen their practices. For example, not many people at the frontline of a sales function either know or try to align their sales behaviors with the strategy of a company.

Second, top managers need not only a balanced view required of general practitioners, but also the ability to orchestrate and lead strategy as a product and a practice to successfully generate impact for their business. In other words, top managers constantly need to challenge their staff to invent a strategy that is a good product and to practice a strategy with a good discipline. But more importantly, top managers need to gauge whether both concepts of strategy in the two schools were briefly explained, only three of fifteen responded that they have heard of both two concepts.

Ten of fifteen interviews were aware of only the concept of the prescriptive schools.
efforts are really creating an impact, and if not, where and how they can intervene.

B. What are the previous studies on this issue? And how is this thesis unique compared with them?

1. What are the previous studies on this issue? (This question will be covered rather briefly in this chapter because the chapter 2 will be exploring it in a more detailed way)

a. How have the perspectives of the two schools evolved?

As mentioned earlier, perspectives on strategic management have evolved in many different ways since the introduction of the concept into the field of business management. Most of the perspectives have tried to explain the nature of strategy based on their own disciplinary origins such as economics, sociology or psychology. As a result of the different origins, the perspectives have looked at the same object, that is strategic management, but they have all provided different explanations and descriptions of strategy.

In 1990, Mintzberg synthesized the definition and evolution of these two different schools in an article titled “Strategy Formation: Schools of
In his review, Mintzberg categorized different perspectives on strategic management into ten different schools and aggregated those ten schools into two larger categories he called the prescriptive and the descriptive schools.

His research pointed out that the prescriptive schools, whose academic roots came from economics and biology, believe strategy is a long-term goal and plan based on the rational analysis of external competitive markets. Therefore, the prescriptive schools believe a company needs to focus on developing the right strategy followed by rigorous
implementation.

On the other hand, the descriptive schools, whose academic roots came from sociology and psychology, believe strategy is the emergent, cumulative pattern from accumulated reaction of an organization to the challenges a company faces. Hence, the descriptive schools believe a company must ensure more resilient organizational capability and practice to learn and emerge a strategy.

b. What were the key efforts in previous researches to integrate the two different schools?

Though the two schools have different disciplinary origins and different perspectives of strategic management, each school has been influencing and learning from the other. Many scholars in each school have tried to further develop their perspectives to help top managers by embracing the different thoughts of other schools. (See Exhibit 1-5).

For example, Kaplan developed the concept of the “balanced scorecard” from an accounting purposed tool to a strategic managerial tool, called a strategic map, for top managers by incorporating more qualitative components from the descriptive schools.
Similarly, other scholars in the prescriptive schools, including Hrebiniak, studied the execution of strategy by incorporating the organizational perspective from the descriptive schools into their researches. Those scholars contributed to uncovering the fact that various organizational complications, including people’s behavior, and cultural and political influences can determine the quality of implementation. As a result they reminded top managers that strategy implementation should be managed by orchestrating people’s mindset and behavior as well as monitoring activities and tasks.

On the other hand, some researchers in the descriptive schools also
developed their ideas by incorporating ideas from the prescriptive schools.

For example, scholars at McGill University, particularly Mintzberg (2007), have developed the perspectives of the configuration school (See Exhibit 1-3). They believe that strategy formation is an episodic process informed by a company's unique context. They tried to show that the type of strategy formation is different depending on the industry and the stage of evolution of an organization. As a result, they concluded that when top managers are selecting the right strategy formation from the strategy formation of the prescriptive schools and that of the descriptive schools, top managers need to consider the type of industry and the stage of organization.

Additionally, some other researchers, like Johnson (2007) and Jarzabkowski (2005) in the descriptive schools, paid more attention to manager's behaviors and actions in strategy formation and have led the researches on a strategy as practice. They tried to analyze specific details in managers' behaviors to explain how the quality of those actions in practicing a strategy can influence the quality and success of a strategy.

However, in spite of all these efforts and contributions, unexplored issues remain for the people developing and practicing strategy.
For example, many efforts within the prescriptive schools, such as the development of strategic map, stressed rigorous monitoring during implementation. However, regardless of the intention of such efforts, they are likely to lead top managers to over-engineer strategic initiatives and overlook helping the need to inspire the organization.

Efforts in the descriptive schools brought many insightful findings on real dynamic of strategic management. However, the efforts could not provide top managers with specific, clear remedies to lead the strategic efforts of a company other than enlightenment of the importance of people’s leadership, experience, and judgment.

c. How is my research unique from other studies? How can it add value to previous researches?

As discussed earlier, one of the remaining challenges in the discussion between the prescriptive and the descriptive schools has to do with when and how top managers should use aspects of each school. Many studies have sought to address the challenge and find principles that top managers can apply. However, the real difficulty has been that either the principles are too generic if the principles apply to all industries and contexts, or the principles are too narrow to apply to broader industries.
For example, Mintzberg (2007) defined four different types of strategy formations based on a matrix of two types of industries and two stages of organization. These four types of strategy provide top managers with a valid thinking framework. However, the numbers of industries and the variety of organizational stages in real world are larger and more complicated. Moreover, the four different strategy formations are possible even within a single industry (e.g., consider different strategies of Intel, Samsung, and IBM in the electronic industry).

In order to avoid the difficulty mentioned above when addressing the question of how top managers should use aspects of each school, two efforts were made in this thesis.

First, I tried to develop the concept of what a company should look like when its strategy is well realized (strategy as an impact). I believe that top managers should use the observation of this impact as the anchor to balance and maneuver the two perspectives (strategy as a product and as a practice).

Second, to help top managers evaluate and lead a strategy as an impact, a product and a practice, I defined ten to fifteen key strategic inquires for
each strategy as an impact, a product, and a practice. Creating these questions differs from more traditional methods that simply dictate what a manager should do. I think that good inquiries force people to think and enable them to clarify, understand and seek answers. Therefore articulating inquiries for strategy as an impact, a product, and a practice will allow top managers to generate new solutions, ideas, and insights for their strategic decisions. Similarly, top managers can use these inquiries when communicating with their staff. Finally, these inquiries, since they are literally questions not answers, can be applied by top managers in broader industries and companies.

C. Methodology, structure, and limitation of the research

1. Methodology of the research

First, research literature from a wide range of sources has been reviewed. The review focused particularly on the following three areas:

- First, to gain a broader understanding of the evolution of perspectives on strategic management, around twenty key representative research papers that shaped a critical perspective in the evolution of strategic management were reviewed.
- Second, to understand more recent thoughts of the prescriptive and descriptive schools, around twenty research papers and books of key
scholars were reviewed focusing particularly on how other schools influenced the scholar

- Third, a carefully selected number of additional books were reviewed to enhance a perspective on strategy as a practice, particularly in relation to people, leadership, and culture.

Second, I also interviewed fifteen practitioners\(^4\) to understand their issues, concerns and constraints on strategic management. These people are both top managers mostly in a large-sized companies and people who are working in strategy function. Most of the interviews were conducted for the purpose of this thesis, but some interviews were from my previous work as a strategic management consultant. Finally, I also have interviewed five senior level consultants in top strategic consulting firms.

Additionally, I asked a group of my colleagues to serve as sounding board to continuously verify, challenge and revise my reflections on the subject and my research question.

Lastly, I have researched a handful of business cases to illustrate and support my points and arguments. These cases and examples come from focused literature reviews as well as my previous work experience in strategic consulting and are fully disguised and used only in an illustrative way.

---

\(^{4}\) The list of interviewees can be found in the Appendix
2. The structure of the thesis

The structure of the thesis is composed of six chapters.

- Chapter 1: Introduction: Overview of the paper and issue
- Chapter 2: Previous studies: Overview of previous research
- Chapter 3: Definition of “strategy as an impact” and strategic inquiries for top managers to assess and ensure “strategy as an impact”
- Chapter 4: Definition of strategy as a product and strategic inquiries for top managers to assess and ensure “strategy as a product”
- Chapter 5: Definition of strategy as a practice and strategic inquiries for top managers to assess and ensure “strategy as practice”
- Chapter 6: Conclusion

Given that this thesis intends to help practitioners, chapter 3, 4, and 5 explain how top managers can and should evaluate and ensure strategy as an impact, product, and practice, respectively.

Chapters 3, 4, 5 are composed of two parts. The first defines “strategy as an impact, a product, or a practice,” respectively. The second is a list of eight to fifteen strategic inquiries for top managers to evaluate and ensure strategy as an impact, a product, or practice.
3. Limitations of the research

This research aims to help practitioners in strategic management. Also, due to the relatively limited time and resources, I am not able to include any statistical models, a comprehensive survey or exhaustive case analyses in my thesis.

Additionally, in defining and disaggregating strategy as an impact, product, and practice, I selected and applied the categorizations and dimensions that I believe are the most applicable and helpful to top managers to evaluate and ensure strategy as impact, a product, and a practice. However, I admit and respect that a variety of different definitions and categorizations exist to describe strategy in business. Therefore, some categorization and definitions may not be fully consistent with some previous work by other researchers or practitioners.

Finally, given that strategy is really a combination of science and art, I hope this thesis can be a small contribution to explain the magic of that combination in a way that is helpful to practitioners. In the future, I hope that the experiences of those practitioners will be added to this work to provide a wide variety of cases and contexts.
Chapter 2: Literature review

In the previous chapter, I established that the subject of the thesis is how top managers should use aspects of both the prescriptive and the descriptive schools to ensure the desired impact of the strategy. Stated another way, the goal of the thesis is to provide top managers with well-framed strategic inquiries to ensure the success of strategy as an impact, a product, and a practice.

In this chapter, I will review the previous studies that are related to my thesis. I will look particularly at the difference between the two schools described in chapter 1 in more detail and at some specific recent studies in the two schools that are particularly related to the subject of the thesis.

A. How did the two schools evolve? What are the differences between them?

The term “strategy” comes from the ancient Athenian term of “strategos.” These were the military and political sub-units that formed the Athenian war council. The word “strategy” was introduced into the business world by several scholars, including Alfred D. Chandler, Igor Ansoff, and Peter Drucker in 1950’s (Kay, 1995: 336).

These early pioneers developed many important concepts related to business strategy and those concepts are influential even in the current business world.
Chandler coined the famous notion that "structure follows strategy" (Chandler, 1962: 1-39). Ansoff invented "gap analysis" (Ansoff, 1965: 23-56) and Drucker created the concept of "management by objective" (Drucker, 1954: 20-89). However, as these concepts imply, these early scholars equated business strategy to corporate planning under the given industrial structure.

After these pioneers, research on the strategic management has evolved in several ways by interacting with different disciplines. Naturally, the view on the strategic management by a certain group of people is often formed by the group's own functional heritage and disciplinary legacy (McKiernan, 1996: 1-10).

In 1990, as noted in chapter 1, Henry Mintzberg categorized various perspectives on strategic management into ten different schools (Fredrickson 105-236). The categorization later became a widely acknowledged and cited classification of different perspectives on strategic management (See Exhibit 1-3 in Chapter 1 Introduction). In the article "Strategy Formation' Schools of Thoughts", Mintzberg defined two fundamentally different camps of ten schools, which are the prescriptive and the descriptive schools (See Exhibit 2-1).
EXHIBIT 2-1: KEY DIFFERENCE IN TWO SCHOOLS

<table>
<thead>
<tr>
<th>Prescriptive schools</th>
<th>Descriptive schools</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Root of disciplinary field</strong></td>
<td><strong>Socionomy, Pyschology</strong></td>
</tr>
<tr>
<td>Economics, Biology*</td>
<td><strong>Core assumption</strong></td>
</tr>
<tr>
<td>• External forces define internal reactions</td>
<td>• Internal actions can influence external forces</td>
</tr>
<tr>
<td>• World/future is assessable</td>
<td>• World/future is uncertain</td>
</tr>
<tr>
<td>• Human’s decision and behavior is rational</td>
<td>• Human decision and behavior can be emotional, political and social</td>
</tr>
<tr>
<td><strong>Belief of strategy</strong></td>
<td><strong>Implication for top managers</strong></td>
</tr>
<tr>
<td>• The right strategy exists and it is analyzed from external forces</td>
<td>• The right strategy varies and it emerges from internal efforts</td>
</tr>
<tr>
<td>• Therefore, a strategy should be a goal, plan and deliberate execution</td>
<td>• Therefore, a strategy should be an emergent, consistent pattern from an organization</td>
</tr>
<tr>
<td><strong>Implication for top managers</strong></td>
<td><strong>Implication for top managers</strong></td>
</tr>
<tr>
<td>• Analyze the situation and future</td>
<td>• Assess the situation and future</td>
</tr>
<tr>
<td>• Select/formulate a strategy</td>
<td>• Create/form a strategy</td>
</tr>
<tr>
<td>• Manage the implementation and organization</td>
<td>• Enable the experimentation, adaptation and organization</td>
</tr>
</tbody>
</table>

* Biological root is Darwin’s natural selection and competition and Gause’s principle of competitive exclusion

Source: (Peter McKiernan, 1996), (Henderson Bruce D, 1989), (Henry Mintzberg, 2009).

Mintzberg pointed out that the fundamental differences in assumptions, which are derived from different functional and disciplinary roots between the two camps, eventually result in completely different views on the strategic management. He also urged that people should try to understand the parts to understand the whole by making an analogy between 10 different schools and a famous poem, “The Blind Men and the Elephant”. (Exhibit 2-2)
EXHIBIT 2-2: THE ELEPHANT (STRATEGY) AND BLIND MEN

"We are the blind men and strategy formation is our elephant. Since no one has had the vision to see the entire beast, everyone has grabbed hold of some part or other and 'railed on in utter ignorance' about the rest." – Robert Ornstein (1975)

Source: (Henry Mintzberg, 2009). Google image

Mintzberg's analysis of the different schools has influenced many including academic researchers and practitioners who aspired to see the strategic management from a more holistic point of view. However, as he pointed out in his book's last chapter, how to combine different perspectives of these schools and to ensure that practical applications win over conceptual debates were left as homework.5

Regardless of whether it was intended or not, the two different schools inevitably have influenced one another. The learning school, one of the

5 Later Mintzberg (2007) tried to accomplish such a combination with scholars in McGill University. He particularly tried to make a practical application of the combined view of strategic management by establishing the program “The International Master Program in Practicing Management to Life” in McGill University and writing a book in 2005 “Managers, Not MBAs.”
descriptive schools, is developed by criticizing the linearity of the planning school in the prescriptive schools. The positioning school, another prescriptive school, strengthened itself by avoiding the retrospective bias of the learning school. The resource based school, one of descriptive schools, evolved by shifting the focus of strategy on "discovering" in the positioning school into "inventing."

Today, many researchers view the two schools as complementary and try to embrace and integrate the two to bring more holistic insights to practitioners. For example, even Michael Porter noted 'the stress on resources must complement, not substitute for, stress on market positions' (Porter, 1991: 95-117).

B. What are the recent studies on the two schools that are related to the subject of the thesis?

There have been many research efforts in the two schools to incorporate some of each other's useful aspects into main themes to help practitioners. However, since the thesis aims to define well framed strategic inquiries for top managers to lead strategy to ultimate success by properly using aspects of each of the two schools, in this chapter, I will cover five different groups of recent studies that have been the most helpful and relevant to the subject of the thesis.

1. Configuration School - McGill University
In the book “Strategy Safari,” Mintzberg (2007) defined the configuration school, which was led by a McGill University group including himself. This is the approach that tries to combine the prescriptive and the descriptive schools.

The Configuration school views strategy as a conscious act of transforming an organization from one state into another. The school claims that companies periodically go through a time for coherence and a time for a change (Mintzberg, 2007: 318). Therefore, when companies are in a certain “state,” the state requires its own “figuring” strategy, but when companies face a different “stage,” the new stage requires a different “configuring” strategy—regardless of what school it comes from (Mintzberg 2007: 319)

This perspective emerged from themes in both schools. For example, the idea of “configuring strategy” adopted as an initial concept, “Structure follows strategy”, from Chandler in the prescriptive schools. At the same time, the perspective differentiated itself from the linear life cycle of Chandler by incorporating unending looping of human organization cycle by Hurst(1995) in the descriptive schools (Mintzberg, 2009: 342) (See Exhibit 2-3). Hurst pointed out that the half of cycle, which is shown as a solid line in Exhibit 2-3, is more rationalistic strategic management while the other half of cycle, which is shown as dotted line, is more charismatic leadership.
Mintzberg also claimed that "configuration," which was more researched and described by academics, and "transformation," which was more practiced and prescribed by practitioners, are really two sides of the same coin. He defined the state of the organization and its surrounding context as "configuration" while the strategy-making process as "transformation". In other words, "transformation" is an inevitable consequence of "configuration" (Mintzberg, 2009: 318).

This perspective provided top managers with an insightful implication related to potential disruptive innovations and discontinuity in industry in strategy formation. The configuration school stressed that top managers should try to
sustain stability, or at least marginally adaptable strategic change most of the
time, but to periodically recognize the need for major transformation and be
able to manage this disruptive process without destroying the organization
(Mintzberg, 2009: 322).

However, in spite of these virtues, this perspective is potentially constrained in
providing top managers a tangible guide to navigate the world of complexity
that is a mixture of coherence and change. For example, Lex Donalson (1996)
pointed out that most of companies and organizations are in a gray zone
between a “state” and a “stage”. As a result, many companies struggle to
figure out if the environmental changes they are facing are transformative or
incremental. The perspective suggested that strategy is a periodic
configuration but how the right configuration is to be known is left open.

2. Different strategy formation by different businesses and organizations
   – Henry Mintzberg (2007)

   Along with the perspectives of the configuration school, Mintzberg also
sharpened his thinking even further regarding how to combine different

   In the book, he explained that all different thoughts on strategy can be
fundamentally categorized along two different dimensions: content and
process. (See Exhibit 2-4) (Mintzberg, 2007: 231-342). Moreover, based on his extensive research and case analysis, he argued that different types and stages of an organization require different strategic content and process.

**EXHIBIT 2-4: DIFFERENT ORGANIZATION REQUIRING DIFFERENT STRATEGIC FORMATION**

This perspective also made a significant contribution to the top managers by highlighting the required match between the different stage and type of an organization and the different content and process of strategy formation. Therefore, the perspective provided a framework for top managers to determine how to combine the different views on strategy between the prescriptive and descriptive schools.

In later parts of the 2007 book, Mintzberg also underlined that strategy
should be a result of human endeavor in three areas, which are science, art and craft. (See Exhibit 2-5) (Mintzberg, 2007: 363). This notion is insightful and correct, but; naturally, the notion then leaves the question of how to combine those three as homework for top managers.

EXHIBIT 2-5: STRATEGY PROCESS AS ART, CRAFT, SCIENCE


While the configuration school tries to integrate the thoughts of different schools, in descriptive schools, there is another group of people who try to give helpful advices to top managers by focusing on managers' actual behaviors in practice around strategy. This group is more rooted and connected to social theories and behavioral science, and call their research
area "strategy as practice."

This group aims to understand the realities of "doing strategy" rather than strategic content by going inside the world of strategy practitioners as they struggle with competing priorities, multiple stakeholders, and excessive but incomplete information to shape some coherent "thing" that is perceived as a strategy (Jarzabkowski, 2005: 3). Therefore, this group is more concerned with the detailed aspects of strategizing than with a strategy itself. They are more concerned with how strategists think, talk, reflect, act, interact, emote, embellish and politicize, and what tools and technologies the strategists use.

Though this research field is relatively new there are limited numbers of theories available, the available. The available research says that the quality of strategic practice is determined by actors, which are both top managers and other managers in an organizational community and the situated actions these actors take (Jarzabkowski, 2005: 98-121). The research underscores the importance of paying more attention to detailed behaviors of strategizing rather than to the strategy itself. The research also emphasizes the importance of specific interaction procedures and mechanism among top managers and other managers in an organization such as political and cultural process, as well as manager’s learning by doing.

However, as mentioned above, since the research is relatively in its nascent
stage, the research does not yet provide top managers with an overarching framework or guidance in "practicing a strategy".

Though the findings do not directly relate to strategy as practice, Gerry Johnson, one of the scholars who studied strategy as practice, developed criteria to evaluate and select a good strategy in his book "Exploring corporate strategy" (Johnson, 2007: 355) (See Exhibit 2-6). When discussing the concept of "acceptability," he claimed good strategy should be able to deliver expected performance if the strategy is well implemented. Furthermore, he emphasized that strategy must be evaluated by the actual contribution it makes to on a company's performance.

**EXHIBIT 2-6: CRITERIA TO EVALUATE STRATEGY**

- **Suitability**
  - Does the strategy address the circumstances in which the organization is operating?
    - (Life cycle analysis) Does it fit the stage we will be in?
    - (Positioning) Is the positioning viable?
    - (Business profile) Will it lead to good financial performance?
    - (Value chain analysis) Does it improve value for money? Does it exploit core competence?
    - (Portfolio analysis) Does it strengthen the balance of activities?
- **Acceptability**
  - Can the strategy generate expected performance outcomes, aligned with expectation of stakeholders if it’s implemented?
    - (Profitability analysis, Cost-benefit analysis, Shareholder value analysis) Does it provide enough return?
    - (Financial ratio projections, Sensitivity analysis, Simulation modeling) Does it expect bearable risk?
- **Feasibility**
  - Can the strategy be made to work in practice?
    - (Funds flow analysis, Break even analysis) Does it have enough financial resource to be implemented?
    - (Resource Deployment analysis) Does it have enough, proper organizational resource and competence?

Source: (Gerry Johnson, 2007)
These criteria are applicable and useful to top managers to evaluate good strategy. In fact, my concept, "strategy as an impact," is influenced by Johnson's "acceptability" criteria. However, his criteria still tends to evaluate strategy more as a product than as a result or progression.


Like those in the descriptive schools, there are also many researchers in the prescriptive schools who try to incorporate the valuable thoughts of the descriptive schools into their research. However, here, I focus on Robert S. Kaplan since he has extensively researched how top managers can achieve the desired results from a strategy. He developed the concept of the balanced scorecard.

Throughout three generations of balanced scorecards and strategic maps, Kaplan (2003) lays out how top managers can link strategy to operations (See Exhibit 2-7). Although the initial concept of a balanced scorecard was developed for accounting purposes with action-based costing, his recent book, "The Execution Premium (2003)" incorporates the importance of the iterative revision of strategy and necessary possibility of adaptive and emerging strategy. He particularly points out that rigorous analysis and data
gathering such as required by PESTEL analysis\textsuperscript{6} and detailed activity-based profitability reporting on different dimensions can be helpful not only in managing existing strategy but also identifying emerging strategy. He suggests regular strategy review meetings.

\textbf{EXHIBIT 2-7: THE MANAGEMENT SYSTEM: LINKING STRATEGY TO OPERATIONS}

Kaplan's research has been extremely helpful and influential to top managers who try to link high-level strategy to specific operational initiatives as well as to those who manage those linkages in a quantified and measurable way.

However, in spite of these contributions, managing a strategy with balanced score card based on activity based costing may lead an organization to get

\textsuperscript{6} PESTEL: Political, Economic, Social, Technological, Environmental and, Legal.
into the habit of “over-engineered management process” rather than the more favorable “impact driven lean decision-making.” As a result, the concept of balanced scorecard may naturally be more relevant to a large corporation in established industries than small or medium entities in dynamic industries.

Furthermore, even in testing and adapting strategy, the objective function of strategy is assumed to be focused only on business performance, particularly on quantified financial performance. So, the approach neglects the role and impact of a strategy on the organizational health of a company.

5. Implementation of strategy with organizational perspective – Lawrence G. Hrebiniak (2005) and Adrian Haberberg (2001)

Finally, there are some researchers in the prescriptive schools who try to incorporate an organizational perspective into the implementation of strategy.

Different from Kaplan and Norton, who aim to achieve the effective implementation of strategy through a rigorous monitoring mechanism, other researchers such as Hrebiniak (2005) and Haberberg (2001) suggest that top managers need to influence organizational behaviors and mindsets to secure the successful implementation of strategy.

These researches assess a variety of business cases that failed despite great
strategic plans. They analyze what kept these companies from going from a
great plan to the planned success. In assessing these cases, the researchers
incorporate the sociological and psychological perspectives of the descriptive
schools and stressed the human side of an organization such as culture,
behavior, and mindsets can play a significant role in determining the quality
of the implementation of a strategy.

Their work clearly contributed to connecting the perspectives of
organizational change management and strategic management. However,
their work still remains in the legacy of prescriptive schools. They bisect
strategy into two discrete, sequential processes of strategy development and
strategy implementation. In this sense, their work overlooks the involvement
of the organization, particularly middle level managers, in strategy formation,
which can be critical to the creation of commitment during the
implementation of strategy.

As discussed above, all five approaches try to develop a perspective and
mechanism to help top managers develop and manage a strategy which will
lead to success by combining ideas from both schools. All of them have
made meaningful contributions to the field of strategic management and to
my research. However, as I studied previous work, I decided to provide a
simple, and usable set of strategic inquiries for top managers to manage
strategy. Therefore, I define "strategy as an impact, a product, and a practice".
These are discussed in the following chapters.
III. Chapter 3: Strategic inquires for top managers to ensure "strategy as an impact"

Who is the better runner, Forrest Gump or Carl Lewis? Forrest Gump discovered and developed his talent of running when he was running away from his classmates who were teasing him (emergent and pattern reinforced). Carl Lewis stated that "I want to be a millionaire, and I don't ever want a real job" when he entered the University of Houston in 1979 (a goal and deliberate efforts).

Let's suppose that there are two boxers. One person's strategy is to develop a thorough plan of how to fight based on his strengths and the opponent's weakness and diligently exercises in the way that the plan instructs. The other person's strategy is to have as many practice fights as possible and make his muscles (organization) remember how to adapt to any opponent. Which one is the more realistic strategy or how can we assess whose strategy is better and more effective? Obviously, whoever wins. The winner's strategy will be the better one. But if the match requires a decision to select a winner by scoring each player's strategic play, how should we score it?

I would refer to the effectiveness of the strategic play above as the impact of a strategy. This is a concept similar to "focusing on impact" in a business context, such as "management by objective" (Drucker, 1954: 120-145) or the "balanced scorecard" (Kaplan, 2003: 1-10). However, I would call it "impact" instead of "objective" or "scorecard" for reasons that I discuss in this chapter. Three questions are relevant: A. What is the definition of "strategy as an impact"? B. What are the strategic inquiries for top managers?
to evaluate and confirm "strategy as an impact"? C. How can top managers measure impact?

A. What is the definition of "strategy as an impact"?

"Strategy as an impact" refers to the state of a company when the strategy is being realized based on a belief that a successful state should be the same whether the state is preplanned or emergent (See Exhibit 3-1)

EXHIBIT 3-1: WORKING DEFINITION OF STRATEGY AS AN IMPACT

<table>
<thead>
<tr>
<th>Working definition</th>
<th>Core question and beliefs for the chapter</th>
</tr>
</thead>
</table>
| Strategy as an impact ("Being strategized") | • Core question for the chapter  
  - To assess current strategy in terms of achieving its impacts, what are the well framed forms of strategic inquiries that top managers should address and can use?  

• Core beliefs underlying the chapter  
  - Top managers should be aware of a strategy that is not producing observable impact  
  • Impact on strategic business performance  
  • Impact on strategic organizational health  

  - Top managers should use the impact of a strategy as the key criterion in managing the strategy as a product and as a practice. |

The Prescriptive schools believe that a successful strategic plan leads to implementation and success, and hence focus on producing strategy as a
product. Therefore, followers of the prescriptive schools define a successful state as the one achieved through structural progression of a strategy toward the company's pre-determined goals.

On the other hand, the descriptive schools believe in strategy as a practice, and pay primary attention to whether an organization successfully carries out its strategic activities. Therefore, the descriptive schools define a successful state as the one where the company is constantly 'strategizing'.

However, there are caveats. The prescriptive schools may neglect in account for unplanned paths to success, while the descriptive schools may not realize the importance of assessing whether the organizational activities have practicability.

Therefore, the impact of a strategy should come in a mixed form of the two schools that not only measures some meaningful business performance (both intended and unintended), but also ensures a well carried-out practice of the strategy.

Companies pursuing the prescriptive schools need to closely examine whether the company is going in a direction that is unintended by the strategy, and make sure that the strategy is being practiced at a satisfactory level. Companies following the descriptive schools should make sure that its organizational activities form particular patterns that are useful in guiding the company in a
successful state.

The following paragraphs further elaborate these concepts.

When developing and implementing a strategy, there are roughly four elements that are inter-mingled: considerations, content/product, practice and impact of a strategy. (See Exhibit 3-2). This is like an equilateral triangle of a strategy, so that they are all tightly connected, but you are likely to be physically blinded with three other sides beyond your view when you look at it from one angle.

**EXHIBIT 3-2: CONSIDERATION, PRODUCT, PRACTICE AND IMPACT OF STRATEGY**

<table>
<thead>
<tr>
<th>Consideration of strategy</th>
<th>Product of strategy</th>
<th>Practice of strategy</th>
<th>Impact of strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>(Industry)</em> What are the industry forces and how will they evolve?</td>
<td><em>What to aspire</em> - What is the fundamental objective of business?</td>
<td><em>Practiced by “whom”</em> - Who will practice?</td>
<td><strong>External business performance</strong> - What evidence in terms of external business performance need to be secured if a strategy produces impact?</td>
</tr>
<tr>
<td><em>(Customers)</em> What do/will customers want and need?</td>
<td><em>(Externally)</em> Where, how and with what to compete - What is distinctive to its customers? - What is a clear, sustainable competitive advantage?</td>
<td><em>Practiced by under “what structure”</em> - What and how does an organizational structure situate a person to practice?</td>
<td><strong>Internal organizational health</strong> - What evidence in terms of organizational health need to be secured if a strategy produces impact?</td>
</tr>
<tr>
<td><em>(Competitors)</em> How do/will competitors compete?</td>
<td><em>(Internally)</em> How and what to practice - How do we allocate limited resource? - What, how do we implement, experiment and adapt?</td>
<td><em>Practiced by under “what culture”</em> - What and how does an organizational culture situate a person to practice?</td>
<td></td>
</tr>
<tr>
<td><em>(Company)</em> What are/will be my distinctive competence, capabilities and constraints?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Robert M. Grant, 2010), (Paul Dobson, 2003) (Richard Luecke, 2003)

Depending on whether they follow the prescriptive or the descriptive schools, people may see the relationship between four elements with a different
perspective on the question around "is it discovering or inventing" and "is it deliberate or emergent" (See Exhibit 3-3) (Mintzberg, 2007: 122-343).

EXHIBIT 3-3 DIFFERENT PERSPECTIVES ON THE RELATIONSHIP BETWEEN CONSIDRATION, PRODCUT AND PRATICE OF A STRATEGY

<table>
<thead>
<tr>
<th>Prescriptive schools</th>
<th>Descriptive schools</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>It is discovering</strong></td>
<td><strong>It is inventing</strong></td>
</tr>
<tr>
<td>- A belief: There is the right strategy given external environment</td>
<td>- A belief: There are many successful strategies that can be created by a company</td>
</tr>
<tr>
<td>- Implication for management: Need to find a right strategy with analytics.</td>
<td>- Implication for management: Need to invent a strategy with creativity and intuition</td>
</tr>
<tr>
<td><strong>It is deliberate</strong></td>
<td><strong>It is emergent</strong></td>
</tr>
<tr>
<td>- A belief: A strategy is a goal/plan followed by implementation</td>
<td>- A belief: A strategy is a consistent pattern from a reactive actions of a company</td>
</tr>
<tr>
<td>- Implication for management: Need a detailed plan and disciplined implementation</td>
<td>- Implication for management: Need the right experimental practices and learn from them</td>
</tr>
</tbody>
</table>

Source: (Peter McKiernan, 1996), (Henry Mintzberg, 2007)

The different perspectives regarding whether strategy is deliberate or emergent have led the two schools to believe in different orders of influence between the product and practice of a strategy. The prescriptive schools believe that product leads practice of a strategy whereas the descriptive schools believe vice versa (See Exhibit 3-4)
EXHIBIT 3-4: TWO DIFFERENT WAYS OF ACHIEVING IMPACT OF A STRATEGY BY THE PRESCRIPTIVE SCHOOLS AND DESCRIPTIVE SCHOOLS

To develop the right strategy as the goal

Prescriptive school

To execute the strategy as planned

To realize the impact of the strategy

Strategy as a product

- What to aspire
- Where, when and, with what to compete
- How and what to practice

Strategy as an impact

To emerge a strategy as a pattern

To nurture the right organization as the practice

Descriptive school

Strategy as a practice

- Practice by right people
- Practice under right structure
- Practice under right culture

However, regardless of the order of influence, the impact should be the same in the end, leading a company to externally outperform the market while internally strengthening its robustness as an organization. This can be achieved through a well-balanced interaction and integration between a strategy as a product and as a practice. (See Exhibit 3-5)
EXHIBIT 3-5: A VIEW ON A STRATEGY AS AN IMPACT BY COMBINING A STRATEGY AS A PRODUCT AND A PRACTICE

<table>
<thead>
<tr>
<th>A view of prescriptive schools</th>
<th>A view of descriptive schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>• An analytically developed direction for future success</td>
<td>• A observed consistent pattern as a potential direction for future success</td>
</tr>
<tr>
<td>• A contingency for potential changes in market and competition</td>
<td>• A well designed experiment for new direction and revision of direction</td>
</tr>
<tr>
<td>• An organization and practice with:</td>
<td>• A organization and practice with:</td>
</tr>
<tr>
<td>- Disciplined execution</td>
<td>- Vital experiments</td>
</tr>
<tr>
<td>- Rigorous monitoring and intervention</td>
<td>- Resilient adaptation</td>
</tr>
<tr>
<td>- Continuous learning</td>
<td>- Continuous learning</td>
</tr>
</tbody>
</table>

A strategy as an impact
- Clear external business performance whether a strategy is preplanned or emergent
- Clear current winning
- Early signal for future winning
- Robust internal organizational health to implement and emerge a strategy
- Inspired, engaged, capable, committed, and contributing people toward a strategy
- Strong culture and system to enable people to practice a strategy

If a great strategy is the one that is able to secure an impact, what should “the strategically successful state” or “an impact of strategy” mean? I have come up with four guidelines that are useful to top managers when defining the impact of a strategy:

1. **Not an financial impact but a strategic impact**

   All companies try to make money and hope to create value for their shareholders. But making money does not solely depend on strategy but on many additional factors. For example, large oil-producing companies recently demonstrated impressive financial performances, but their performances did not come from strategic efforts but from an increase in oil
prices within the entire industry. Similarly, a company can enjoy a distinctive financial performance by non-strategic efforts. For example, Byuksan, one of the largest construction companies in Korea, recorded an exceptional financial performance in the early 2000s. Yet, the performance resulted largely from many financial restructuring efforts including the issuance of asset-based securities, replacement of senior debts with junior debts and sales-and-lease-back financing.

Thus, the effectiveness of strategy may contribute to ultimate financial performance, but the impact of strategy should not be equated with financial performance. Rather, it should be measured by more imminent consequences from a strategy by understanding the influencing path of a strategy to financial performance.

2. Not an operational impact but a strategic impact

In a real business, we cannot with 100% accuracy identify the causes and results of business performance or how much contribution each cause makes toward each result. However, we need to make a distinction between the impact of tactical operational activities, such as promotions, and the impact of strategic efforts.

Of course, in the descriptive schools, the collective efforts of an organization,
maybe even those including tactical activities, can influence strategy. However, those tactical efforts emerge as a strategy only when they create a consistent and winning pattern that serves customers and are competitive in the market over time. Therefore, temporary improvement in a company’s operational performance should not be considered as an impact of strategy.

3. **Not an generic impact but a company-specific impact**

There are some impactful areas in between a company’s operational and financial performance such as its overall market share and an increase in number of new customers. Those results can be an impact of a strategy but only when they are clearly related to the specific and unique content of the company’s strategy.

If the increase of customers illustrates the effectiveness of a strategy, the increase needs to be numbers of customers in specific segments, with specific needs, or from specific sales channels that a company is using or exploring as a strategy.

One simple way to verify this company specific impact of strategy is to check to see if the impact that a company identifies can be applied to other companies in the other industries. If the definition can work in others, then it is a less appropriate criterion to evaluate the effectiveness of a strategy.
4. Not a static or temporary effect but a sustainable impact

A good engine should run fast and also run long. The effectiveness of a strategy needs to be assessed not only by the current performance that resulted from the strategy but also by the sustainability and resilience of that performance.

Sustainability and resilience of performance sometimes come from the development of a rigorous strategic content such as a scenario based contingency planning. However, more importantly, sustainable performance is ensured by an organization's capability to adapt its strategy both as a plan and a practice. Therefore, an impact of strategy should measured by the external business performance and internal organizational health that sustains that performance.

B. What are the strategic inquiries for top managers to secure “strategy as an impact”? 

Assessing a company specific strategy’s impact requires an in-depth study of the company’s specific objectives of strategy. Defining those specific measurements is the focus of this chapter and of this entire thesis. Since the chapter aims to develop a more generally applicable framework that top managers can use in
evaluating the impact of a strategy, I try to define the impact of strategy in two levels in the remaining of this chapter.

First, I divide the impact of strategy into four mutually exclusive and collectively exhaustive areas of performance and health (See Exhibit 3-5). If a strategy is delivering an impact, the strategy should also address all of these eight areas. Second, I define an articulated strategic inquiry in each of the eight areas. If the strategy addresses all eight areas, top managers need to assess the quality of the impact in each area. These inquiries do not give direct answers for the assessment of quality to top managers but provide them with key consideration to assess the quality.

EXHIBIT 3-6: STRATEGIC INQUIRIES FOR TOP MANAGEMENT TO ASSESS “STRATEGY AS AN IMPACT”

<table>
<thead>
<tr>
<th>Areas of 'strategy as an impact'</th>
<th>Litmus test questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact on external business performance</strong></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>Are we seizing value-growing customer segments and/or needs?</td>
</tr>
<tr>
<td>Competitors</td>
<td>Are we defeating competitors by setting our own rule of game?</td>
</tr>
<tr>
<td>Competence</td>
<td>Are we successfully leveraging and nurturing our unique and core competence?</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Are we successfully reacting to and being prepared for changes in market and from competitors?</td>
</tr>
<tr>
<td><strong>Impact on internal organizational health</strong></td>
<td></td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Are our stakeholders aware of, inspired by and aligned with our strategy?</td>
</tr>
<tr>
<td>Employees</td>
<td>Are our employees excited and engaged by, and committed and contributing to our strategy?</td>
</tr>
<tr>
<td>Management</td>
<td>Is our management effectively governing, supporting, intervening and coordinating our strategy?</td>
</tr>
<tr>
<td>Experiments</td>
<td>Are we properly adapting, experimenting, refining and strengthening our strategy?</td>
</tr>
</tbody>
</table>
1. Impact on strategic business performance

a. (Impact on customers) Are we seizing value-growing customers segments and/or needs?

The first area to look at for impact in external business performance should be the impact on customers. As mentioned earlier, there are many indicators that show how well a business is performing with its customers, such as market share, customer acquisition, churn-in/out, average profit per customers, etc.

However, among these different measures, top managers should also ask whether or not the company successfully seizes value-growing customer segments/needs. Given that a strategy is a fundamental tool to lead a company to future success, a clear signal is acquiring value-growing customers.

As mentioned earlier, those in the prescriptive schools claim that impact is achieved by a company's analytic pre-identification of value-growing customer areas, followed by a successful execution to occupy them. Those in the descriptive schools, on the other hand, claim that the impact is created by the unintended efforts of an organization. Regardless of which school of
thought we follow, if our strategy is regarded as impactful, we should be able to see ourselves progressing toward consistently acquiring value-growing customer segments and needs.

b. (Impact on competition) Are we defeating competitors by setting our own rules of the game?

Even when a company is seizing a value-growing customer segment and effectively meeting their needs, if the quality of seizing in competition is not met, we may determine our strategy is less impactful.

Competition in the quality of seizing competition is basically to establish and enforce the company’s own rule of game in the market. Obviously large incumbents, those that take an advantage of the current rule of competition, may need to reinforce the existing rule of the game. However, when an attacking player tries to defeat a goliath, the attacker needs to modify the rule of the game.

For example, the revenue of Dell increased from $3.5 billion to $18.2 billion and its stock price rose 5,600% from 1994 to 1998. During that period, Dell pioneered the “Direct Model” in its distribution channel in the personal computer industry. While its competitors, such as IBM and HP, relied primarily on distributors, resellers and retail sites, Dell explored the direct
sales model by taking an order from end users and shipping the machine to
them. Later, when Compaq announced the same direct sales plan, Michael
Dell stressed the importance of the unique rules of the game by saying, “It’s
like we’re the best baseball player, and Compaq is the best basketball player.
Now they want to play baseball.” (Harvard business Case 9-799-158).

c. (Impact on competence) Are we successfully leveraging and nurturing a
unique and core competence?

The third area of impact is whether or not a company is consistently
leveraging and continuously nurturing its core competence. As claimed in
"resource based strategy," all competitive edges can be eventually copied by
other players, so that ultimate competency is only embedded in
organizational experiences, skills and cultures based on unique resources.
(Hoopers, 2003: 54-120)

Therefore, even if a company achieves outstanding strategic performance in
its customers and competition, if a company’s strategy fails to align with its
competitive edge, core competences and privileged assets, then the strategy
is missing one important piece of strategic impact.

d. (Impact on sustainability) Are we successfully reacting to and being
prepared for changes in the market and from competitors?
Lastly, if a company is experiencing a positive impact of strategy, the strategy should help a company sustain its external business performance. Sustaining a company's strategic performance means determining how much the company is robust and resilient in adapting to abrupt changes and to challenges either from competitors or from a market.

This is partially based on a company's capability to anticipate competitors' reactions based on game theory or being prepared for market uncertainty with a systematic contingency plan such as a scenario based plan (Schoemaker, 1998: 74-120), portfolio of initiatives (Lowell, 2002: 4-23), and even real option value (Adner, 2004: 87).

Therefore, checking to see if a company has been effectively reacting to changes in the market during the last few years and how well it is prepared to potential changes (e.g., stress test, etc.) should be a simple but powerful barometer to test if a strategy is delivering an impact on sustainable performance.

Lastly, in addition to this strategic readiness toward unfavorable external business environments, the more important factor to sustain a company's performance is the company's ability to adapt itself toward the "unknown unknown" (Rumsfeld, 2011: 23-78). This is a matter of organizational
2. Impact on strategic organizational health:

As discussed in the previous section, the quality and sustainability of strategic business performance should be as important as its performance at a certain point of time, and the quality and sustainability of performance can only come from the organizational health.

The prescriptive and the descriptive schools also point out organizational health as an impact of strategy. For example, a company's strategy should play a role in ensuring a consistency and alignment among stakeholders (Grant, 2010: 35-53). The prescriptive schools view the role and impact of a strategy in organizations more as a guide while the descriptive schools see the role as a common platform that engage the entire organization and orchestrate their collective activities.

The remaining of this chapter will discusses the role strategy should play in the health of an organization.

a. (Impact on stakeholders) Are our stakeholders fully aware of, inspired by, and aligned with our strategy?
First, a strategy should convince, inspire, and align all stakeholders in a unified direction regardless of whether that direction comes from an analysis of future trends or a lesson of previous efforts or both.

This expected impact of strategy has an important implication because the impact will guide the appropriate type of content and level of specification a strategy should contain. The impact will also guide the company in what process/practice the stakeholders require to be engaged with the strategy.

Therefore, if a strategy as an impact is delivered, no matter what forms of type, specification, process and practice of a strategy are created and combined, top managers should be able to see stakeholders as informed, inspired, and aligned with the strategy.

b. (Impact on employees) Is our employees fully owing, acting and contributing to our strategy?

Since a strategy should serve the interests of all stakeholders, the strategy should play different types of roles and offer different degrees of commitment to each group of stakeholder. Unlike other groups of stakeholders, employees are the one who actually develop and deliver a strategy. Therefore, the employees need not only to be aligned with
strategy but also to own, act and contribute to the strategy.

Owning, acting, and contributing to a strategy means that every employee needs to understand and be committed to a strategy. But, more importantly, employees need to understand the implications of the strategy, incorporate these implications into their daily work routines, and contribute to securing the impact of strategy in their own way.

If top managers fail to see that the entire organization, from the strategic planning unit to a frontline sales person in a rural area understand, act and contribute to a strategy by doing their work, it means the strategy is not impacting employees after all.

c. (Impacting on management team) Is our management team effectively governing, supporting, intervening and coordinating our strategy?

Similar to employees, a strategy should also require and enable the management team to own, act, and contribute to the impact of strategy. However, to own, act, and contribute to the impact of strategy as the management team is to govern, support, intervene, and coordinate the entire organization's strategic efforts in a timely and effective manner. The management team needs to do both as an individual and as a team.
An individual member of a team should obviously be in charge of a specific role, task, and initiative of a strategy and feel ownership over that piece of the strategy (Kaplan, 2003: 20-57).

Top management team, however, must not forget it plays a pivotal role in leading and nurturing a strategy. Top management team should be the unit to synthesize, coordinate, align and refocus the entire strategic effort of a company as opposed to each individual piece of a strategy.

To witness one strong management team can be a critical inquiry for top managers to gauge the impact of strategy on the organizational health. Such a team is only possible by both possessing a solid strategy as a plan (e.g., well articulated governing mechanism, etc.) and enacting a strong strategy as a practice (e.g., quality discussions and dialogue among senior executives based on trust, etc.)

d. (Impacting on sustainability) Are we continuously adapting, experiencing, refining and strengthening our strategy?

Lastly, if a strategy is regarded to be impactful on organizational health, the organization should continuously adapt, experiment, refine and strengthen the strategy of a company.
If we believe a strategy is not only a selected position set by external forces but also an evolving pattern (Mintzberg, 2009: 1-30) or invention from collective behavior of the internal organization, the strategy needs to allow the organization to be able to emerge the pattern. It means that a strategy ensures that an organization is able to not only execute the strategy with discipline, and resiliently adapt to details (Porter 1991: 20-60), but more importantly, experiment continuously. (Hamel, 1989: 10-75) Therefore, whether an organization is really experimenting with a strategy, extracting proper learning from it, and using that new knowledge to strengthen the strategy is a critical criteria to evaluate if a strategy is creating an impact toward the sustainability of its organizational health.

C. How can top managers measure impact, and how should they use the measured results?

So far, I have reviewed “what are the strategic inquires for top managers to evaluate the impact of strategy.” Then, what tools, analyses, or methodologies can top managers use to have answers for those inquiries?

One thing we need to remember in assessing the impact of a strategy is that the impact is not solely quantitative or qualitative but both. Some strategic inquiries can be measured by tangible metrics or identifying through specific analysis.
targets such as increasing shares of customers (See Exhibit 3-7). These can be further developed depending on the specific strategic context of a company, and once it is well articulated, top managers can turn into key contents into elements on a "dashboard" to evaluate an impact of a strategy.

**EXHIBIT 3-7: ASSESSMENT FOR QUALITY OF IMPACT - POTENTIAL ANALYSIS**

Illustrative examples

<table>
<thead>
<tr>
<th>Areas of 'strategy as an impact'</th>
<th>Potential analysis for assessment (Illustrative example*)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact on business performance</strong></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>• Analysis of hit map by customer segments, needs, value contribution, etc</td>
</tr>
<tr>
<td>Competitors</td>
<td>• Analysis of customer preferences, patterns, etc</td>
</tr>
<tr>
<td>Competence</td>
<td>• Comparison with competitors in rules of game, etc</td>
</tr>
<tr>
<td>Sustainability</td>
<td>• Analysis of spaghetti diagram with resources, competence, competitiveness and value proposition, etc</td>
</tr>
<tr>
<td><strong>Impact on organizational health</strong></td>
<td></td>
</tr>
<tr>
<td>Stakeholders</td>
<td>• Portolio of initiatives by the profile of duration, risk, etc</td>
</tr>
<tr>
<td>Staffs</td>
<td>• Sensor survey workshop with key stakeholders</td>
</tr>
<tr>
<td>Management</td>
<td>• Test of different degrees of specification of strategy, etc</td>
</tr>
<tr>
<td>Sustainability</td>
<td>• People deployment map by strategic initiatives or tasks</td>
</tr>
<tr>
<td></td>
<td>• Employment survey on strategy, etc</td>
</tr>
<tr>
<td></td>
<td>• Survey on effectiveness of top team/management</td>
</tr>
<tr>
<td></td>
<td>• Analysis of recent failure of management intervention,etc</td>
</tr>
<tr>
<td></td>
<td>• Analysis of effectiveness of previous experimentation on strategic learning and strategic refinement, etc</td>
</tr>
</tbody>
</table>

Illustrative examples; Not mutually exclusive or collectively exhaustive

However, several qualitative surveys can also be very helpful to assess impact. For example, a sensor survey, which is an anonymous digital (See Exhibit 3-8), can be extremely powerful to gauge how well outcomes are aligned with a strategy among executives. A survey with different specification of a strategic content will reveal which part and level of strategy is aligned and misaligned. Particularly,
showing the questions people are widely misaligned in a prompt manner is effective to urge and enforce the need for alignment among executives.

**EXHIBIT 3-8: SENSOR SURVEY EXAMPLE (FOR GLOBALIZATION STRATEGY)**

<table>
<thead>
<tr>
<th>Question 1</th>
<th>Answer 1</th>
<th>Answer 2</th>
<th>Answer 3</th>
<th>Answer 4</th>
<th>Answer 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;How urgent is globalization?&quot;</td>
<td>It's the top priority</td>
<td>Need to do but only in key markets</td>
<td>Only do when right chance emerge</td>
<td>May need early seeding</td>
<td>Domestic growth is a higher priority</td>
</tr>
<tr>
<td>Question 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;What would be the most important goal of globalization?&quot;</td>
<td>Additional revenue boost</td>
<td>Reduction of volatility</td>
<td>Foot into a door for later competition</td>
<td>Avoid tariff and regulation</td>
<td>Cheap production</td>
</tr>
<tr>
<td>Question 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Which market would be the first priority to enter?&quot;</td>
<td>One feasible bit bet (China)</td>
<td>A few big bets (3 Asian)</td>
<td>Big one with a widow to enter (US)</td>
<td>Cluster of small feasible</td>
<td>Cheap production</td>
</tr>
</tbody>
</table>

* Potential inorganic opportunities including JV, M&A, etc.

However, in addition to these formalized approaches and tools, the more important driver is top managers' qualitative judgments based on their interaction with people they meet, talk and communicate with. The top managers' assessment based on direct interaction is important because most of the intelligence and information in formal written reports are likely to be confirmative. Hence, the early hypothesis and assessment of the impact of strategy should be identified by top managers through direct interaction with people in/outside of a company.
For this interaction, top management can develop a daily schedule for “whom to meet,” “what to test/ask” and “what to determine for answers of strategic inquiries.” Such planning is a tool to continuously gauge the impact of a strategy. Often, the employees in an organization pay attention to whom top managers meet, what they talk and how they spend the time. And people in the organization use this as a signal of a strategic direction of a company. Therefore, top managers’ efforts to engage people not only can be used as a tool to gauge the impact of a strategy but also a platform to practice a strategy.

On the other hand, if a company does not see the desired impact of strategy at any point in time, it becomes evident that the strategy has failed somewhere either in product or practice. Then, how can we find which area of strategy as product or a practice caused the lack of impact in certain areas and how should the top managers fix those problems?

In order to find the solution areas in strategy as a product and a practice, careful observation of the impact of strategy is required. More structured and granular observation as to the extent and in what way is the impact of strategy failed will allow us to hypothesize which part of strategy as a product and a practice contributes to the failure of impact. Based on this observation, top managers can experiment and improve specific areas of strategy as a product and as a practice.

Therefore evaluating the impact of strategy is not only a barometer to gauge the
ultimate effectiveness of strategy but more importantly, an evaluation and observation of impact provides a dashboard for top managers on the strategic voyage of a strategy as product and a practice.
Chapter 4: Strategic inquires for top managers to ensure “strategy as a product”

As discussed in chapter 1, the impact of the strategy can only be secured when strategy as a product and a practice are both properly enacted. This notion means that the top managers must ensure both the product and the practice of strategy to ensure the impact of strategy. The statement implies that when the top managers find a gap in strategy as impact, they need to revisit and adjust the product and the practice of strategy. Then, what is the product of strategy? How can top managers evaluate whether a strategy is a good product? For example, if a top manager has a comprehensives strategy book (product of strategy) on his/her desk, how can he/she determine if the strategy in the book is right, good, and qualified? – maybe if not perfectly then at least, sufficiently

In this chapter, I explore the questions above by discussing the two issues: (A) What is the definition of “strategy as a product”? (B) What are the strategic inquiries for top managers to ensure “strategy as a product”?

A. What is the definition of “strategy as a product”?

The working definition of “Strategy as a product” is the content of a strategy based on a belief that a good content of a strategy will enable organization's successful strategizing practice and strategic impact (See Exhibit 4-1).
EXHIBIT 4-1: WORKING DEFINITION OF STRATEGY AS A PRODUCT

<table>
<thead>
<tr>
<th>Working Definition</th>
<th>Core question and beliefs for the chapter</th>
</tr>
</thead>
</table>
| Strategy as a product (“The strategy”) | -Core question for the chapter  
To assess current strategy in terms of having good content, what are the well-framed forms of strategic inquiries that top managers should address and can use? |
|                      | -Core beliefs underlying the chapter  
Top managers should make sure that content of a strategy should be able to lead, excite, align, dream, coordinate, force, engage, commit, motivate, guide, challenge, and transform the organization |
|                      | -To ensure the above, the strategic content should be (1) inspirational “what to aspire” (2) Clear “where, how, and with what to compete” and (3) Specific “how and what to enable” |

What is a good content of a strategy? The people who follow the prescriptive schools defined it as “What to aspire,” “Where and how to compete” and “How to implement” (See Exhibit 4-2). However, this only goes so far. Content only shows where the company should head, but it does not get the company there.
### EXHIBIT 4-2: DEFINITION OF A STRATEGY AS A PRODUCT BY DIFFERENT SCHOLARS AND PRACTITIONERS

<table>
<thead>
<tr>
<th>Different perspectives on strategy</th>
<th>Strategy should be the following prospectively or retrospectively*</th>
</tr>
</thead>
</table>
| *(Chandler 1962)* Strategy is to define long term objectives, to execute a set of actions and to allocate limited resources for achieving the objectives | *(What to aspire)*  
  - Fundamental objective of business |
| *(Porter 1996)* Strategy is to establish competitive advantage and to make trade-off in competing | *(Externally) Where and how to compete*  
  - Distinctive and superior value to its customers  
  - Clear and sustainable competitive advantage |
| *(Ohane 1982)* Strategy is to deliver a superior value to customers by securing clear differentiation from competitors based on its strengths | *(Internally) How to implement*  
  - Decisions and actions to allocate limited resource |
| *(Barney 1997)* Strategy is a pattern of limited resource allocation that enable firms to improve its performance | *(How to enable the organization to experiment and emerge the strategy)*  
  - Decisions and actions to allocate limited resource |
| *(Hax 2008)* Strategy is to achieve customer bonding but to beat competition | *(What to enable)*  
  - Clear and sustainable competitive advantage |

Source: (Robert M. Grant, 2010), (Paul Dobson, 2003) (Richard Luecke, 2005)

Facing the notion of the prescriptive schools above, scholars who belong to the resource based view, one of the descriptive schools, stressed the importance of “with what to compete”. The scholars pointed out that “where and how to compete” is not necessarily given by an external structure but created by internal competence, which is “with what to compete.” Mintzberg also pointed out later that the strategy can be the retrospectively visible emerged consistent pattern (Mintzberg 23-35). The notion that a strategy is a retrospective pattern implies that the strategy of “where and how to compete” can even emerge from an organization’s collective activities. As a result, a strategy of “how to implement” needs to contain content regarding to “how to enable the organization to experiment and emerge the strategy.” (See Exhibit 4-3)
Based on these definitions of strategic content, in this chapter I refer to the product of strategy to “what to aspire,” “where, how, and with what to compete,” and “how to enable.”

To help top managers evaluate and maneuver the product of strategy, a more granular definition of the product of strategy is needed because even in those three categories of strategy, there are many different strategies depending on the different hierarchies and business units within a company. (See Exhibit 4-4)
Looking at the product of strategy at more granular level by different hierarchies of a company is important because each different strategy requires different strategic outputs. (See Exhibit 4-5). Therefore, when top managers want to evaluate or ensure “strategy as a product” in the company, first they need to confirm which strategy is required in different hierarchies of the company given the business environment. And consequently, the top managers need to confirm if the strategy has its own required specific outputs.
EXHIBIT 4-5: KEY OUTPUT IN DIFFERENT STRATEGIES (GROUP/CORPORATE LEVEL STRATEGY)

<table>
<thead>
<tr>
<th>Group/corporate level strategy</th>
<th>Type of strategy</th>
<th>Key output</th>
</tr>
</thead>
<tbody>
<tr>
<td>What to aspire</td>
<td>- Vision and aspiration strategy</td>
<td>- Mission</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Vision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Values</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Aspirations</td>
</tr>
<tr>
<td>Where and how to compete</td>
<td>- Portfolio strategy</td>
<td>- Business portfolio</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Entity ownership structure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Resource allocation</td>
</tr>
<tr>
<td>How to practice</td>
<td>- New business development strategy</td>
<td>- Business entry options</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Business models</td>
</tr>
<tr>
<td></td>
<td>- Vertical/ horizontal integration strategy</td>
<td>- Synergy capture area and plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Integration plan</td>
</tr>
<tr>
<td></td>
<td>- Corporate center strategy</td>
<td>- Role of CC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Intervention area and mechanism</td>
</tr>
</tbody>
</table>

When top managers confirm the strategy has all the necessary output elements, then how can they ensure the quality of contents in each element? Evaluating and ensuring the quality in at each element level, as I explained in the discussion of the impact of a strategy, is judgmental rather than mechanical because the strategy will be more contextual and subjective. Therefore, having well framed strategic inquiries would be more helpful to top managers in evaluating and ensuring the quality of strategy as a product.

B. What are the strategic inquiries for top managers to ensure “strategy as product” (See Exhibit 4-6)
EXHIBIT 4-6: STRATEGIC INQUIRIES FOR TOP MANAGERS TO ENSURE "STRATEGY AS A PRODUCT"

<table>
<thead>
<tr>
<th>Areas of &quot;strategy as an product&quot;</th>
<th>Litmus test questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What to aspire</strong></td>
<td>Is it <strong>simple and clear</strong>?</td>
</tr>
<tr>
<td>• Mission</td>
<td>Is it <strong>exiting and inspiring</strong>?</td>
</tr>
<tr>
<td>• Vision/ Aspiration</td>
<td>Is it <strong>preventing complacency and enforcing a focus</strong>?</td>
</tr>
<tr>
<td>• Values, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Where, how and, with what to compete</strong></td>
<td>Does it require <strong>a few tough decision</strong>?</td>
</tr>
<tr>
<td>• Target market, business,</td>
<td>Is it <strong>granular and timely</strong> enough?</td>
</tr>
<tr>
<td>customer segments</td>
<td>Is it <strong>unique and distinctive</strong>?</td>
</tr>
<tr>
<td>• Value proposition, etc.</td>
<td>Is it <strong>dynamic and adjustable</strong>?</td>
</tr>
<tr>
<td>• Consistency and sustainable?</td>
<td>Is it <strong>consistent and sustainable</strong>?</td>
</tr>
<tr>
<td><strong>How to enable</strong></td>
<td>Is it <strong>actionable</strong>?</td>
</tr>
<tr>
<td>• Functional strategy</td>
<td>Is it <strong>accountable</strong>?</td>
</tr>
<tr>
<td>• Implementation,</td>
<td>Is it <strong>coordinated and aligned</strong>?</td>
</tr>
<tr>
<td>experimentation, adaptation</td>
<td>Is it <strong>embracing to emerge</strong>?</td>
</tr>
<tr>
<td>plan, etc.</td>
<td></td>
</tr>
</tbody>
</table>

1. Strategic inquiries for a strategy of "what to aspire"

The outputs of "What to aspire" are typically mission, vision and values. The difference among those three will not be explained here since the difference is relatively well known. In order for top managers to evaluate whether the mission, vision and values they come up with are of good enough quality, the contents of "what to aspire" need to address the following three questions.

a. **Is it simple and clear?**

Most people agree the strategy of "what to aspire" should be simple and clear but to what extent is this necessary? In fact, it should be as
simple as possible but as clear as possible. In other words, it should be simple and clear enough to convince, inspire, and align all stakeholders of a company. Being simple and clear is a characteristic of strategy as a good product when aligning, inspiring, and convincing the organization are the goals. Again, it is like the notion that a good cat is fast enough to catch mice.

However, some rule of thums can help top managers to judge better whether the strategy is simple and clear enough. The strategy of "where to aspire" should be less than one paragraph in length, and more importantly, the vision itself should be a visualized end image of a company.

Having a good vision is particularly important but often difficult to achieve. Generally, the vision, mission, or value statement of many companies is full of nice words and slogans but only a few contain crisp and visual description of an end image.

For example, if we see the difference in NASA vision before and after Kennedy's intervention, we clearly see the difference between clear visualization and fancy slogan. (See Exhibit 4-7)
EXHIBIT 4-7: VISION OF NASA - PROVIDED BY KENNEDY

<table>
<thead>
<tr>
<th>The vision of NASA before Kennedy*</th>
<th>The vision of NASA proposed by Kennedy</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The expansion of human knowledge of phenomena in the atmosphere and space;</td>
<td>Clear commitment Clear timeline</td>
</tr>
<tr>
<td>(2) The improvement of the usefulness, performance, speed, safety, and efficiency of aeronautical and space vehicles;</td>
<td>- I believe that this nation should commit itself to achieving the goal, before this decade is out of landing a man on the Moon and returning him safely to the Earth.</td>
</tr>
<tr>
<td>(3) The development and operation of vehicles capable of carrying instruments, equipment, supplies, and living organisms through space;</td>
<td>- No single space project in this period will be more impressive to mankind, or more important in the long-range exploration of space; and none will be so difficult or expensive to accomplish.</td>
</tr>
<tr>
<td>(4) The establishment of long-range studies of the potential benefits to be gained from, the opportunities for, and the problems involved in the utilization of aeronautical and space activities for peaceful and scientific purposes;</td>
<td>Clear visualization of end image</td>
</tr>
<tr>
<td>(5) The preservation of the role of the United States as a leader in aeronautical and space science and technology and in....................**</td>
<td>Clear prioritization and de-prioritization</td>
</tr>
</tbody>
</table>

* Vision of NASA in the section 102 of the Final Space Act  
** Followed by 3-5 more clauses  
Source: NASA Webpage.

b. Is it exciting and inspiring?

As discussed, impact of a strategy is a state that people in the company are being excited and inspired by the strategy. Then what content, sentences and words would make people excited? How should top managers judge whether the vision, mission, and value statements that their staff developed are exciting enough.

Obviously, since excitement itself is not a logical measure, people can quickly feel it once they see an inspirational vision, mission or value statement. However, in general, even a really well articulated strategy (e.g., vision statement) itself, is not sufficient to excite people. In fact, people’s excitement comes from not a statement itself but from the experiences of a series of success toward its vision.
statement. But some rule of thumbs to make inspirational strategy are first, that the statement should contain a novel purpose and, provoke pride; Second, the statement should be expressed in emotionally touching words, and finally, it should rather be aspirational than feasible.

Particularly, a strategy regarding "what to aspire," this is naturally a long-term goal, has to be provoking and aspirational, moving away from feasibility or existing constraints, because current constraints can be tackled over time.

For example, if we compare the vision between Zip car and Hertz, we can see the difference and which one is better written to inspire and excite people to volunteer to fill the gap. (See Exhibit 4-8)
c. Is it preventing complacency and enforcing a focus?

Finally, if possible, a strategy of "what to aspire" needs to be articulated in a way that prevents an organization from being complacent but encourages a focus.

The vision or aspiration should provide focused direction in both quantitative and qualitative objectives with clear timeline. To have a focused direction means that the vision and aspiration should clarify where the company, as the organization, needs to focus, and, more importantly, what the company needs to forgo to attain what it aspires. As demonstrated in NASA's vision above, measurable objectives with a clear...
timeline, as well as prioritization among different aspirations will focus and mobilize the organization and people into a focused direction. Therefore, a well-articulated strategy of “what to aspire” should contain the notion of prioritization in a company’s direction in future.

Additionally, for a value or principle statement, it should specify in what way a company should behave and operate. This means that what value a company should abide by while the company pursues its monetary success. Particularly, the value statement should challenge an organization to do the right thing rather than do beneficial things.

For example, as shown in McKinsey’s guiding principle (See Exhibit 4-9), the well-written value statement, as a product, should describe potential value conflicts that people in an organization may face in a daily routine and indicate what people in the organization “should do,” “should not do,” and “how to behave.” So, even if a value statement is filled with nice sentences and great words, if the statement does not link to potential value crises that people may face in their daily work, the statement is not good strategy as a product of “what to aspire.”
2. Strategic inquiries for a strategy of “where, how and with what to compete”

Once a company has articulated “what to aspire,” then the company needs to have clear strategic content with “where, how and with what to compete.” This means a company should have a strategy as product that clearly states which market, which customer segments, what value proposition and what competence to enable the aspiration of the company.

Of course, if a strategy is viewed as an emergence, this strategic content of “where, how and with what to compete” will be more preliminary product than the only definite answer. However, even in that case, the notion does not
mean that a company should have no content of "where, how and with what to compete" but the notion means that a company should have either the preliminary strategy or multiple strategies as options for future experiments or tests.

As a result, there are certain strategic inquiries for top managers to evaluate and ensure the quality of strategic product with "where, how and with what to compete" regardless of different views of the prescriptive and descriptive schools.

a. Is it asking a few tough decisions?

As mentioned earlier, a strategy is eventually "making a choice" instead of "doing everything or all-things". And strategy is all about prioritizing in trade-off between limited customers, limited markets, and limited resources.

Therefore, even if a strategy contains a great plan, if the strategy only indicates what the company should do, but does not indicate what the company should not do in specific output, the strategy is no longer a good strategy as a product. Instead, the strategy becomes a plan for no-regret moves or low-hanging fruit.
For example, the portfolio strategy that Jack Welch developed for GE asked tough questions to select businesses to divest. Facing resistance and defensive arguments from other senior managers in each business unit, Jack Welch always challenged the senior managers by asking, "If you have one and only chance of starting a business from scratch, would you still consider choosing your current business?"

In strategy, a company needs to give up something not because it's bad, but because a company needs to focus on more important goals. So, if the strategy has a strong content as a product, top managers should be able to see clear trade-offs in terms of “where, how, and with what to compete.” They will be able to see clear logics of why one is better than the other or what need to be believed to choose one over the other, so that the prioritization among these options can emerge by practicing and experimenting.

b. Is it granular and innovative?

To confirm strategy of “where, how and with what to compete” as a good product, the top managers need and can evaluate if the strategy is granular and innovative enough.

First, to be granular means that the strategy needs to identify an
opportunity in markets, customers, and needs in a detailed level. For example, many people believe that telecom is a growing industry, but, in fact, fixed lines in the US have seen less than 1% growth CAGR while wireless in China is more than 13% CAGR. Similarly, there is a wide range of growth even in a single industry, revealing that there are more granular markets, needs, segments which determine a company’s success. (McKinsey 15-38)

The granularity is particularly important in a strategic content of “where, how and with what to compete” since the granularity will lead a company to focus its resources in more focused way. Without a granular point of view, a company often falls into a trap to allocate its resources into the wrong area. (McKinsey, 2007: 35-78)

Second, being innovative means that a strategic content of “where, how, and with what to compete” should be a step ahead of a future trend and needs. However, being innovative should not mean that a strategy should be a crystal ball.

Many companies expect their strategy to have a “foresight” and to avoid a “hindsight.” However, a good strategy shouldn’t rely on the over-confidence that the strategy can predict the future. The strategy should be a result of thoroughly tested or to be tested insights. Therefore, in a
real world, it is more important to shorten the test cycle for a series of insights through well-designed test mechanism than trying to guess the future trends. Therefore, institutionalizing a way to identify innovative strategic content of "where, how and with what to compete" through systematic experiments becomes important.

For example, the senior managers of IDEO, a renowned innovation product development company, claimed that innovation is not an analytic exercise, nor a creative exercise, but ironically a synthetic exercise based on well designed, short-cycled proto-type test process. (See Exhibit 4-10)

EXHIBIT 4-10: SYNTHETIC EXERCISE WITH SHORT CYCLED OF EXPERIMENTS (A CASE OF IDEO)

- Rule 1: What could be
  - Rule 2: Embrace failure
  - Rule 3: Build to think
  - Rule 4: Low resolution prototype
  - Rule 5: Build it yourself

- Rule 1: What should be
  - Rule 2: Expect changes
  - Rule 3: Build to experiment
  - Rule 4: Targeted prototype
  - Rule 5: Build it with a specialist

- Rule 1: What will be
  - Rule 2: Manage changes
  - Rule 3: Build to specification
  - Rule 4: Integrated prototype
  - Rule 5: Have a specialist build it

Source: Company interview.

The additional issue regarding an innovation of a strategy to choose
“where, how, and with what to compete” is a timing. Often, it is not very difficult to identify a future long-term trend and change. But the real challenge is finding out “when the change will actually happen.”

For example, China’s retail industry has been expected to grow radically for the past thirty years, and many western retail players invested massively in China for that reason. However, the early movers who entered aggressively in the 70s and early 80s struggled while smart second-movers, who only seeded during 80s but moved gradually during the 90’s, took more advantages because the market really began to grow exponentially during last 80s and 90s.

c. Is it unique and distinctive?

Third, a strategic content of “where, how, and with what to compete” should be unique and distinctive enough.

Being unique means that the strategy cannot be copied easily by other competitors. Therefore, when top managers look at their strategy in the strategy book, they should put themselves in the shoes of competitors and ask if the competitors can copy the strategy easily or not. On the other hand, being a distinctive strategy means that the uniqueness mentioned above will be appreciated by customers with enough
extent/degree.

In developing or evaluating a unique and distinctive strategy, a pitfall that often arises is that the companies try to look for their existing strengths instead of trying to strategize and turn their weakness into a unique strength. Surprisingly, in the real world, sometimes, a certain competitive edge of a competitor can be turned into a drawback in competition depending on the situation.

For example, in the retail banking industry, a large branch network is critical and often regarded as the key success factor. But in the late 90s, one of the small banks in Asia, which has far smaller branch networks than incumbents, launched a moving truck branch. This idea was to attract and steal new customers from its incumbent competitors and was very successful. However, the idea could never be copied by incumbent competitors since the idea would jeopardize the revenue and customer base of existing branches of incumbents.

Similarly, Judo strategy clearly pointed out that often the advantage of incumbents can be sometimes a legacy to hold a goliath's angle in competition. (Yoffie, 2001: 1-50) In competition, being large or dominant is not always good for it can prevent companies from being nimble. Therefore, a good strategy as a product should specify how a company
should uniquely and distinctively play in “where, how, and with what to compete.”

d. Is it dynamic and adjustable?

Even if a strategy meets most of the requirements above, if a strategy becomes good enough as a product of “where, how, and with what to compete,” the strategy should also specify some potential changes and required reactions of a company under the changes in environments.

Potential changes include possible strategic moves or a reaction from competitors, as well as changes or discontinuity from the market including customers, regulations, technologies, etc. As discussed, a strategy as an impact, these changes and necessary reactions can be instructed in the form of game plans, scenario based contingency plan, real option plan, portfolio of strategy, etc.

However, as mentioned earlier, the real challenge here is to incorporate and prepare “unknown unknown” (Rumsfeld) in a strategy. Realistically, to deal with this unknown uncertainties is an issue that is more likely to be dealt with and coped by not a strategic content but as a strategic organization and this issue will be further discussed in the following chapter.
e. **Is it consistent and sustainable?**

Lastly, a strategy of “where, how, and with what to compete” as a good quality product needs to be tested with its consistency and sustainability.

First, a good strategic content of where, how and with what to compete should have a clear consistency among value proposition, competitive edge, core competence and unique resources to ensure a positive cycle and spiral. A good strategy should specify how a company combines its unique resources and turn them into the company’s core competence. Then, the strategy should also indicate how the company can transform the competence into a strong competitive edge in competition, as well as eventually convert the edge into a compelling value proposition to customers. (Hoopes, 2003: 89-210)

Second, a good strategy as a product should provide a healthy skepticism on your strategy itself and even on your core competency. (Mintzberg, McGill School’s configuration point of view). The notion means that a good strategy needs to address “what needs to be believed/true in order to make this strategy remain as the right answer?” in the content. This question enables you and your organization to properly/effectively monitor those conditions to prevent failures.
3. **Strategic inquiries for a strategy of “how to enable”**

This strategic content of “how to enable” needs to meet slightly different qualification criteria compared to two types of strategy such as “what to aspire” and “where, how, and with what to compete” since the strategy is more focused on internal enablers instead of external performance. As a result, this strategy needs to do a particularly good job at incorporating and containing a concept of strategy as an emergence as well as an implementation.

**a. Is it aligned?**

A strategy of “how to enable” should have a clear alignment with the previous two types of strategies, as well as among themselves.

For example, if a company selects the ultra high-net-worth customers as a target segment so that the company will aim to deliver a very outstanding counseling service with premium brand image to customers, the company’s functional strategy, such as marketing or sales network strategies, should also be designed in supporting that high level strategic direction.
Furthermore, the alignment even within different strategies of “how to enable” is required. Different individual functional strategies or implementation strategies should be aligned to pursue a higher strategy of “where, how and with what to compete”. For example, if a company aims to compete with distinctive and capable sales forces, the company’s HR strategy should focus to develop higher caliber sales representatives and marketing strategy also should to stress the strength of the company’s distinctive sales representatives.

b. Is it actionable?

“How to enable” strategies also need to be very tangible and actionable. This is particularly important when a company develops strategic initiatives because often many people even in a strategic division get confused among objective, output, activities, tools, and methods of strategic initiatives (Kaplan, 2003: 35-87).

For example, when a company designs a plan to develop a new product, “to identify customer needs” is an objective, but the identification of customer needs cannot be “an activity” since the identification does not specify what a person will or has to do. On the other hand, “to meet three experts to build up hypothesis on customer needs” can be an activity since it now specifies the action, which is “meeting three people.”
So, the well-designed plans have a specific, articulated, and distinguished objective, activities, end-output, tools, as well as an initial hypothesis. Ideally, with a really well articulated strategy of “how to enable,” even a person who is not really knowledgeable about the strategy can follow and execute the strategy as instructed.

c. Is it accountable?

One additional important point in a strategy of “how to enable” is to have a clear accountability. Accountability is not necessary only to assign a task to a particular person. Similarly, it is not only to provide a burning platform with specific incentive or reward mechanism. Of course, those requirements are the must-have.

But more importantly, the mechanism is to define and articulate clear milestones, both quantitative and qualitative. The definition of the milestones and the success are really important particularly since most strategic work is usually longer-term or qualitative, so that short-term success is not always clear enough to be measured. To clarify a long-term goal as several steps and series of tangible milestones are another key activity to make an implementation plan succeed.
d. Is it coordinated?

Good implementation plans or functional strategies should have a solid coordination mechanism. Coordination means a mechanism to monitor, intervene, coordinate and resolve conflicts.

Conflicts in executing a strategy in a company sometimes come from external uncertainty and challenges but more often it stems from the conflicts of interests among internal organizations, particularly regarding resource allocation.

However, instead of defining every single detailed rule for potential conflicts, more realistic solution is developing a plan to enhance the communication and trust among different organizations and setting up effective processes and principles to play this role.

e. Is it emerging?

Finally, a strategy of “how to enable” should contain an organizational plan to emerge a strategy of “what to aspire” and “where, how, and with what to compete.” A strategy of “how to enable” needs to have sufficient and well-designed mechanism to make an organization pursue quality

8 In monitoring strategic initiatives, a company often uses a simple but powerful “progress review sheet with traffic lights.”
experimentations, explorations, and ensure learning and an effective adaptation from pursuits.

Ideally, good experiments need to be conducted in combination with a short and long-term, low-risk and high-risk, revision of strategy and replacement of strategy (Portfolio of Initiative, McKinsey). To decide how many experiments are required is rather judgmental. However, conducting experiments to generate enough quality learning and healthy tension to challenge the current strategy for possible revision, refinement is also used as iterative process between the product and the impact of strategy.

However, as the work is experimented as well as implemented, often many details and unexpected changes will naturally happen. Therefore, in addition to an effective adaptation, coordination and intervention, people's good quality of strategizing practice (Strategy as a practice), is required and this will be discussed in next chapter.
Chapter 5: Strategic inquiries for top managers to ensure “strategy as a practice”

As noted in chapter 1, “strategy as an impact” will be enabled by both “strategy as a product and a practice.” In this chapter, I explore the area of “strategy as a practice.”

A. What is the definition of “strategy as a practice”?

The working definition of “strategy as a practice” is an organization’s strategizing practice based on a belief that it will ensure successful content and impact of a strategy (See Exhibit 5-1).

EXHIBIT 5-1: WORKING DEFINITION OF STRATEGY AS A PRACTICE

<table>
<thead>
<tr>
<th>Strategy as a practice (&quot;Strategizing&quot;)</th>
<th>Working definition</th>
<th>Core question and beliefs for the chapter</th>
</tr>
</thead>
</table>
|                                         | • An organization’s strategizing practice based on a belief that it will ensure successful content and impact of a strategy | • Core question for the chapter  
  - To assess an organization’s strategizing practice, what is the well-framed form of strategic inquiries that top managers should address and can use? |
|                                         |                    | • Core beliefs underlying the chapter  
  - Top managers should make sure that an organization’s strategizing practice should give room for experimenting, identifying, creating, initiating, developing, adapting, revising, strengthening, implementing, and realizing the strategic content and impact  
  - To ensure the above, the organization should have (1) sufficient and capable strategic leaders (2) compelling communication and aligned structures to endorse the organization’s strategizing practice |
Many textbooks and academic papers, particularly in the prescriptive schools, use the word "strategy implementation" as an antonym for "strategy as a product." However, I use the word "strategizing practice" instead of "implementation" for the following two reasons.

First, "strategizing practice" is a more comprehensive term that encompasses multiple aspects and qualities of organizational processes and activities including experimentation, implementation, learning, and development of strategy, whereas "strategy implementation," by definition, only refers to the implementation process (See Exhibit 5-2).

Second, "strategizing practice" implies an embedded routine within the
organization around the strategizing process, whereas "strategy implementation" may mislead top managers to believe that the development and implementation of strategy is a discrete, sequential, and periodic event that occurs intermittently, and is fueled by two different groups (strategic makers and doers) in the organization.

Of course, high-level strategy, such as vision or customer segmentation, should not be changed every day. However, in mobilizing an organization, even a high-level strategy needs to be translated into specific efforts that people in the frontline can participate and engage in. Similarly, to monitor and adapt a strategy by identifying a new trend or performing an experiment in the market should not be an event that happens once a year but rather an everyday routine. Therefore, an organization's strategizing activities should be practices that happen daily and across all levels within that organization.

For example, the Wharton-Gartner survey in 2005, involving more than 250 executives showed that one of the largest perceived challenges of successful strategic implementation came from the lack of buy-in and participation from influencing middle level managers. (Hrebiniak, 2005: 11-25). However, my interviews with these middle level managers (Imkum Kim at Shinhan bank, Jaepil Koh at Samsung, Mansoo Park at LG) implied that a true commitment to the strategy, not only in terms of implementing the strategy but also revising and improving the strategy, occurred only when they were deeply engaged in the
development of the strategy. Jaepil Koh in Samsung said, “Strategic initiatives with strong performance metrics obviously make me work hard, but the strategic initiatives that I developed make me love what I do.”

This finding is also aligned with Floyd’s (2000) finding that many top managers want the organization to own and to commit to the strategy but often many strategies fail because many executives are not disciplined and diligent enough to ensure that strategy doers are engaged in the strategy development process and the strategy makers are not involved in a strategy execution process. (Floyd, 2000: 23-96).

Therefore, to build a strategic organization to enable the strategic content and impact, the entire organization should practice the iterative processes of strategic experimentation, initiation, implementation, learning, adapting and revision and delivery in daily lives. (See Exhibit 5-3)
B. What are the strategic inquiries for top managers to ensure "strategy as a practice"?

If top managers believe "strategy as a practice" is to build a strong organization that can continuously create, strengthen, and realize their strategy, how can top managers build that organization? Or more specifically, what strategic inquiries will lead top managers to navigate the process of building the strategic organization?

1. "What part of the organization" is lacking "what aspect of practicing a strategy"?
To build an organization's strong strategizing practice, top managers should understand first "which part of the organization" is lacking "which part of a strategizing practice". (See Exhibit 5-4)

In assessing the above inquiry, top managers should look at not only formal organizational units but also various informal organizational units (e.g., virtual groups for particular initiatives, different hierarchical cohort groups, etc). Furthermore, top managers should assess if any particular aspect of strategizing practice that enables positive spiral described in exhibit 5-3 is missing.

EXHIBIT 5-4: STRATEGIC INQUIRIES FOR TOP MANAGEMENT TO ASSESS AND ENSURE "STRATEGY AS A PRACTICE"

Understanding the quality of an organization's strategizing practice at a granular level enables top managers to fix it. For example, Mr. Cha, who is
the current CEO of LG H&H and has been an extremely successful as a turn-around and transformation specialist, said: “to change the entire organization, the key is to break down the aspired change into a series of fragmented and manageable small changes that can happen over time. We cannot win the war at once, but if we continue to win individual battles one by one, some day, we can win the war.”

This is aligned with Schein’s (2010) research, noting that an organization’s culture is composed and driven by many layers and divisions. Therefore, to change an organization’s culture, the top managers should deal with strategy at a more granular level. (Schein 20-79)

However, to answer the question, “which part of the organization is practicing strategy well or not?,” top managers need to consider additional inquiries such as “What is the aspired status for the organization’s strategizing practice?”, “Where and what is the gap between the current status and that aspiration?” and “Where and what are the issues that have been observed from the organization’s past strategizing practice?”

For example, Mintzberg (2007) analyzed that the aspired status of an organization’s strategizing practice differs across various industries or businesses. (See Exhibit 2-4). For example, a large company in an established industry, such as the refinery industry, practices strategy differently from that
of a small-sized venture company in a dynamic industry such as the software industry. The former requires a stronger execution-driven organizational practice while the latter requires more experimentation and a creation-centric organizational practice.

Furthermore, even within a company, different parts of an organization may need to focus on different aspects of practicing a strategy. For example, the way to practice a strategy in a marketing division would be and should be different from that of a purchasing division.

Therefore, top managers should carefully think about the aspiration of the organization and observe the current status of strategizing practice with granularity in “different parts of organization” that have “different aspects of strategizing practices”

2. “What really hinders people's effective strategizing practice”

Once top managers identify gaps or issues in an organization's strategizing practice at a specific level, then they need to better understand what are the potential barriers in preventing people's effective strategizing practice.

In an organization, there are many different reasons behind people's behaviors (See Exhibit 5-5). The reason, first, can be an awareness or
willingness issue. For example, people simply haven’t heard of the meaning of strategizing practice or do not agree with it. The barrier can also be a desire issue where people are not incentivized or motivated enough. Or, the barrier can be a capability issue, where people haven’t experienced a strategizing practice so that they don’t know how to do.

EXHIBIT 5.5: POTENTIAL ROOT-CAUSES TO PREVENT PEOPLE’S STRATEGIZING PRACTICE

<table>
<thead>
<tr>
<th>Question</th>
<th>Root Cause</th>
</tr>
</thead>
<tbody>
<tr>
<td>How to ensure “strategy as a practice?” How can I build a strategic organization that can practice a strategy effectively and successfully?</td>
<td>“Is it hindered because people do not know or understand what it means to practice a strategy?”</td>
</tr>
<tr>
<td>Which part of the organization is lacking “which aspect” of practicing the strategy?</td>
<td>“Is it hindered because people do not agree that they should practice a strategy?”</td>
</tr>
<tr>
<td>What really hinders people’s effective strategizing practice?</td>
<td>“Is it hindered because people do not aspire to practice the strategy?”</td>
</tr>
<tr>
<td>How do we fix and improve this organizational practicing strategy</td>
<td>“Is it hindered because people do not need to practice the strategy?”</td>
</tr>
<tr>
<td></td>
<td>“Is it hindered because a person is not capable of practicing the strategy?”</td>
</tr>
</tbody>
</table>

Kotter (2007) also point out that, even when top managers aim to change people’s behaviors, they should try to understand not only the behavior itself but also the intentions and emotions behind the behaviors. (Kotter, 2007: 20-70) Understanding root causes will help top managers in developing and implementing more effective and tailored resolutions.

3. “What are the levers and how to improve an organization’s strategizing
practice?"

a. Providing a compelling story and effective communication.

Identifying the root causes that hinder people's strategizing practice will give top managers three implications to enhance the practice (See Exhibit 5-6).

EXHIBIT 5-6: POTENTIAL LEVERS TO HELP AN ORGANIZATION'S STRATEGIZING PRACTICE

First, top managers need to provide the organization with a compelling story for the enhancement of strategizing practice through effective communication. Each individual in the organization needs to have a clear reason as to why he/she needs to do it. This reason for people to
strengthen their strategizing practice does not simply mean a reward system to enforce people’s behavior. Rather, it should be a story that people can agree with, highlighting the importance and value of effective strategizing practice and what it means for him or her. For example, a truly compelling story should be able to specify to an employee what and how he/she can and needs to practice a strategy differently in their routines.

Furthermore, to effectively deliver this message to the organization, top managers need to be concerned with the effective and appropriate communication methods for different situations. Different communication methods such as email, meeting, hall talk, formal speech, off-site meeting, forum, etc. have different levels of effectiveness depending on the content of the message, expected goal of the communication, type of audience, and the physical constraints of the communication.

However, this communication will not be sufficient to ensure peoples’ strong strategizing practice. After people understand and agree with trying to develop a more effective strategizing practice, they need a learning mechanism, which is role modeling and enforcement policies, to strengthen the practice.

b. Role modeling with sufficient, capable and success-experienced
**strategic leaders**

Second, in order to enable an organization's successful strategizing practice, top managers should secure a sufficient number of strategic leaders and deploy them effectively. These strategic leaders are not simply strategic thinkers or problem solvers but leaders who can lead the entire process of strategizing practice shown in the exhibit 5-3 by engaging people in their routines. These leaders should engage people by developing and using their own strategic inquiries that are relevant to their own work. A strategizing practice is, literally, not “knowledge” but “practice.” Therefore, to make the organization adopt and embed the way of practicing a strategy, people in the organization need sufficient role models to observe and learn from.

Interviews with several top managers (Younghee Choi, former CEO of Shinhan bank, Yongman Park, CEO of Doosan, Seokyong Cha in LG) also confirm that the organizational strategic capability is mainly driven by the caliber of people and systems that surround those people. For example, Mr. Park in Doosan said, “Eventually to have sufficient leadership capacity and capability is the key to build the strategic organization, and my job, as the CEO, to make my strategy succeed is nothing more than to secure good people around the strategy and create the environment that they can perform their best in.”
However, to best secure and leverage these strategic leaders in enhancing organization’s strategizing practice, top managers should also address some additional inquiries. (See Exhibit 5-7)

EXHIBIT 5-7: STRATEGIC INQUIRIES TO SECURE AND DEPLOY STRATEGIC LEADERS

<table>
<thead>
<tr>
<th>Strategic inquires for top managers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Where, what type of, how much of strategic leadership capacity and capability is lacked/required to practice a strategy?</strong></td>
</tr>
<tr>
<td><strong>Who, how many, by when and how to recruit externally and groom internally?</strong> How to amplify the leadership capacity and capability?</td>
</tr>
<tr>
<td><strong>How to deploy and make them succeed at practicing a strategy?</strong> How to deploy the right person at the right post?</td>
</tr>
</tbody>
</table>

(1) Where, what type of, how many strategic leaders are required to practice a strategy?

Top managers need to understand first where, what type, and how many strategic leaders are required to ensure an organization's aspired strategizing practice at that given company.

For example, many companies in emerging countries fail to grow as
fast as they aspire not because of the lack of capital, ideas, or great strategies, but because they lack middle level managers who can effectively practice their strategy. In a survey which asked 30 senior executives in Asia about their globalization strategy (McKinsey 2009), more than 70% of people pointed out “leadership constraints” as the biggest challenge to their globalization strategies. Especially, companies from China claimed that they have enough capital, supportive government policies, and attractive target deals overseas but not enough people to actually execute and manage cross-border acquisitions for their global expansion.

Therefore, asking questions such as “what type of leadership do we have? (e.g., leadership with the experience of cross border M&A, etc.), how many of leaders (e.g., number of leadership, etc.) do we need at what level of the company (e.g., executive level, middle level managers, etc.) to properly secure an organization’s aspired strategizing practice?” are critical for top managers. This inquiry will lead top managers to the second question below.

(2) “Who, how many, by when, and how to recruit externally and groom internally? How to amplify leadership development?”

Many top managers often say “the company needs more leaders,”
but few have a specific plan that incorporates who, how, by when, for what positions/roles they need to hire them externally or groom internally. Three top managers that I interviewed also agreed that they wanted and needed to have such a plan, but only one of them said he had it in detail.

To develop a specific plan to groom and attract strategic leaders is a critical inquiry. It is an imperative for top managers to secure an organization’s strong strategizing practice in the organization. Such a plan will help them to systematically institutionalize the efforts to amplify the leadership capacity and capability for strategizing practice.

For example, Doosan Group, one of the most famous conglomerates for leadership enhancement program in Korea, has a “people session” every year from September to November. Throughout the session, the group develops a detailed leadership enhancement plan and cascades the required number and quality of talents to recruit outside and to develop inside as the target of the senior executives and even middle managers. This plan includes specific position, time duration, detailed capabilities and potential development plan of required leaders. Based on this effort, the company has effectively fueled the necessary quantity and quality of strategic leaders to support its business growth of over ten percent CAGR at global level.
during the last decade.

Additionally to inviting the right people from the outside or developing the right people from the inside, letting the wrong people go from the organization should also be an important imperative for top managers. As Jim Collins said, “building a great company requires nothing more than getting the right people on the bus while getting the wrong people off the bus” (Collins, 2001: 24-50)

For example, Jack Welch in GE devised a system where people were classified into three categories. Every department in GE had to classify its people as the top 20 percent, the middle 70 percent or the bottom 10 percent based on their performance. GE was diligent and disciplined in replacing these bottom performers with new people from outside than in rewarding top performers.

New ideas and experiments for a strategy do not easily come from existing people doing conventional work. Experimenting is most effectively forced only when people in the existing organization collide with people from completely different organizations.

(3) “How to deploy and help strategic leaders successfully practicing a strategy? How to deploy the right person to the right post?”
An additional important question that top managers should ask on to ensure they have effective strategic leaders is “how to effectively deploy the available leadership and make them successful in the organization?”

As Kaplan noted, assigning the right people to the right strategic initiative is one of the most critical elements to secure successful strategic implementation (Kaplan, 2003: 27-136). Effective deployment of strategic leaders is extremely important not only for implementation process of strategy, but also for the development process of strategy.

For example, among the most important events at GE under Jack Welch were the annual “C” session meetings that started in April and lasted through May each year. During this period, the entire management team traveled across the United States to meet top managers of GE’s 12 business units and to review their performance over the previous year (Hitt. 2009; 144). Importantly, GE leveraged the understanding of these people to assign them to key strategic initiatives of the company at the end of each year. GE ran this “C” session prior to its strategic session since it believed that the right people create the right strategy and only strategies created by the person who is supposed to actually execute on it will eventually work.
c. Aligning formal and informal structure to endorse the organization’s effective strategizing practice

Once the importance of organization’s strategizing practice is fully communicated with a compelling story and the organization has sufficient strategic leaders as role models, the entire formal and informal organizational structure should be aligned to enforce, motivate, and support people’s strategizing practice.

The formal structure includes organizational unit structures (e.g., team composition, etc.), various processes (e.g., reporting or approval process, etc.) and different polices (e.g., policies for training, promotion or investment, etc.). Informal structures can include all different types of social, political and cultural structures in the organization. Top managers should reconfigure and align these different structures to help people aspire, become capable, and enjoy their strategizing practice in their own positions.

However, reconfiguring and aligning these structures should not lead to an "over-engineering" of process. Top managers should not forget that an organization with strong strategizing practice, experiments, implements,
and adapts a strategy based on principles and experiences not merely on processes. Revising and adjusting different parts of structures for different purposes at different levels of the organization sometimes result in unexpected side effects. After multiple revisions, the structures contain potential contradictions to force people's strategizing practice to align, and sometimes, the organization becomes bureaucratic and trapped in the mechanical process. Younghee Choi, the former CEO of Shinhan, said that "Shinhan should not be digging through the 100 page contingency manual book in an emergency. They should be thinking, acting, and adapting on the field with the customers."
Chapter 6: Conclusion

During the history of strategic management, people’s perspective on strategic management has followed the swinging pendulum between “a deliberate effort toward a goal” and “constant course correction in a voyage.” However, top managers should balance, integrate and orchestrate between the two perspectives to ensure the impact of a strategy. An impact of strategy is the result of a company’s strategy and strategizing practice. At the same time, an impact of strategy is the compass to lead those two.

A dolphin swims forward only when it dives into the water and swings its tail. However, the dolphin needs surface every few minutes to breathe and see if it is heading in the right direction. After a short breath and confirming a direction, the dolphin dives back in. A dolphin keeps repeating this process for twenty-four hours even without sleeping. Its brain operates in two different parts: one works while the other sleeps.

Strategic management should be like a dolphin’s swimming. Top managers need to build and secure an insightful strategy and a resilient strategizing practice. At the same time, top managers should check a company’s strategic business performance and organizational health before diving back into a world of strategic content and practice. They should be ready to repeat the process.

Lastly, nearly all of the top managers I have met in my career and interviewed have a wish to lead their companies to success by sharpening the strategies in their business
and strengthening the strategizing practice in their organizations. If the strategic inquiries I present in this thesis help readers take a few steps towards a better understanding of those efforts, I will consider this thesis a success.


Butler, Alan, Steve R. Letzo, and Bill Neale. "Linking the Balance Scorecard to Strategy."


Rasche, Andreas. *The Paradoxical Foundation of Strategic Management*. Hamburg in


Appendix

List of interviewees

**Top managers (4 top managers)**
1. Yongman Park (CEO of Doosan Group)
2. Sukyong Choi (CEO of LG H&H)
3. Younghee Cha ( Former CEO of Shinhan Financial Holding)
4. Hyunjoong Kim ( Former CEO of PPG Industries Korea)

**Senior executives and senior managers (15 senior managers)**
1. Jae Choi (Senior executive in Doosan Infracore)
2. Bret Kim (Senior executive in Standard Chartered Bank)
3. Jinyong Lee (Senior managing director in Samyang Group)
4. Shiyang Ryu (Director in Samsung Electronics)
5. Jaepil Koh (Senior manager in Samsung Electronics)
6. HeeKyung Shin (Senior manager in GE capital)
7. Hokyung Lee (Senior manager in Standard Chartered First bank)
8. Jooho Jeon (Senior manager in Korean Air)
9. ImKun Kim (Senior manager in Shinhan bank)
10. Mansoo (Senior manager in LG Electronics)
11. Hansuk Suh (Senior manager in Korean air)
12. David Kim (Senior director in LG Electronics)
13. Kwangrok Kim (Senior manager in Daewoo International)
14. Sun Altbach (Product Manager in Genzyme)
15. Lucinio Munoz (Senior Advisor in Spanish Treasury)

Senior consultants in top consulting firms (5 consultants)

16. Wonsik Choi (Partner in McKinsey)
17. Seungheon Song (Partner in McKinsey)
18. Jooyong Lee (Senior engagement manager in McKinsey)
19. Taejoon Song (Senior engagement manager in McKinsey)
20. Changpyo Woo (Partner in Mcqs)