



Empowering Times

Inspire - Aspire - Achieve - Grow SM

www.empoweredindia.com

October 2010

Dear Reader,

All men can see these tactics whereby I conquer, but what none can see is the strategy out of which victory is evolved.

- Sun Tzu

Whether it is motivating your team, planning your resources, or strategizing to win battles, business managers have always drawn lessons from the Military. In **Thinking Aloud**, **Jay** discusses that the success of any good strategy depends upon the strength and capabilities of the forces on the ground.

Podium presents an exclusive interview with **Dr. Prashant Kale**, Professor of Strategy at the Jones School of Management, Rice University. He also teaches at the Michigan Business School, the Kellogg School and the Wharton School. He is an expert in the fields of Corporate Strategy, Strategic Alliances and Mergers & Acquisitions. Dr. Kale writes regularly on these subjects in international journals, including the Harvard Business Review.

Strategy Safari by **Henry Mintzberg, Bruce Ahlstrand and Joseph Lampel** is our book of the month. **P. Vijayan**, Principal Consultant, reviews the book in **Between the Lines**.

Strategists have serious thinking to do...or is it really so? The strategist is caught 'in - action' by **Vikram** in **Figures of Speech**.

Empowering Times has achieved another feat, it is now featuring in various internal employee communication channels as 'Recommended Reading', especially our **Between the Lines** column .

Thank you for your continued support, we look forward to hearing your comments and feedback to make Empowering Times even better. To see our earlier issues, you can visit our [Media and Archives](#) section or simply [click here](#).

Geetanjali Sharma
Editor

IN THIS ISSUE

THINKING ALOUD

Strategizing Right for Success - Jay

PODIUM

Interview with *Dr. Prashant Kale* on Corporate Strategy

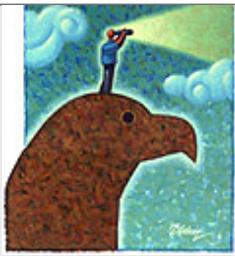
BETWEEN THE LINES

Book: *Strategy Safari* - *Henry Mintzberg, Bruce Ahlstrand and Joseph Lampel*

FIGURES OF SPEECH



THINKING ALOUD



Strategizing Right for Success - Jay

The word Strategy conjures up multiple images in many minds. More often associated with Top Managers in the world of business, the roots of the concept can be traced to military origins or statecraft to be more precise. In India, one of the earliest strategic thinkers was perhaps Chanakya who had wonderful words of advice: 'Before you start some work, always ask yourself three questions - Why am I doing it? What the results might be? And, Will I be successful? Only when you think deeply and find satisfactory answers to these questions, go ahead'. Shades of 'begin with the end in mind', don't you think?

The quest for grand strategy in business has led to fertile work for us Consultants. However, when you actually bare the concept from its esoteric realm, it boils down to a few fundamental issues that are not difficult to grasp. The de-mystification process has also been caused by a realization that having great ideas in isolation is sterile. What truly determines success depends on how involved are the forces on the ground to the plans made at corporate headquarters. As Bossidy tellingly commented, 'At the end of the day, you bet on people not strategy'.

This realization has created new schools of thought on strategy formulation. Accepting the axiom that 'people support what they help create', Harvard Professor, Bill George, noted that winning support to tectonic shifts in policies like the Health Care reform by President Obama became feasible only by creating open discussions involving multiple stakeholders, unlike in the past when other Administrations spoke in terms of perspective plans that were either too highbrow to understand or kept others out of the picture in designing them.

This is not to suggest that strategy formulation is a populist exercise that is decided by mass participation and a free voting process. But, new ideas are taking shape: consider crowdsourcing. Who would have believed that ideas could be 'sourced' from anonymous millions who voluntarily offer their thoughts through social media and get the attention of corporate leaders who would then take strategic decisions? But, this is upon us already with marketing strategists happy to get wider participation in ideation for product development.

However, it is not my intent to deny the contribution offered by experts on strategic planning and organization theorists. To truly arrive at the appropriate course of action, it is very necessary to undertake a thorough exercise in both analysis and synthesis of multiple options. As Machiavelli suggested years ago, 'the causes of the success or failure of men depend upon their manner of suiting their conduct to the times ... he errs least and will be most favored by fortune who suits his proceedings to the times'. These words clearly indicate that gathering host of information, asking incisive questions & applying rigorous & systematic analysis will increase the probability of success as this deep exploration enables one to take steps to 'suit the times'.

The marriage of wise strategy with sharp & supple tactics on the ground is what generates success or victory in the marketplace. This powerful combination has been called having strategic consistency of purpose & operational flexibility in action. Couple this with on-going & consistent communication that enhances the leader's credibility, and you have a potent recipe for success as you will have ground forces (read engaged employees) who are both aligned in intent and attuned with a passionate heart, ready to achieve success.

[Back to Index](#)

PODIUM

INTERVIEW: Dr. Prashant Kale on Corporate Strategy



Dr. Prashant Kale, is a Professor of Strategy at the Jones School of Management, Rice University. He also teaches at the Michigan Business School, the Wharton School, and the Kellogg School of Management. He has a degree in engineering, a PGDM from the IIM-Ahmedabad, and a PhD in strategic management from the Wharton School

His research and teaching focuses on Corporate Strategy, Strategic Alliances & Mergers and Acquisitions. He has published articles in reputed international journals such as Harvard Business Review, California Management Review, Strategic Management Journal, MIT Sloan Management Review, European Management Journal, Academy of Management Proceedings, etc on these subjects.

Before joining academia, Dr. Kale held management positions with leading companies such as Johnson & Johnson, Siemens, ICI Plc., in several countries. His consulting assignments have been with global clients including Philips, Hewlett-Packard, Parke-Davis Pfizer, Bausch & Lomb, the Tata Group, Infosys, Thermax, Quintiles, Dun & Bradstreet, Skoda, US Steel etc. He is also on the Board of several technology companies and venture funds.

Dr. Kale brings a rich blend of experience of on-the-ground reality and in-depth research in the field of strategy. We requested him to answer a few questions for us, here is what he has to say...

ET: What are the fundamental principles for developing strategy for a business?

PK: In very simple words, strategy is nothing but a '**plan to win**' - a plan to achieve an advantage over rivals in terms of both, providing value to customers and creating value for shareholders. Developing such a strategy involves some of the following principles:

- (a) A company needs '**to create a unique competitive position**'- for e.g., it should be clear about what segments of the market it focuses on (and what segments it does not), what is its core value proposition (and what is it not) and how are these aspects distinctive as compared to other players in the market?
- (b) It needs to **undertake the core activities in its value chain in a distinctive manner** and more importantly, these activities should be '**mutually reinforcing and aligned**' in a way that they support the organizations' chosen competitive position.
- (c) It needs to create some '**barriers to imitation**' so as to be able to sustain its advantage over rivals.

The above principles are critical because a winning strategy is about becoming '**something to somebody**' and not 'everything to everybody' - **this requires a company to make clear choices and trade-offs** in what it does to become a winner.

Apart from the above points a good strategy is also one that is '**sufficiently simple**'- why? So that **its core tenets can be easily communicated to all employees of the organization** who are eventually responsible for executing the strategy. Too many companies have a strategy that is perhaps good but so complex that there are chances that nobody in the organization really understands what the organization's strategy is and hence the execution is compromised.

'What truly determines success depends on how involved are the forces on the ground to the plans made at corporate headquarters'.

...a winning strategy is about becoming 'something to somebody' and not 'everything to everybody'.

A great example of these principles of strategy is Southwest airlines in the US which has been a pioneer in creating a low-cost leadership strategy in the airline business.

ET: What challenge does a business face in keeping the strategy relevant?

PK: Any good strategy is made keeping in mind the conditions or the context of the external industry and competitive environment. But, as we know, these external conditions change over time, sometimes gradually or at other times rapidly. The biggest challenge for a business is to recognize key challenges in its external environment and be able to adapt the strategy as well as the organization to the address the changes in the external environment.

However, this is easier said than done. First, companies often find it a challenge to change their strategy because managers/executives suffer from what we call 'cognitive inertia' i.e. the ability to 'think differently' when the competitive context changes. Second, even if they are able to change their strategy successfully they face the challenge of changing their organization so that it is capable of executing the new, revised strategy - the latter happens because of what we call 'action inertia'.

Some examples of companies that have failed on this count are Kodak in the US when digital photography gradually began to replace traditional film-based photography or companies in India like Hindustan Motors or Premier Padmini when they failed to revise their strategies following the liberalization of the business environment in India in the early 1990s.

ET: How do you teach people to be strategic?

PK: First, in order to be 'strategic' you need to teach executives to develop the skills to 'ask the right questions' in the context of their business. Second, they need to have a 'winning mind-set' and develop an ability to be creative and 'think outside the box'- at the same time, they need to have a strong analytical bent. So, a good strategist needs to have a mix of both, excellent creativity and a strong analytical mind - thus one needs to develop both the 'right' and 'left' sides of the brain. Leaders also need to have the strength to be 'bold' because winning strategies often call for crafting a plan that goes against accepted wisdom. Some of these skills can be taught in the classroom but many others are simply developed on the job through repeated practice or experience - if it's the latter, organizations need to provide employees a supportive and conducive environment to nurture these skills over time.

Some recent, successful business leaders who perhaps demonstrate these attributes are people like Jack Welch, Steve Jobs, Ratan Tata, Laxmi Mittal, etc.

ET: How does the culture of an organization influence in building corporate strategy?

PK: Culture plays a very important role in both, 'making strategy' as well as in 'executing strategy' and here's how: The final strategy of any company is really some combination of two types of strategies: a 'deliberate' strategy that is carefully planned ex-ante by the leadership team and an 'emergent' strategy that evolves over time in response to unanticipated or unexpected changes in the marketplace. The latter 'emergent' strategy often does not arise in the CEO's office but it can bubble up anywhere in the organization including at lower-most levels or the frontlines of the organization. The question is, does a company have a 'climate or culture' that allows this emergent part of the strategy to 'bubble up' from the lower ranks?

Are junior people given the freedom to voice their suggestions and does the senior leadership have the humility to acknowledge and accept these suggestions and even make them a central part of their strategy going forward? This culture is very critical especially when companies are making strategies in the context of fast-changing and/or uncertain business environment. Some examples that come to mind (of such a culture) are Intel - when it successfully revised its strategy to compete in the microprocessor business in the late 1980s or the recent example of the Tata Nano - while Mr. Tata was a key inspiration behind the conceptualization of this initiative most of its strategy 'emerged' along the way from the many youngsters who were an integral part of the Nano team.

Culture also plays a vital role in the execution of strategy - a company needs to have the 'right' culture for its chosen strategy. For example, if a company strives to create advantage in the market through innovation, does it have a culture that allows employee creativity and risk-taking to foster and develop? On the other hand, if a company is pursuing a low-cost leadership strategy in its business it would help to have a culture that emphasizes frugality, efficiency and productivity.

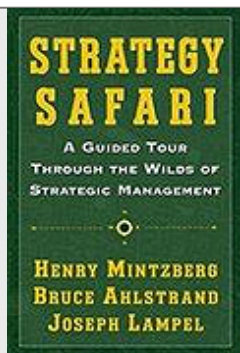
ET: Good strategy with poor execution or average strategy with great execution? Comment

PK: A good strategy is of no use, if it cannot be executed. So, if I were to choose among the two options, I would go for the latter - average strategy with great execution because then you at least have some chance of improving your performance as compared to where you stand currently (even though you may not be an outright winner on account of having an average strategy). Of course, all companies should strive to have good strategy and great execution!

On that note, I would also like to point out another possibility - poor strategy and great execution! That's very dangerous too, because it's like driving a car very well but driving it straight into the ditch instead of driving it on the road!!!

[Back to Index](#)

BETWEEN THE LINES



BOOK: Strategy Safari - A guided tour through the wilds of Strategic Management - Henry Mintzberg, Bruce Ahlstrand and Joseph Lampel

Just as the blind men feeling the elephant, no school of thought describes strategy in its entirety. The title, 'Strategy Safari,' suggests a journey that is both complex and dynamic. However, the journey is necessary if one wants to understand strategic management. The authors present ten different schools of thoughts and their strengths and weaknesses. Here is a glimpse:

- **The Design School** views strategy formation as a process of conception. It looks at the fit between internal capabilities and the external possibilities.
- **The Planning School** views strategy formation as a formal process. It follows rigorous set of steps from analysis of the situation to the development and exploration of various alternative scenarios. This view of strategy also generated the three elements of Strategy, i.e., Strategic Planning, Financial Control and Strategic Control.
- **The Positioning School** explains strategy formation as an analytical process placing the business within the context of its industry.
- **The Entrepreneurial School** elucidates strategy formation as a visionary process, taking place solely within the mind of the leader.
- **The Cognitive School** formulates a strategy as a mental process, and analyzes how people perceive patterns and process information. The view is that strategy formulation is deeply connected to the way the senior leaders think and determine meaning from phenomena.
- **Learning School** explains strategy formation as an emergent process of trial and error.
- **The Power School** views strategy formation as a process of negotiation between power holders within the company.
- **The Cultural School** observes that the strategy formation is a collective process involving various groups and departments within the company. It sees organisation culture as a process of collective cognition. The interface and interplay between culture and strategy is embedded in the legendary 7S framework. This perspective also looks as culture as a key resource to develop effective strategies.
- **The Environmental School** explains strategy formation as a reactive process, responding to the challenges imposed by the external environment.
- **The Configuration School** observes strategy formation as a process of transforming the organization from one type of decision-making structure into another.

The book concludes with an excellent example, which helps the reader to understand that, the 'strategy beast' is very different from what we see, just like the blind people sensing different attributes of the elephant.

Henry Mintzberg and the co-authors have placed Strategy Safari somewhere in between a textbook and a casual business book, enlightening and entertaining to read. The language of the book is lucid and there is substantial integration of various stands of General management with other functional disciplines and specializations.

About the Author: Henry Mintzberg is currently the Cleghorn Professor of Management Studies at the Desautels Faculty of Management of McGill University in Montreal, Quebec, Canada, where he has been teaching since 1968. Mintzberg writes prolifically on the topics of management and business strategy. He has a reputation of a contrarian in his thoughts about the role and contribution of MBAs in Industry. His book Managers Not MBAs (2004) outlines what he believes to be wrong with management education today. There is no denying about the fact that his ideas have a remarkable following. He runs two programs at McGill University, which have been designed to teach his alternative approach to management and strategic planning.

[Back to Index](#)



Empowered Learning Systems Pvt.Ltd.

#101, Lords Manor, 49, Sahaney Sujan Park, Lullanagar,

Pune - 411 040 Maharashtra, India.

Telephone: +91-20-32913895 TeleFAX: +91-20-26833814

©The ELS Lotus logo is trademark of Empowered Learning Systems Pvt. Ltd.

© 2010 Copyright Empowered Learning Systems Pvt. Ltd. (ELS). For private circulation to clients and well wishers of ELS. While ELS endeavors to ensure accuracy of information, we do not accept any responsibility for any loss or damage to any person resulting from it.

To know more about Empowered Learning Systems - visit <http://www.empoweredindia.com>

To email your comments - please write to editor_empoweringtimes@empoweredindia.com with "Feedback" in the subject line.

To subscribe - please write to subscribe_empoweringtimes@empoweredindia.com with "Subscribe - ELS Newsletter" in the subject line.

To unsubscribe - please write to unsubscribe_empoweringtimes@empoweredindia.com with "Unsubscribe - ELS Newsletter" in the subject line.