

CHAPTER ONE

Strategizing out of the box

Strategy is regarded as serious business. The very origin of the term “strategy,” as the task of Greek army generals, or *strategoi* (leaders of the army), underlies a view of strategy as rational, analytical, objective and top-down, involving extensive analysis and planning. Further, it privileges a top-down view of strategy as positioning in the battlefield, rather than organizing internally to deliver the competencies needed to effectively deliver a strategy. This emphasis on left-brain type activities and ways of thinking, as well as external positioning rather than internal organization, has hindered the development and widespread adoption of right-brain, creative, emergent ways of strategizing. These ways are more relevant to a processual, practice-oriented view of organizations, and an emphasis on actors, rather than a more static, industrial organization-inspired view of organizations concerned with external positioning. This book, based on our research and engagement with strategizing processes over the last decade, is an effort to redress the balance.

This chapter draws from Jacobs and Heracleous (2007) and from Heracleous and Jacobs (2008).

We begin this chapter by suggesting that to develop and sustain competitive advantage, strategists need to engage in practices that help them see things anew; to move beyond rationalist, analytical and convergent thinking and to engage in creative, synthetic and divergent thinking, through processes such as the playful crafting of embodied metaphors. Such a strategizing process differs markedly from conventional, analytical strategizing processes, and we employ the key stages of design thinking to highlight these differences. We finally outline the process of crafting embodied metaphors as a playful practice.

Sustaining competitive advantage requires synthetic and divergent strategic thinking

Strategic *planning* has been associated with a rational, objective, structured, analytical, convergent mindset and associated practices that most organizational members consider abstract and distant from their daily work. Strategic *thinking* on the other hand, involves a creative, divergent and synthetic mindset and associated practices (Heracleous, 1998) often seen as a useful way to achieve direct involvement in strategizing processes as well as highlighting sensitive organizational and strategic issues that conventional planning may not readily be able to. While the technologies and frameworks of strategic planning have been highly developed and refined over time (e.g. Ansoff, Declerck and Hayes, 1976), despite its shortcomings (Mintzberg, 1993), the creative processes of strategic thinking remain a fragmented, under-specified group of approaches with no clear connections to strategizing processes.

Sustainability of competitive advantage seems to be an unattainable ideal for most organizations, where any uniqueness achieved is likely to be transitory because of aggressive imitation (Frery, 2006). Strategic innovation, as a strategy of breaking the rules of an industry by redefining basic dimensions of strategy (Markides, 1997) becomes necessary for sustained advantage. Several ways have been proposed to

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foster strategic innovation: the monitoring their strategic (as opposed to simply financial) health; creation of “positive crises” to overcome inertia and motivate employees to embrace a new strategic direction (Markides, 1998); Abell’s (1999) suggestions for the development of “dual strategies” that address both the present as well as the future of the business (how the business should be proactively redefined, and new competencies built, for future success); and March’s (1991) calls for balancing exploration and exploitation.

Simply put, while focusing on better execution (exploitation) is important for efficiency reasons, without seeing things in new ways, gaining new insights and experimenting (exploration), an organization would gradually atrophy; it would be perfectly executing the wrong things. Several scholars have noted that a key enabling factor for fundamental strategic innovation is to be able to view the industry and the company in a new light, to challenge existing mental models and form new understandings (Jacobs and Heracleous, 2005). Baden Fuller and Stopford (1994: 53) for example suggested that strategic innovation as the “creation of actions hitherto deemed impossible” requires “a change in the mental models held by managers,” and Markides (1998) noted that companies should attempt to institutionalize a climate of questioning and challenging current operating norms and viewing issues in new ways. Indeed, even though more than three-quarters of executives surveyed by McKinsey said their company had a formal strategic planning process, less than one quarter said that this process was instrumental in making important strategic decisions, which were led instead by the CEO and the senior team (McKinsey & Co, 2006).

Strategizing through embodied metaphors as a practice of exploration

Since strategic decisions are driven not by strategic planning but by actors, how these actors see things (their mental maps and assumptions regarding the industry, the company and its strategic challenges) shape the decisions they make. If fundamental strategic innovation

as well as the development of creative strategies can be fostered by shifts in managers' mental models, how can such shifts be facilitated so that the conditions for innovation are put in place? We propose that strategizing through embodied metaphors enables reflective dialogue which can engender shifts in mental models and potentially be a catalyst for strategic innovation.

Of course such a strategizing process focusing on strategic thinking does not replace traditional strategizing focusing on strategic planning (Heracleous, 1998), but can effectively complement it, adding much needed diversity and out-of-the-box thinking in the process. In the next section we employ design thinking to highlight how strategizing through embodied metaphors differs from conventional strategizing.

Design thinking and strategic practice

In this section we employ the categories of design thinking, to highlight how strategizing through embodied metaphors differs from conventional strategizing. Viewing strategizing as a process of design is in essence an analogical process, the use of metaphor where knowledge from the source domain (in this case, design thinking), is mapped onto the target domain (in this case the strategy process), with the aim of gaining insights that would have been difficult to gain otherwise. Viewing creative strategizing as design can shed light on how strategic thinking practices such as crafting embodied metaphors can add value to the strategy process.

According to architect Bryan Lawson (2006), there is little consensus in the design field about what the term "design" means. Both a noun and a verb, design can refer to an end product as well as to the processes involved. A variety of professions employ the term "design", each with a different interpretation of what it is. While on the one hand a structural engineer might refer to design as a systematic, quasi-scientific sequence of steps whereby the requirements and desired specifications of the end product are known, a fashion designer engaged in next season's collection can also refer to a fluid,

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open-ended, inspirational practice as design. Whereas these two professions exemplify extremes of a continuum of design, we will draw for our purposes on the three-dimensional design field of architecture that integrates systematic with imaginative thinking, as well as with relevant technical skills. This design domain is also most relevant to crafting embodied metaphors, themselves three-dimensional designs most often representing various types of buildings and infrastructure.

The source domain of architectural design is in itself fragmented, as witnessed by the lack of a universal design model. In spite of this, Lawson (2006) attempts to provide an integrated model of the design process that consists of six broad stages that we outline briefly below. We then discuss how these six steps relate to both conventional, analytical strategic planning, as well as creative strategic thinking processes.

Formulating: Designers must be capable of effectively identifying, stating, understanding, exploring, and providing structure to ill-structured design problems. They should also be capable of framing and examining these problems from different points of view and perspectives. In particular, the ability to generate stories to reframe issues is key.

Representing: Designers employ various techniques and materials to externalize their ideas and thoughts. This might take the form of models, sketches or prototypes. Importantly though, these are created through a variety of media, including drawings, computer models or tangible three-dimensional entities. These physical representations are not simply outcomes of an abstract thought process but are seen as essential inputs to a conversation about the representations and ideas they embody.

Moving: Designers create solution ideas, or moves, relevant to a design problem. They distinguish between lateral design moves (the extension of an existing idea or its application to a new setting), and vertical design moves (the development of a novel idea). Interestingly, and in anticipation of later stages of the process, designers also develop initial experimental ideas about solutions early on and sometimes even before they have fully understood the problem.

Bringing problems and solutions together: Designers often do not explicitly draw a hard line between problem and solution, since they consider these to be intertwined. Furthermore, in design practice, problem and solution rarely follow a clear, linear sequence. In contrast to a universal route map of design process, briefing (seen as making sense of the issues and challenges at hand) is a continuous, recurring element, rather than just the first sequential step of design. Finally, great designers are capable of developing parallel lines of thought about the problem–solution situation. This skill in particular involves maintaining a sense of ambiguity and fluidity, and not getting too concerned about the single right answer or silver bullet during the process. The narrative, storytelling capability of designers to integrate problem and solution into a relatively coherent story is important here.

Evaluating: Designers often have to judge between alternatives along dimensions where no common, universally accepted, “objective” metric is available. Thus, designers must be capable of integrating objective/technical as well as subjective/aesthetic judgments in making choices among competing designs. One of the key skills in this context is the ability to temporarily suspend judgment so as to maintain the creative flow. In effective design, ideas often reach a level of maturity before they are subjected to robust criticism.

Reflecting: Ideally, designers are capable of reflecting *in* action – a skill that is of course required for the above dimensions as well. But also, great designers are able to reflect *on* action – on how they go about the design process itself, on the design philosophy and guiding principles they follow; a process analogous to what Argyris (1977) referred to as double-loop learning. Skilled designers draw dramatically on episodic evidence, for example by keeping sketchbooks or collecting artifacts reflecting what they consider to be good design, and can integrate these precedents and references into their design process.

Table 1.1 provides a synopsis of these elements, and juxtaposes them with both analytical, conventional strategizing as well as creative

TABLE I.1: *Two modes of strategizing juxtaposed in terms of key stages of design thinking*

Key stages	Design thinking	Conventional strategizing	Strategizing through embodied metaphors
<i>Formulating</i>	<ul style="list-style-type: none"> - Identifying design problem. - Naming and structuring ill-structured problems. - Framing problems from different points of view, often through storytelling. 	<ul style="list-style-type: none"> - Preference for rationalist perspective; search for data and structured views to converge on best solutions. - Storytelling eschewed as irrelevant, subjective and non-rational. 	<ul style="list-style-type: none"> - Fostering alternative, creative perspectives of strategic issues that diverge towards alternative futures. - Strategizing designs as metaphorical stories.
<i>Representing</i>	<ul style="list-style-type: none"> - Employing various techniques and materials to externalize ideas and thoughts. - Developing models, sketches or prototypes using a variety of media. - Discussing ideas through their physical representations. 	<ul style="list-style-type: none"> - Employing specified range of analytical techniques such as conventional strategy frameworks. - Dominant representations are conventional 2-D media such as reports, power-points and spreadsheets. - Use of structured frameworks such as 2X2 matrices. 	<ul style="list-style-type: none"> - Employing technologies such as projective techniques to enable subconscious understandings to manifest. - Various types of materials used, such as toy construction materials, drawings, and clay.
<i>Moving</i>	<ul style="list-style-type: none"> - Creating solution ideas, or moves. - Developing preliminary ideas about solutions very early on. - Distinguishing between lateral and vertical moves. 	<ul style="list-style-type: none"> - Strategic frameworks used imply corresponding evaluations and solutions. - Scenario development a possibility. - Higher likelihood of lateral moves (incremental ideas) and me-too strategies emerging. 	<ul style="list-style-type: none"> - Potential solutions emerge throughout design process. - Social processes associated with effective realization of solutions occur through design process. - Higher likelihood of vertical moves (novel ideas) emerging.

Bringing problems and solutions together

- Seeing problem and solution as interconnected and not imposing a linear order.
- Briefing as a continuous element.
- Developing parallel lines of thought about the problem—solution situation.
- Maintaining a sense of ambiguity and not getting too concerned about the one silver bullet.
- Dominant, pre-existing understandings and rationalist frameworks foster sequential, linear, discrete-terms thinking.
- Briefing occurs as initial step.
- Parallel lines of thought often considered inefficient.
- Ambiguity seen as barrier to effective solutions.
- Designs interweave perceptions of issues as well as potential avenues for solutions.
- Briefing as making sense of the issues occurs on a continuous basis.
- Process allows for maintenance of ambiguity and encourages parallel lines of thinking.

Evaluating

- Judging and selecting among alternatives where no universally accepted metrics exist.
- Integrating objective/ technical as well as subjective/ aesthetic judgments.
- Temporarily suspending judgment to maintain creative flow.
- Decisions ideally based on objective metrics (e.g. projected return on investment and profitability impact).
- Aesthetic judgment seen as barrier to rational decision-making.
- Judgment disguised as decision; deeper assumptions not externalized.
- Privileging non-metric, holistic, divergent thinking.
- Encouraging aesthetic judgment.
- Design process as emergent storytelling enables suspension of judgment until decoding phase.

Reflecting

- Reflecting in action.
- Reflecting on action.
- Collecting precedents and references to aid design process.
- Developing and challenging a philosophy and guiding principles of design.
- Reflecting in action as far as allowed by strategic frameworks used.
- Reflecting on action (on strategy process) unusual.
- Benchmarking provides relative referencing.
- Guiding principles and philosophy of strategizing taken for granted and rarely explicated.
- Reflecting in action enabled by emergent design process.
- Reflecting on action enabled in decoding phase and by facilitators concerned with improving the process.
- Individuals' ideas and guiding principles embodied in strategic narratives as manifested in designs.

strategizing through embodied metaphors (a mode of playful design); in this way highlighting how these strategizing modes differ.

Fostering strategizing out of the box: outlining the playful practice of crafting embodied metaphors

How can we realize the creative strategizing process outlined above? Crafting embodied metaphors is a technique that combines a facilitated playful mode of interaction with the emergent, group-oriented design of three-dimensional models for strategic sensemaking. In other words, individuals explore their strategic issues through a joint process of sensemaking that involves the design of real artifacts that are metaphors in the flesh. These designs are in effect collective narratives telling stories that become explicit when the structures are decoded and made sense of by the group that built them, through a process of facilitation.

As developmental psychologist Jean Piaget (Piaget and Inhelder, 1972) observed, human beings begin to make sense of the world by using their hands. Thus, we initially literally “grasp” the world through “manipulating” objects in the physical environment around us. While most tasks in our professional lives focus on rational, conceptual, cognitive functions, some professional disciplines still draw on this fundamental human capacity in their everyday practices. For instance, designers and architects use prototypes to externalize, represent and probe their ideas and thoughts. These three-dimensional objects are created through a variety of media including drawings, computer models or tangible three-dimensional entities, and are not simply outcomes of an abstract thought process but are seen as avenues for engaging in iterative sensemaking about the representations and ideas they embody.

In this respect, the practice of crafting embodied metaphors in strategy is reminiscent of an ancient craft of strategizing, that also drew on three-dimensional artefacts. In the eighteenth and nineteenth

centuries so-called relief maps were widely used by military strategists. These maps provided a bird's-eye view of the territory – a novel and holistic perspective to strategists at that time. Embodied metaphors reintroduce this bird's-eye view to strategy by providing strategists with the opportunity to conceptually and physically construct and interrelate strategic elements deemed relevant to their situation in a synthetic, integrative manner. What distinguishes these ancient relief maps from the process of crafting embodied metaphors, though, is that in the latter practice, instead of reading a prefabricated map, participants actively and collectively create a representation of the strategic territory, that is then available for further debate, decoding, and development of action implications. As Weick (1990) observed, the strategic map as an artifact in itself may be at least as important to processes of strategizing as the actual degree of accuracy of territory representation, because it provides an interpretive hook and urges an action orientation. The process of crafting embodied metaphors provides a prime example of a strategic practice in which strategists read (interpret) a strategic map while writing (constructing) it, in the process enriching, challenging, and potentially changing their mental maps and understandings of the situations that these embodied maps represent.

Playing seriously with strategy

There is one human activity, neglected so far by most strategists, that is messy, ambiguous, subjective and not strictly rational: play. Developmental psychology and anthropology have shown that in every phase of human development, play facilitates the development of cognitive, interpretive skills and engenders an emotional sense of fulfillment (Sutton-Smith, 1997). Play is inherently group or community-oriented, contributing to the development of a shared language, identity, and social practices (Huizinga, 1950). It provides a safe and conducive environment to surface, debate, and diffuse assumptions

and ideas, its potency and energy deriving from the imaginative, fresh and experimental nature of these ideas and the play context itself.

Engaging senior managers in play to develop shared views of what the company is about, what the competitors might do, how the industry is evolving, and even to spark novel strategic directions has until recently been unthinkable. Many leaders are skeptical of play as an activity that can add value to strategic thinking – therefore forfeiting the opportunity to gain from the kind of insightful nuggets, shared learning, and creative strategizing that can arise from play. Yet, enlightened organizations and strategic leaders are beginning to understand the value of playing with serious intent (Jacobs and Heracleous, 2005, 2006).

How can such play be orchestrated with maximum impact? One way that has proved fruitful is to engage senior management teams of multinational companies in using three-dimensional objects to develop shared representations of their company and its competitive landscape. The process involves inviting participants to individually, and then collectively, build representations or models of their organization, its competitive landscape including key stakeholders, and the perceived relations among these elements (Buergi, Jacobs and Roos, 2005). The results are complex and imaginative structures that are arrived at after considerable, energetic, intellectually demanding, and often heated debate.

These “embodied metaphors,” as we call them, are earnestly constructed, compared, and decoded by the participants. We call these constructions embodied metaphors for two main reasons. First, they are constructed through engaging the body, our physical mode of existence, in a process that involves a very real, direct relationship between the participants and their constructions. These are not ready-made metaphors that are pre-existing in individual participants’ cognitive repertoires, but metaphors that are gradually constructed in a shared, interactive, iterative fashion. Secondly, these constructions are not simply language-based metaphors, or spatially based ones such

as maps or matrices, but are tangible entities extending into three-dimensional space; they are metaphors in the flesh that are simultaneously constructed and interpreted. They can be touched, moved, and examined from various angles, and are pregnant with meaning, that builds up and manifests in both the construction process and subsequent debates.

Such sessions can effectively combine the serious issue of strategizing with the highly dialogical and imagery-rich process of playful sensemaking. Almost all participants find such sessions demanding, involving, energizing, and almost invariably insightful. We observe enormous amounts of motivation and group bonding of managers whose relationships may be less than close to start with, and subsequently within the organization the use of the insights that may be emotionally, politically or cognitively uncomfortable, but usually are very valuable. While the process of these sessions is intended to be light-hearted and playful, their outcomes and consequences are both serious and relevant.

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