

# Looking Down on Corporate Strategy

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August 2006

Learning from past experiences in order to improve future actions is an important characteristic of human nature. People are constantly searching for "silver bullets" to help them successfully solve problems. They are perpetually on the lookout for formulas for success that are universally valid, regardless of time, location, or situation. Obviously, the world of business makes no exception.

Achieving and sustaining success in business is something that has always preoccupied practitioners and academics alike. After formulas for success were developed for processes and departments (i.e., the assembly line), it was natural to start looking at the organization as a whole. Consequently, in the early nineteen sixties, the concept of strategy in business began to emerge. Borrowed from the military body of knowledge due to historic circumstances, the concept of strategy was initially intended to 1) mobilize the company, having all departments "pull" in the same direction, and 2) make the most of its available resources, which, due to a less-diversified typical company at the time, was easily translated into finding a favorable match between its resources and its business environment.

Over time, as more offerings became commodities and more companies were faced with increased competition, the term "corporate strategy" seemed to make perfect sense. Few, if any, would question its usage. Ironically though, while the term's validation got stronger with the passage of time, the concept itself became increasingly unfit for the realities of the evolving business world. The best evidence supporting this claim is offered by the emergence of the concept of the business model in the nineteen nineties. Although focused more on the operational side of business, like strategy, the concept of the business model is also intended to describe/prescribe the essence of enduring corporate success. However, its increasing popularity points to a mounting dissatisfaction with the effectiveness of corporate strategy.

Surprisingly, the root cause for the current situation originates in a widespread lack of perspective. Under the strong influence of strategy's military heritage, most of the research is based on a limited, insider view of corporate strategy. It is what we call the "general's view," or the answer to the question "What should the CEO do?" As a result, strategy tends to be seen as a tool owned by the top management team, which is usually materialized in a plan (with corporate objectives) or a position (relative to competition). Encouraged by the executives' limited tenure as well, this approach focuses on a limited time horizon, which in a very dynamic environment like the one we live in can render corporate strategy irrelevant. So, where is the problem?

The first culprit is a generalized lack of historical perspective. Most practitioners and academics have "forgotten" that the strategy of the firm as a concept was strongly shaped at its inception by the circumstances of the time. (It is difficult to talk about a formula for success without addressing the

problems of the day.) Strategy's primary intent was not to set up corporate objectives, but to bring the organization together. It was also not to defeat the competition, but to find a place within the environment, where available resources would generate the most results. In short, there is a general tendency to ignore the fact that these interpretations were just choices that made the most sense in a war-scarred society abounding with military officers, one of the few occupations to combine both education and leadership.

More important though is the second culprit. Although few researchers inquire about the initial intent of strategy of the firm, it seems that even fewer question why we needed the concept of strategy in the first place. This is an important question because its answer reveals what should have been obvious all along. The concept of strategy is in fact the latest materialization of the business community's search for a universal formula for enduring corporate success. At the very minimum, this acknowledgement could have offered a better direction for the plethora of misguided research initiatives performed over the years. As a rule of thumb, when searching for universality, it is far more effective to look for fixed points on which to anchor the theory than looking for metaphors and analogies with other branches of knowledge.

In conclusion, in order to advance the field of corporate strategy, or better yet, in order to advance the search for a universal formula for enduring corporate success, it is imperative to use a broader perspective and start asking two simple questions:

- 1) What would corporate strategy be if the concept would have emerged not two decades after a world war, but five or more?
- 2) Assuming that there was never a concept of corporate strategy, what would a new concept serving the same purpose (finding a formula for enduring success) be like?

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