

Strategy_Formulation

The design school: reconsidering the basic premises of strategic management Henry Mintzberg

The 'design school' of strategic management, focuses on a non-complex model that perceives the process of strategic formation as a design process to reach a balance between internal distinctive competence and external threat and opportunity.

The design school represents the most influential view of the strategy-formation process. In the words of this school's best-known advocates: "Economic strategy will be seen as the match between qualifications and opportunity that positions a firm in its environment" (Christensen, Andrews, Bower, Hamermesh, and Porter in the Harvard policy textbook, 1982:164).

The "design planner" is an expert at anticipating, with the help of strategic planning's analytical techniques, what future business environments will be like, and at creating appropriate product-market strategies which fit with the environmental opportunities and threats facing the organization and its resource strengths and weaknesses.

The "design planner" formulates clear and simple strategies and communicates them to the staff so that everyone can implement them. Strategy formation therefore should be a conscious, informal and controlled process of thought.

Richard Rumelt (1997), has provided the best framework for how strategy formation should be:

Consistent: The strategy must not present mutually inconsistent goals and policies.

Consonant: The strategy must represent an adaptive response to the external environment and to the critical changes occurring within it.

Advantageous: The strategy must provide for the creation of an advantage in the selected area of activity.

Feasible: The strategy must neither overtax available resources nor create unsolvable sub problems.

Main premises of the Design School:

1. Strategy formation should be a deliberate process of conscious thought.
2. Responsibility for that control and consciousness must rest with the chief executive officer: that person is the strategist.
3. The model of strategy formation must be kept simple and informal.
4. Strategies should be one of a kind: the best ones result from a process of individualized design.
5. The design process is complete when strategies appear fully formulated as perspective.
6. These strategies should be explicit, so they have to be kept simple.
7. Can these strategies then be implemented?

Critique of the Design School There are several criticisms on the design school of thought on its reliability and validity. The author has counteracted with these criticisms and explained that it is based on assumptions, which are misleading, as the concept propagated by design school was over simplified and restricted in application.

Strategy_Formulation

A strategy that locates an organization in a niche can narrow its own perspective. This seems to have happened to the design school itself with regard to strategy formation.

The premises of the model deny certain important aspects of strategy formation, including incremental development and emergent strategy, the influence of existing structure on strategy, and the full participation of actors other than the chief executive.

Main critics of design school:

1. The school's promotion of thought independent of action, strategy formation above all as a process of conception rather than one of learning.
2. The school promotes that structure should be determined by strategy, but the past counts! It must be an integrated system.
3. Explicit strategies are binders designed to focus direction and so to block out peripheral vision; it promotes inflexibility.
4. The school promotes the formulation-implementation dichotomy and encourages leaders to oversimplify strategy.

Applications of Design School of Thought:

The design school model would seem to apply best at the junction of a major shift for an organization, coming out of a period of changing circumstances and into one of stability. Of course, a clever new management might also wish to impose a better strategy on an organization whose circumstances have not changed.

There is another context where the design school model might apply, and that is the new organization, since it must have a clear sense of direction in order to compete with its more established rivals (or else position itself in a niche free of their direct influence). This period of initial conception of strategy is, of course, often the consequence of an entrepreneur with a vision, the person who created the organization in the first place. And that really brings us closer to the entrepreneurial school (which, as we shall see, favors a less formal, more "intuitive" process).

The design school's major contribution is that it has developed important vocabulary by which to discuss grand strategy and has provided the central notion that strategy represents a fundamental fit between external opportunity and internal capability; an "informing idea".