International Journal of Research Publication and Reviews

Strategy Analysis: Design and Learning Schools Comparisons

Dr. Giselle A. Castillo, PhD

Higher Education Advocate, Faulty, Leadership Subject Matter Expert, and Researcher

ABSTRACT

Mintzberg, Ahlstrand, and Lampel (2005) introduce 10 Schools of Thought and Strategy in their book *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*. The Design and Learning schools of strategy are selected to be analyzed across three dimensions of strategic thinking: root, content and process, and contextual. Second, risk, uncertainty, market structure influences, and fast-environments will be evaluated. Additionally, a comparison and contrast of both the design and learning schools is addressed.

Keywords: Strategy Analysis; Design and Learning Schools; Organization; Management; SWOT Analysis

Introduction

In the article *Perspectives in Strategic Management*, Valbhav Shekhar (2009) offers a straightforward critique of Mintzberg, Ahlstrand, and Lampel (2005) *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*. Shekhar (2009) indicates that researchers in strategic management have tried to categorize various streams of thought in this field into few groups for better assimilation. Shekhar (2009) adds that Mintzberg et al., book is one of few that focus exclusively on strategic thinking dated back to the 1960s. Countless articles have been written about the design and learning schools and how organizations today attempt to create and incorporate these strategy formations (Van Stone, 2009). These concerns of organizational strategy formations are heightened by an organizations global market structure and the environment in which they operate.

For the purpose of this research an analysis of the Design and Learning Schools will be conducted. As comparisons and contrasts of the design and learning schools are conducted, it is evident that both are very compelling schools. Further research will point that their individual strategic thinking processes differ. The three measurements to compare both schools will be root, content and process, and contextual strategic thinking. Furthermore, an evaluation of how each of the two schools views and deals with risk, uncertainty, market structure influences, and fast-environments will be reviewed.

The Design School

According to Mintzberg, Ahlstrand, and Lampel (2005) the design school proposes a model of strategy making that seeks to attain a match, or fit, between internal capabilities, and external possibilities. Such matches between capabilities and possibilities are ascertained by identifying an organizations strengths and weaknesses to later determine all relevant opportunities and treats the organization may encounter. The primary focus of the design school is to overlook its internal and external expectations, by exposing any treats and opportunities that the environment can set forth, moreover distinguishing the strengths and weaknesses of an organization. The design school exposes this information by implementing a Strengths, Weaknesses, Treat, and Opportunity (SWOT) analysis.

Design School Strategic Thinking Dimensions

Root

In *Strategy Safari* Mintzberg, Ahlstrand, and Lampel (2005) utilize metaphors to describe each of the schools. The design school is portrayed as a spider; a spider that solitary figures so carefully how to design its web, it is perceived as being strong enough to exploit its distinctive competences. Concurrently, the design school is described as "where strategy appears as some kind of immaculate conception" (p. 364). The conception/origin of the school is believed to

have emerged from early writings by Philip Selznick (1957) were he believed that "commitments to ways of acting and responding are built into the organization" Additional writings by Andrews (1971) were he notes internal appraisal's such as "the difficulties for organizations as well as for individuals to know themselves" were great indicators and influencers in establishing the makings of the design school. From the beginning of its existence, the basis of the design school is to promote thinking, and strategy making as case study by utilizing SWOT analysis. The use of the SWOT analysis tool helps to look at the internal and external threats; this is accomplished through simultaneous examination of its environment. This then establishes the core success factors (external) and competencies (internal) of formulation and implementation (Mintzberg et al., 2005).

Content and process

The design school's subject matter discusses planned perspectives, by utilizing unique, simple, informal context. Mintzberg, Ahlstrand, and Lampel (2005) describe the central actor in this school as being the chief executive; he or she is viewed as the "architect" (p. 356) in an organization. Furthermore, the central actor oversees the organization in a judgmental and hypercritical manner, one that deals directly with the environment by incorporating consideration, assessment, and judgment supported by analysis (Mintzberg et al., 2005).

Contextual

The contextual dimensions of the design school elaborate on the fact that social and stable backgrounds are the best environmental match. Moreover, a formalized structure is appropriate when dealing with the form of organization the design school fits best in.

Risk

There will always be risks associated with design, and strategic thinking. The purpose of risk management is to ensure levels of risk and uncertainty are suitably managed so that the project is successfully completed. According to Weitzner and Darroch, (2010), integrating risks has become a necessary complement to the strategic planning process and the one that is the most appropriate for calculating the risk structure of strategic decisions (p.363). The risk factor that most affects the design school is the "Separation of formulation from implementation: detaching thinking from acting. The formulation-implementation dichotomy is central to the design school-whether taken as a tight model or a loose framework." (Mintzberg, Ahlstrand & Lampel, 2005, p.36). Mintzberg (1989) also addresses the fact that the basic design school model views strategy as an end to its means of process, the strategy formulation is viewed as a thinking process (formulation) whereas the actual execution (implementation) of the strategy is oftentimes overlooked.

Uncertainty

Perhaps more then ever, organizational decision-makers are seeking ways to manage uncertainty and direct their organizations through difficult and challenging times (Chermack & Kasshanna, 2007). Additionally, Chermack and Kasshanna (2007) note that many tools exist in the strategic management literature that are intended to help decision-makers accomplish their goals of fewer surprises, through difficult market changes and fluctuations. The design school heavily resorts to the use of the SWOT analysis to manage uncertainty. According to Barney (1995), SWOT is a simple framework that points to the importance of external and internal forces for the purpose of understanding the sources of competitive advantage. Mintzberg, Ahlstrand, and Lampel (2005) elaborate that the design school is characterized as being "more concerned with how the strategies should be formulated rather than with how they necessarily do form."

Market Structure Influence

Mintzberg, Ahlstrand, and Lampel (2005) note that structure follows strategy. The design school strategy market structure is established by implementation of the SWOT analysis. The school characterizes a crucial influential view of strategy formation weighing out its odds by revealing threats and opportunities, all the meanwhile analyzing the internal and external components to unveil its strengths and weaknesses goals within an organization. Chandler (1962) points out that the structure should follow strategy and be determined by it. Structure may be malleable, but it cannot be altered at will just because a leader conceived a new strategy (p. 35), As Chandler (1962) believes once structure follows strategy a successful SWOT analysis could result in offering a problem-solving alternative for a fast environment change, relatively leaving little availability for uncertainty and vulnerability.

Approach of fast-moving Environments

Mintzberg, Ahlstrand, and Lampel (2005) believe that the approach of fast-moving environments causes some tension between formulation and implementation, which lies a set of very ambitious assumptions: first, environments can always be understood, currently and for a period well into the future (p. 41): second, the environment, is sufficiently stable, or at least predictable, to ensure that the formulated strategies today will remain viable after implementation. Ideally, in an unstable or complex environment, this distinction has to be collapsed; the "formulator" has to be the "implementer," or vice versa (Mintzberg et al., 2005, p.41). When formulating or implementing, the design school researches both the internal and external threats by evaluating its environment using the SWOT analysis. The analysis is then able to point out key success factors that are both external and internal to meet competences.

The Learning School

The learning school, as defined by Mintzberg, Ahlstrand, and Lampel (2005) is where strategies emerge as people, sometimes acting individually but more often collectively, come to learn about a situation as well as their organization's capability of dealing with it. Furthermore, Mintzberg et al., (2005) found that the key to the learning school is its foundation in description rather than prescription. Its proponents keep asking the simple but important question: how do strategies *actually* form in organizations? Not how are they formulated, but how do they form.

Learning School Strategic Thinking Dimensions

Roots

In *Strategy Safari,* Mintzberg, Ahlstrand, and Lampel (2005) describe and portray the learning school as a monkey: monkeys leaping in and out of trees, playful and adaptive, responding to what each other picked up- learning form one another. The origin of the school dates back to the late 1950s through 1960s, with important literature written by Cyert and March (1963), were discussions of learning as it is applied to behavior theory took place. For the most part, the literature associated with this school looks at learning from a process point of view, with its main focus on the management of change rather than on strategy per se (Mintzberg et al., 2005). The basis of the learning school is to promote learning, by way of experimentation, hence Mintzberg et al. quote "If at first you don't succeed, try again" (p. 355).

Content and process

The learning schools subject matter discusses that learning should stop before acting begins. If one wants to diversify, analyzing the strengths and weaknesses of the potential market patterns and trends should be considered. Mintzberg, Ahlstrand, and Lampel (2005) describe the central actor(s) in this school as being the learners; furthermore, the central actor oversees the organization in an emergent and informal manner, one that deals directly with the environment by being elaborate (p.359).

Contextual

The contextual dimensions of the learning school expand on the complex and dynamic response to situations by providing best environmental counterparts. What is more, a professional and decentralized structure is suitable when dealing with the form of organization the learning school fits best in.

Risk

Opposite to the other schools were specific aspects of strategy was questioned. Mintzberg, Ahlstrand, and Lampel (2005) alerts that the learning school set up a disturbing debate within the field of strategic management: questioning *who* the architect of strategy and *where* in the organization does strategy formation actually take place. It is thought that when strategy is unsuccessful finger pointing occurs. Additionally, strategic venturing purposes risk in the learning school structure. This is often seen when organizations continue to venture and develop innovate services past their growing periods; do to unforeseen trends being measured. The notion of "venturing" seem to sit squarely in the learning school, with regard to both the learning process itself and the role it's multiple actors play (p. 188). Van Stone (2009) cites Alessandri (2008) contention that risk is one of the fundamental factors that impinge on an organization's strategic decision process. "Perceived risk and the organizational context can lead to differing approaches to making decisions...organizational and learning factors appear to play significant roles in risky choices" (p. 199). The risk of internal venturing can terminate strategic implementation, this falls true if "One is emergent strategy and the other is retrospective sense making." (Mintzberg et al., 2005, p. 188).

Uncertainty

Uncertainty cannot be planned within any of the school of strategy, as with experimentation which is a core component in the learning school, outcomes are never guaranteed. The learning school has its own reservations on how to deal with uncertainty. Karl Weick (1995) argues that management is inextricably bound up with the process of imposing sense on experience. He states that things are tried, consequences are seen, explanations are given (Mintzberg, Ahlstrand & Lampel (2005) citing Weick, p. 195) but, uncertainty remains constant.

Smith and Merritt (2002) observe that when one manages risk, one always deals with uncertainties. A risk may or may not happen, and this is not evident until the risk occurs. In the process of experimenting such as in the learning school one can attempt to narrow uncertainty by:

- clarifying the probability of occurrence of the risk

- understanding the consequences or alternatives if the risk even happens, and
- determining what drives the risk, e.g., the factors that influence its magnitude or likelihood of occurrence.

There is however an important consequence of inherent uncertainty: no matter how well you execute risk management, some risk events still occur. The uncertainty can never be completely eliminated, only reduced to a degree that one find tolerable. Uncertainty is not guaranteed (Smith & Merritt, 2002, p.5).

Market Structure Influence

The learning school's market structure influence differs from that of the design school which is focused and established by implementation of the SWOT analysis. The learning school pays attention to what does and does not work over time. The learning school pays attention to what does and does not work over periods of time. The learning school is flexible and can be adapted to emergent and complex market structures. Ideally, the school emphasizes on understanding the nature of knowledge over time and incorporates lessons learned to an overall plan of action (strategy). The learning school market structure is dependent on the market in which an organization operates. Organizations that closely correspond with their environmental requirements survive, while organizations that do not fit disappear (Van Stone, 2009). Ideally, appreciation of knowledge, as it provides a framework for management serves to better equip an organization with their environment. In identifying the actions that contribute to an organizations problems the learning school utilizes Nonaka and Takeuchi (1995) SECI Knowledge creation Model, what Mintzberg, Ahlstrand, and Lampel (2005) refer to as the "four modes of knowledge conversion" (p. 211). This model assists synthesizing the tacit knowledge of personnel, emphasizing that "Organizational learning is the process of change in individuals and shared thought of action, which is affected by and embedded in the institutions of the organizational structure" (p. 212).

Approach of fast-moving Environments

When considering the learning school of strategy and its approach of fast-moving environments one can conclude that the school offers a solution to deal with complexity and unpredictability in strategy formation. The learning school holds the ability to disseminate information so that more people can learn, as opposed to only one person learning. This provides for an emergent perspective, and unlimited strength in organizations. Learning is invaluable, there can be a time to learn and a time to exploit previous learning (Mintzberg, Ahlstrand, and Lampel (2005). This in turn can also be limiting, because it could lead to no strategy formation whatsoever. Learning approaches have come into great prominence too, especially under the guise of the "learning organization" and "core competence" (p. 352) which provide for unpredictable environments.

Compare and Contrast of the Schools

Organizations pursue strategies for the purpose of consistency, in order to achieve such consistency, one must realize and understand that strategic learning is a never-ending process (Mintzberg, Ahlstrand, and Lampel, 2005, p.364) the design school is foreseen as some kind of immaculate concept were two strategy processes are used. The process compares an organization's internal strengths and weaknesses to its environment threats and opportunities. In contrast, the learning school permits change that is incremental, as strategists come to know a complex situation through experimentation. (Mintzberg et al., 2005, p. 364) a balance is maintained in the learning school, which suggests that strategies cope with difficult world by learning over time. The design schools thought that individual learning has to come to an end before organizational action can begin (p.43).

The learning school adds that all strategies are the product of idiosyncratic adaptive processes. The design school claims that strategies are unique because they are created in a personalized process of design (even though this school refers repeatedly to the "choice" of strategy (p.362).

Essentially the three prescriptive schools aggressively promote deliberateness (p. 363) the learning school dismisses the deliberate in favor of the emergent (p.363). However, no real world strategy can be purely deliberate or purely emergent, since one precludes learning while the other precludes control (p. 363). Intuitively; at one extreme we have the "him or her" of the design school; at the other extreme, the "them" of the learning school.

Conclusion

According to Mintzberg, Ahlstrand, and Lampel (2005), strategy formation is:

> *…judgmental designing, intuitive, visioning, and emergent learning: it is about transformation as well as perpetuation; it must involve individual cognition and social interaction, cooperation as well as conflict; it has to include analyzing before and programming after as well as negotiating; and all of this must be in response to what can be demanding environment (p. 372 - 373).*

Strategy formations are dive rived from ten schools of thought (Mintzberg, Ahlstrand, and Lampel (2005). Organizations that assume the challenges of implementing strategies will achieve growth, attain competitive advantage, and find themselves becoming strategic leaders in the midst of global competitors. The analysis of the design and learning Schools determined how each creates and incorporates strategy formation within organizations. Organizational strategy formations are affected by risk, uncertainty, market structures, and the environments in which organizations operate. Many organizations adapt to their environments by adhering to processes and procedures that assist to evaluate and determine both internal and external factors that can reap optimal benefits when formulating strategies that will enhance performance throughout the organization.

REFERENCES

Alessandri, T.(2008). Risk and procedural rationality: a behavioral theory perspective. Journal of Strategy and Management, 1(2), 198-217. Retrieved February 25, 2010, from Business Source Complete Database.

Andrews, K. (1971). The concept of corporate strategy. (3rd edition, 1990), Homewood, IL: Irwin.

Barney, J. (1995) Looking inside for competitive advantage. *The Academy of Management Executive*, 4, pp. 49-61

Chandler, A.D., Jr. (1962). *Strategy and Structure: Chapters in the History of the Industrial Enterprise.* Cambridge, MA: MIT Press.

Chermack, T., & Kasshanna, B. (2007). The Use and Misuse of SWOT Analysis and Implications for HRD Professionals. *Human Resource Development International*, *10*(4), 383-399. doi:10.1080/13678860701718760.

Kliem, R.L., & Ludin, I.S. (1997). Reducing Project Risk. Gower

Mintzberg, H., Ahlstrand, B., & Lampel, J. (2005). *Strategy safari: A guided tour through the wilds of strategic management.* New York: Free Press

Mintzberg, H. (1989). *Mintzberg on Management: Inside Our Strange World of Organizations* (New York: Free Press).

Nonaka, I., & Takeuchi, H. (1995). *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation* (New York: Oxford University Press).

Selznick, P. (1957). *Leadership in Administration: A Sociological Interpretation*. Evanston, IL: Row & Peterson.

Shekhar, V. (2009). Perspectives in Strategic Management. *ICFAI Journal of Business Strategy*, *6*(2), 43-55. Retrieved from Business Source Complete database.

Smith, P.G., & Merritt, G.M. (2002). *Proactive Risk Management: Controlling Uncertainty in Product Development.* New York, NY: Productivity Press.

Van Stone, W. (2009, October 2). Strategy Analysis. Message posted to http://proquest.umi.com.ezproxy.apollolibrary.com/pqdweb?SQ=Strategy+Analysis&DBId=21667&date

Weick, K.E. (1995) *Sensemaking in Organizations* (Thousand Oaks, CA: Sage Publications).

Weitzner, D., & Darroch, J. (2010). The Limits of Strategic Rationality: Ethics, Enterprise Risk Management, and Governance. *Journal of Business Ethics*, *92*(3), 361-372. doi:10.1007/s10551-009-0159-0.