

A New Idea on Enterprise Development Strategy Research based on Systemic Metaphors and its Application

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Abstract

In late last year the Post Office of Guangdong (GD) province (China) needed to make a new enterprise development strategy because of the intense competition situation in the post market. On the basis of systemic metaphors we first present a new idea for the research on enterprise strategies, i.e. to choose the proper methodology of strategy research schools.

In accordance with this idea, we choose the methodology of Positioning school to research the development strategy for GD Post Office. Based on this methodology, we integrate Porter's model of five competitive forces [1981] with his method of industry scenarios analysis [1985] and hence present a new framework for competition strategy research that consists of two phases: competitive situation analysis and competition strategy formation.

Moreover, in the phase of competitive situation analysis we embedded M. Chen's model of competitive rivalry [1996] into Porter's model of five competitive forces to classify the competition rivals. Results of the rivals' classification are directly introduced into the industry scenarios analysis in the second phase to form the competition strategy.

Keywords: systemic metaphor; strategy research schools; Guangdong Post Office

Introduction

Recently the Post Office of Guangdong (GD) province of China crucially needed to work out a new development strategy because of the following reasons. Firstly, traditional post products are facing tough competition from modern substitutes which grow up accompanying with the progress of technology and the change of the ways in which people communicate. Secondly, a lot of privately-owned enterprises, having some advantages over the government-owned post office, grow up under the reform-and-open-up policy of Chinese government and gradually invade the Post Office's domain so that make the post market more competitive. Thirdly, after China joined the WTO, some foreign enterprises entered China's post market, bringing their

advanced management ideas and styles, and are a significant new competitor in the market. These entire let GD Post Office face a new situation of competition.

Authors of this paper undertook the task of helping the Post Office to work out the development strategy. One of the first things to do is to choose a methodology of strategy research schools that most suitable to fulfill this task. However, according to M.H. Mintzberg’s classification, there are as many as 10 schools of strategy research methodologies. They are respectively the Schools of Design, Planning, Positioning, Entrepreneurial, Cognitive, Learning, Power, Cultural, Environmental and Configuration.

On the basis of systemic metaphors, we produce a new idea to research the enterprise development strategy.

In accordance with this idea, we choose the methodology of the Positioning school to research GD Post Office's current development strategy, i.e., its competition strategy, and present an integrated framework for competition strategy research.

The New Idea on Enterprise Development Strategy Research based on Systemic Metaphors

The new idea on enterprise strategy research based on systemic metaphors can be illustrated as in Figure 1.

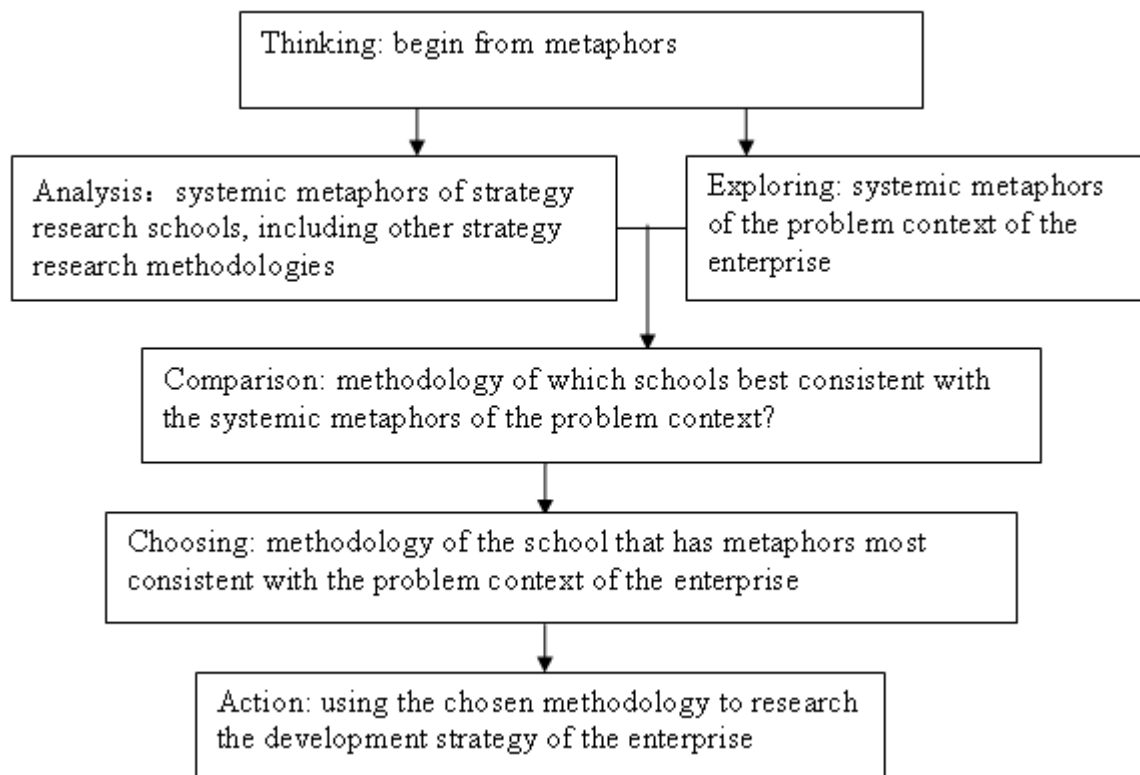


Fig.1. The new idea on development strategy research based on systemic metaphors

1) Thinking: begin from metaphors

The metaphor, expressing a concept by another concept, is the meta-paradigm of human's thinking. People use systemic metaphors to make systems thinking to problem contexts of enterprises or other organizations. Flood and Jackson [1991] pointed out that there are 5 popularly used systemic metaphors, these are machine metaphor, organic metaphor, neurocybernetic metaphor, culture metaphor and political metaphor. Later (1995), in his book "Solving Problem Solving", Flood abandoned the set of metaphors in favor of an exploratory process that draws out the metaphors already existing in people's dialogue - not just those confined to machine, neurocybernetic, etc.

2) Analysis: systemic metaphors of strategy research schools

Since people think about the world by metaphors, the methodologies of strategy research schools as the results of thinking should have their metaphors as assumptions. Furthermore, an enterprise is often regarded as a system, so these metaphors should be systemic metaphors. Therefore, in this paper we first analyze the systemic metaphors of all the schools. The result of analysis is listed as follows, every school's name followed by its corresponding metaphor. Design and Planning: machine metaphor; Positioning, especially the idea of industry scenario: mainly the organic metaphor and also some idea of machine metaphor; Entrepreneurial: neurocybernetic metaphor (intuition); Cognitive: neurocybernetic metaphor (cognitive process); Learning: neurocybernetic metaphor (learning, emergency); Power: political metaphor; Cultural: culture metaphor; Environmental: organic metaphor.

Methodologies other than those listed above may be considered in the strategy research and then the researcher should analyze the systemic metaphors that are implied in these methodologies.

3) Exploring systemic metaphors of the problem context of the enterprise

Systemic metaphors of the problem context should not be decided by analyzers. Instead, they should be produced from the perception of the enterprise staff. We can organize meetings for relevant people to discuss the problem context and explore systemic metaphors used by them from the discussions. Afterwards, we need to verify the metaphors by submitting questionnaires to the people who are in the problem context.

4) Choosing: strategy research methodologies

The purpose of choosing strategy research methodologies is to produce a proper development strategy for the enterprise to face its problem context. Therefore problem context of the enterprise is the foundation of choosing the strategy research methodology. On the other hand, we consider metaphors the tool for thinking about the relation of problem context and methodologies. Metaphor is the bridge that connects the specific context with the corresponding methodology. Therefore, we should make the comparison and choose the methodology that has the same systemic metaphor as the problem context. This is our principle of choosing strategy research methodologies.

5) Action: using the chosen methodology to research the development strategy for the enterprise

The Application to the Development Strategy Research for GD Post Office

On the basis of above-described idea we make the development strategy research for GD Post Office.

1) Choosing the Positioning School

Through many interviews, discussions and questionnaire-investigations, relevant staff members in the Post Office consider that the systemic metaphor of their problem context is principally the Organic. This is consistent with the metaphor of Positioning school, especially its idea about industry scenarios. So we choose methodology of this school to research the strategy for the Post Office. Positioning school, one of whose embodiments is M.E. Porter's theory, claims that it researches competition strategies and hence happens to meet the needs of GD Post Office to face the drastic competitive situation. So we think our choice is correct.

2) An integrated framework for competition strategy research

A new framework for the competition strategy research is presented in this paper. Based on theory of the Positioning school, we integrate Porter's model of five competitive forces [1980] and his industry scenario analysis [1985] and hence produce a model for competition strategy research that consists of two phases, i.e. "competition situation analysis" and "competition strategy formation". In the phase of competition situation analysis, we insert Chen's model of competitive rivalry [1996] into Porter's model of five competitive forces and then classify the competition rivals. So the integration is the feature of this research.

Our integrated framework is a consistent whole for the following reasons. First, the competition situation is analyzed by the five competitive forces; in the phase of competition strategy formation we still use the five competitive forces to produce the scenario variables. Second, the most important competition rivals identified in the first phase by Chen's model are directly introduced into the second phase of research.

The relation between deferent parts in the framework is shown as figure 2.

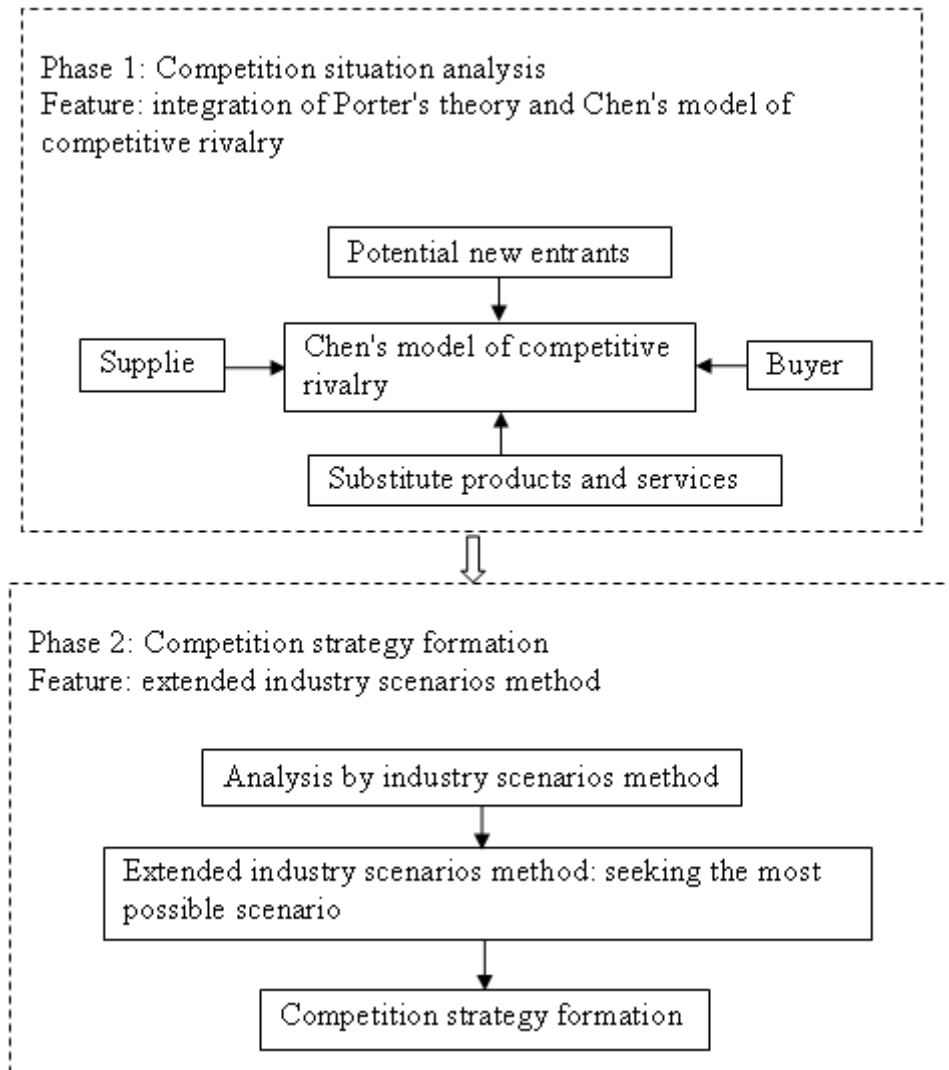


Fig.2. The integrated framework of competition strategy research for GD Post Office

3) Extended industry scenarios method

According to Porter theory, the competition strategy should be made for every possible industry scenario, especially the most possible scenarios. But it is somehow difficult to think which scenarios are most likely to occur. So we build up an AHP model to solve the possibility of occurrence of every scenario.

4) The case study

Based on the research framework described above, we research the competition strategy for four groups of important post products of GD Post Office, i.e., banking; express mailing and logistics; direct mail and philately; electronic post enterprises and press distributions. Afterwards we synthesize the research results of all the post products and form a comprehensive competition strategy.

Here we take one of the post products - direct mail - as the example to briefly show the research

process and results.

The competition situation analysis reveals that direct mail market in GD is non-matured and has a big potency of growth. At present GD Post is in an advantageous position in this market because of the favorite policy from the government. Its rivals are relatively weak but have potential possibilities to grow quickly to threaten GD Post's dominant position.

The direct mail of GD Post has three groups of rival in the market, i.e. commercial presswork manufacturing and delivery enterprises (group1), self-distribution newspaper groups (group2) and community delivery enterprises (group3). On the basis of detailed investigations and Chen's model of competitive rivalry the relative "resource similarity" and "market commonality" of the rivals versus the direct mail of GD Post is calculated. The results show the group1 and group2 have higher resource similarity and market commonality than group3 has. According to Chen's hypothesis on rivalry, from the angle of the direct mail GD Post, it is more likely to attack group3 than the other two groups.

Porter's industry scenarios method is referenced to analyze the development of the direct mail of GD post market and then correspondingly to draw up competition strategy. After analysis to the uncertain factors of the direct mail market we obtained the important scenarios variables. They are 1) degree of openness of the market; 2) social demand for direct mail; 3) degree of development of the substitutes; 4) The rivals' reaction to innovations.

On this basis the inner-consistency analysis is made and four typical scenarios of the industry are consequently constituted. Among them the most possible scenario is featured as "low degree of open, high degree of social demand, high degree of technological development". Behaviors of the most closely involved rivals are considered and then competition strategies under all the typical scenarios are produced. Especially, competition strategy under the most possible scenario is thoroughly researched.

Conclusion

In this paper we present a new idea for the strategy research based on systemic metaphors and an integrated framework for the competitive strategy analysis that are applied to the case study of the GD Post Office.

The case study proves the effectiveness of our new idea on the enterprise strategy research and the new integrated framework for competition strategy research.

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