

SYSTEMS THINKING FOR STRATEGIC DEVELOPMENT

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ABSTRACT

In this paper important ontological questions are raised about the strategic development process and related concepts, which should significantly affect how strategy is approached both in theory and in practice.

The dominant discourse on strategic development and management views the organization as possessing a brain and hence being capable of knowing its range of possible futures, making decisions and taking actions in the present to bring about the most desired state. By making this view of the organization problematic and not giving the ontological status ascribed to it by the traditional paradigm, we are required to look anew at the development and management of strategy. An alternative route, following Henderson and Heidegger, is to view the organization and authentic strategy as acts of individual will and social becoming based on the structures of attunement, standing, discourse and destiny. Since traditional forms of strategic management are not able to bring about the structures necessary to support the creation of authentic strategy or shared destiny, these are rejected in favour of a systems based approach. Espejo's concept of self-constructed organization recognizes that organizations are constituted by complex networks of ongoing interactions and it is proposed that in such organizations the strategic development process can be designed to enable reflective organizational stakeholder engagement and self-construction. An on-going project with an independent school foundation in the United Kingdom illustrates the use of the ideas in practice.

Keywords: Strategic management; strategic development; systems; ontology; self-constructed systems.

SHIFTING PERSPECTIVES ON STRATEGY

The literature on strategy is awash with definitions (see for example, Mintzberg, Lampel, Quinn and Ghoshal, 2003; Johnson and Scholes, 1999; Grant, 2002) hence it is important to establish clearly at the start of this paper what terms will be used. A widely recognised definition of strategy is that of "a course of action for achieving an organisation's purpose" (De Wit and Meyer, 2004); this definition will be taken as a starting point but will be subject to critical discussion later.

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The process that results in the production and implementation of a strategy has been referred to as strategic management. Normative models of strategic management are commonly regarded as following a process involving, in summary: establishing a mission, setting objectives, environmental scanning, identifying internal strengths and weaknesses, formulating alternative strategies, selecting a strategy, implementing a strategy, and controlling to ensure the strategy is achieved (Gintner, Rucks and Duncan, 1985). This planned, systematic view of the strategy process emphasises it being a tool of management control and this perspective contrasts starkly with the descriptive view of strategy as 'consistent patterns of action'. Mintzberg and Waters (1985) raised the interesting question of "How do strategies form in organizations?". In addressing this question and seeking a broader conception of strategy formulation than that associated with what the leaders of an organization plan to do in the future, they made clear the distinction between the ideal view of strategic planning (which they labeled 'intended strategy' that occurred through a deliberate process) and actual practice ('realized strategy' that occurred through an emergent process). They saw the two forms of strategy development as "the poles of a continuum along which we would expect real-world strategies to fall." (pp. 258-259).

In recognition that the term strategic planning had become 'debased' by association with 'deterministic plans suggesting rigidity in thinking about the future', Dyson, Bryant, Morecroft and O'Brien (2007) propose the term 'strategic development process' to refer to "the management processes that inform, shape and support the strategic decisions confronting an organisation." (p. 4). Dyson et al. outline a process (setting direction, creating strategic initiative, rehearsing strategy, and evaluating performance) that not only embodies key systems concepts (coping with variety, managing complexity, respecting intuition and taking notice of specificity) but also serves to clarify how Operational Research (OR) techniques can support strategic development. In terms of this paper, Dyson et al.'s work is important in recognising that the traditional view of strategy development is in some ways deficient, being based on the cybernetic control paradigm, and pointing towards Eden and Ackermann's (1998) view of strategy as 'a coherent set of individual discrete actions in support of a system of goals, and which are supported as a portfolio by a self-sustaining critical mass, or momentum of opinion in an organisation'. In making the individual-organisation distinction, Eden and Ackermann's approach to strategy appears to reflect a different ontology to that of De Wit and Meyer. The issue of ontology will be addressed in the next section.

THE ONTOLOGY OF STRATEGIC DEVELOPMENT

By questioning the notion that a group or organisation can take decisions, since it does not possess a brain, Henderson (2007) undermines the tendency in the literature on strategy to present the organisation as 'being capable of knowing its range of possible futures, making decisions and taking actions in the present to bring the most desired state about'. To label a collective of individuals 'a group/organization' and to associate certain

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abilities to that group is to ascribe a certain emergent property to it and to give that property an ontological status.

Making problematic the individual-organisation split leads Henderson (2007) to question “...why such individuals, even if organised in a network, would act and decide consistently in such a way as to create strategy.” (p. 133). Henderson’s question is an important one that can perhaps be answered through reference, as Dyson, Bryant, Morecroft and O’Brien (p. 8, 2007) do, to a quotation from Alice in Wonderland: ‘Would you tell me please which way I ought to go from here?’ said Alice. ‘That depends a good deal on where you want to get to’ said the Cat. ‘I don’t care much where’ said Alice. ‘Then it doesn’t matter which way you go’ said the Cat. Beyond a need for a sense of direction, there still arises the question of why this should be a shared need. This question is perhaps best answered by reference to the long-established systemic argument that more can be achieved collectively than individually.

If the deficiencies of the cybernetic control paradigm are taken as given, then how is the need to establish a common sense of direction best achieved?

Henderson further explores the individual-collective tension in viewing strategy as ‘an accumulation of individual choices in time’ based upon Heidegger’s ‘Being and Time’ (1996). Heidegger differentiates between inauthentic time and authentic time. In the former, attention might be paid towards producing and circulating the documents (charts, statistics and action plans) associated with strategy but “For Heidegger, such auditable properties of corporate strategy, and the preoccupation with representing time as events, timelines, speed and timeliness are inauthentic views of time, a deficient mode of concerned dwelling leading to an objectification of issues and problems. In such time it would be possible to run through (dream through) any number of strategic processes without any authentic engagement by individuals.” (Henderson, 2007, p. 140). Moreover, Henderson makes a strong association between the inauthentic view of time in strategic planning and the elicitation of strong emotions associated with the fear of ‘falling from past to present into the future’: “Much has been written on the role of moods and emotions in shaping strategy and perceptions...These studies are often framed in the context of an inauthentic view of time, that is to say that emotion causes the features of the environment to be seen as unduly hostile, the firm’s competences are thought of as particularly weak, or a particular strategic choice assessed over optimistically.” (Henderson, 2007, p. 140).

The view of strategic planning in inauthentic time contrasts starkly with that undertaken in authentic time in which the process of becoming or *dasein*, involving a personal ethic of ‘taking responsibility for one’s future’, is prominent. In authentic time, “individuals may reassess their current everydayness from past and future, and radically reassess their place in it. Such reassessments are frequently defective in some way, but without them it is not possible to make a stand – the conscious effort of an individual to throw himself, or herself into the future. This conscious effort of standing consists of interpreting the possibilities of one’s capabilities, the potentiality-for-being, and the temporal meaning of references in terms of purpose and uses of entities in a current worldhood.” (pp. 140-

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141). The shift from a focus on the individual to the communal takes place when ‘a number of individuals within a community at work develop a joint sense of heritage and means of enacting that can throw the community into the future’.

So, attunement (interpreting the possibilities of one’s capabilities with a sense of the temporal and current worldhood), standing (to make a stand – the conscious effort of an individual to throw himself, or herself in to the future, discourse (the ability to organise attunement and standing into meaningful patterns) make possible destiny, “a joint sense of heritage and means of enacting that can throw the community into the future” (p. 141).

If it is accepted that strategy, as an act of individual will and social becoming, can only arise through these four structures of attunement, standing, discourse and destiny, then what does this imply for the practice of strategic development? Henderson regards Whittington’s definition of four schools which encompass most of the strategy literature but, on the basis of his evaluation of their ability to accommodate Heidegger’s processes, he regards all as being vulnerable to decision paradoxes and subsequent frailty (see Table 1).

Table 1. Whittington’s Four Schools

| School | Frailty |
|---------------------|---|
| Classical school | Becoming and learning undermined by objectification of future and adoption of unstable ontical categories in decision making. Lack of attunement leads to uncritical reproduction of formerly successful routines |
| Evolutionary school | Becoming undermined by limitation of actions to stands taken or performed by others; objectification of present and the unsustainable distinction between understandable, controllable internal environment and uncontrollable external environment |
| Processual school | Becoming undermined by inauthentic past and present. Future always deferred. Strategic absence and fragmented attunement hidden by patterns of deferral |
| Systemic school | Becoming undermined by objectification of social relationships into categories, cultures and institutions. Destiny dispersed and diminished by collective limitations. Learning closely akin to accepting |

On the basis of his critique, Henderson concludes that “At best strategic decisions and actions can achieve coherence, rather than purpose, over time”. Whilst Henderson’s critique is useful in that he ‘compels adherents of a particular school to review the basic principles upon which their models and prescriptions are based’, it may be argued that in focusing on cultural issues, following Whittington, Henderson rather misrepresents the systemic school and this allows systems to be easily dismissed along with the other schools. A more considered review of the systems field might reveal that systems has much to offer that would support a more authentic, purpose and coherent, view of strategy development.

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A SYSTEMS APPROACH TO THE STRATEGIC DEVELOPMENT PROCESS

Concepts aligned with those of attunement, standing, discourse and destiny are well established in the literature on organizational learning. For example, Senge's 'Fifth Discipline' (1990) emphasises the importance of shifting from individual aspirations to shared through personal mastery, mental models, team learning, shared vision, and systems thinking. Senge's view of systems thinking was largely based on the theory and methodology of system dynamics which views behaviour as the product of a multitude of variables becoming causally related in feedback loops that interact. Senge's suggestion that all organisational behaviour can be understood through the employment of a small number of common system dynamics models or archetypes (Jackson, 2003) rather undermines the usefulness of this approach as a contender for helping bring about strategic development in authentic time that we are looking for. Further, he pays scant attention to the whole range of methodologies that exist within the systems field that would provide useful vehicles for enabling the shift from an individual focus to a sense of collective becoming. Perhaps more engaging and purposeful in bringing about a collective sense of being is Espejo's work on self-constructed organizations (1996).

Although the notion that "Organizations are constituted by our complex network of moment-to-moment interactions and not by declarations of intent or purpose." (Espejo, p.416) is well established, the notion that the strategic development process can be used to create space for reflection, self-construction and negotiated destiny is not. Following Espejo, organizations are regarded to be structures in which participants, as interacting actors, create the space for further actions in a never ending regression. As reflective observers, organizational participants are able to reflect on how these structures both constrain and enable their actions. Hence 'the challenge is to create enabling structures which allow for effective action in participants self-selected action domains' (p.414). Complementary to this line of argument, is the notion that the strategic development process can create space for the generative process of self-construction. In the next section, an on-going project with an independent school foundation in the United Kingdom will illustrate the use of these ideas in practice.

PRACTICISING STRATEGIC DEVELOPMENT USING SYSTEMS THINKING

In this part of the paper a case-study is presented that is a current project in progress. The project involves Pocklington School Foundation, an independent public school foundation established in 1514 and located on the outskirts of a small market town in Yorkshire, UK. An independent school in the UK is a school that is not financed by taxpayers or through the taxation system by local or national government, and is instead funded by private sources, predominantly in the form of fees, gifts and charitable endowments. The foundation is comprised of a junior school, for boarding and day pupils of ages 5–11, and the senior school, for boarding and day pupil of ages 11-18. In total, there are currently approximately 840 pupils.

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The foundation is registered as a charity and a limited company; its directors are known as governors. The board of governors is comprised of volunteers who play an active role in the strategic management of the foundation: “Governing bodies are an integral part of school leadership, setting the ethos of the school, driving continuous improvement, supporting, challenging and holding to account the head teacher and other members of the school leadership team by negotiating stretching targets for improvements in standards, and monitoring progress towards them”. (DCSF Report, 2010). Essentially, the board of governors is responsible for strategic management whereas operational and day-to-day management are the concern of the foundation management group (FMG).

A request for assistance to facilitate a workshop to help the board of governors better understand the strategic management process and to more clearly articulate shared vision, mission and values was made in June 2009. Various meetings between the headmaster, the chair of the board of governors and the author, led to the strategic development process being based around the work of Collins and Porras (1996). This view of strategic development was selected because it appears to fundamentally embed system notions. Collins and Porras (1996) opine that “Truly great companies understand the difference between what should never change and what should be open for change, between what is genuinely sacred and what is not.” The ability to manage continuity and change is represented through the presentation of the holistic Taoist symbol (see Figure 1).



**Figure 1. A Systemic Depiction of the Strategic Development Process
(adapted from Collins and Porras, 1996)**

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Although this description is largely based on Collins and Porras' work, in practice we have found it useful to employ slightly different terms and it is this adapted form of the Collins and Porras model which is represented in Fig. 1 and described here.

The unchanging element is the core ideology, the yin, which defines why the organization exists (vision) and what it stands for (values). Just as yin is complemented by yang, so the unchanging element is complemented by that which is open to change, the mission. The mission is what we aspire to become over the next 10-to-30-years given current and projected political, economic, social, technological, legal, environmental and other conditions. The mission is underpinned by a set of big, hairy, audacious goals (BHAGS), specifying what the organization is going to do, plus associated objectives, specifying how it is to achieve its goals.

Workshop 1 (June 2009)

Discussion at this workshop revealed that governors were familiar with the vision and values (see Figure 2) of the foundation and there was general support for their relevance and enduring nature. More problematic though was the mission statement as this required the governors to express their deep understanding of the issues facing the foundation and making real the vision as it might best be expressed for the foundation at the current time. Through a rich picture exercise (Checkland, 1981) governors were able to communicate and capture in detail, using simple visual symbols and metaphors, their perceptions of the foundation's current problems and the ideal future state that it is commonly regarded as being worth working towards. On the basis of this exercise, a mission statement was proposed that provided the basis for debate at a later stage (see Table 2).

Table 2. The Vision, Mission and Values Statement

| | |
|---------|---|
| Vision | To inspire for life. |
| Values | Trust: The foundation's Christian ethos guides our caring and straightforward approach where we treat each other with respect. Truth: We value debate which is open, honest and informed to stimulate creativity, intellectual curiosity and initiative. Courage: We challenge ourselves and each other to change for the better. |
| Mission | To be a leading school foundation in Yorkshire. |

Informal feedback from the workshop suggested that the workshop created a space engagement and reflection and the rich picture exercise was creative, fun and led to a sense of oneness through views being negotiated and renegotiated with others.

Workshops 2 – 6 (February – May 2010)

On the basis of the perceived success of the workshop with the board of governors, we were invited to work with various groups of foundation participants (teaching staff,

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support staff, foundation managers, parents, pupils, alumni and friends of the school) on articulating a set of goals, in the light of the mission, that is clear, compelling and serve as a focal point for effort.

The aim of the workshop series was to give the strategic planning process a human scale, providing a variety of participants the opportunity to shape and take responsibility for their relations of belonging to the school foundation. It was clear during the workshops that many participants had a pause for reflection in which they assessed what they personally got from their involvement with the foundation and what engagement they wanted in the future.

Workshops, each lasting approximately two hours, were based around a Nominal Group Technique exercise as this approach was believed to be particularly suitable given its emphasis on:

- Ensuring equal participation;
- Building commitment to whatever choice or ranking the group makes;
- Eliminating peer pressure and the dominance of more articulate or powerful members of the group;
- Making consensus or lack of it visible and allowing the points about which there is disagreement to be addressed openly.

Whilst the NGT exercise provided a structure for the workshops, the main focus was on the rich discussion that occurred between workshop participants in which views were exchanged and aspirations and experiences expressed. Participants' engagement with the workshop process was made evident through their making the mission statement problematic. As a result of this, two further similar yet different versions of the mission statement were articulated:

- To be the leading school foundation in Yorkshire, and
- To be a world class school in Yorkshire.

The emergent nature of the mission statement generation process was very evident and key concerns that participants addressed through this process included: balancing being over ambitious with not being ambitious enough, and developing a message that had both international and local appeal. In the light of these concerns, the statement 'To be a world class school in Yorkshire' was generally held to be most fitting.

A willingness to find opportunities for participants' further, long rather than short term, meaningful engagement with the foundation was also a feature of the workshops.

Workshop 7 (June 2010)

As was stated in the introduction to this section, this project is ongoing. It is planned that the next stage will be a workshop with the board of governors to get it to assess the goals put forward in the series of workshops and to synthesise expressed goals into a coherent expression of intent for the foundation as a whole. Part of the focus of the workshop will be on attunement: an expression of time and place that may will focus not only on internal matters but also an analysis of the environment through the use of some of the

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more traditional strategic planning tools as SWOT and PEST. Emphasis, though, will be on using the tools as structures to facilitate engagement and debate and not decision making flowing from a mechanical analysis.

CONCLUSIONS

In this paper important ontological questions were raised about the strategic development process and related concepts which have been shown to significantly affect how strategy might be approached both in theory and in practice.

Rejecting the ontological assumptions of the traditional paradigm, requires us to look anew at the development and management of strategy. The alternative route was to view the organization and authentic strategy as acts of individual will and social becoming based on the structures of attunement, standing, discourse and destiny. Espejo's concept of self-constructed organization recognizes that organizations are constituted by complex networks of ongoing interactions and it is proposed that the strategic development process can be designed to enable reflective organizational stakeholder engagement and self-construction; conditions necessary for a shared sense of destiny to emerge. An ongoing project with an independent school foundation in the United Kingdom illustrated the use of the ideas in practice.

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