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978-0-521-89550-7 - Strategy without Design: The Silent Efficacy of Indirect Action

Robert C. H. Chia and Robin Holt

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Strategy without Design

Strategy exhibits a pervasive commitment to the belief that the best approach to adopt in dealing with affairs of the world is to confront, overcome and subjugate things to conform to our will, control and eventual mastery. Performance is about sustaining distinctiveness. This direct and deliberate approach draws inspiration from ancient Greek roots and has become orthodoxy. Yet there are downsides. This book shows why. Using examples from the world of business, economics, military strategy, politics and philosophy, it argues that success may inadvertently emerge from the everyday coping actions of a multitude of individuals, none of whom intended to contribute to any pre-conceived design. A consequence of this claim is that a paradox exists in strategic interventions, one that no strategist can afford to ignore. The more single-mindedly a strategic goal is sought, the more likely such calculated instrumental action eventually works to undermine its own initial success.

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For our wives
Jeanny – RCCH
and
Jenny – RH

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[T]he motive of success is not enough. It produces a short-sighted world which destroys the sources of its own prosperity... [A] great society is a society in which its men of business think greatly about its function. Low thoughts mean low behaviour, and after a brief orgy of exploitation, low behaviour means a descending standard of life.

Alfred North Whitehead, 1933

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Preface

This book arose out of a vague suspicion that much of what we call ‘strategy’ involves retrospective sense-making: that there is a tendency to impute purposefulness design and deliberate forethought to what are often locally embedded coping initiatives in which the primary concern is the alleviation of immediate pressing problems, with little thought about broader eventual outcomes. The tendency is rife. Strategy-making is typically assumed to be a deliberate, planned and purposeful activity. Conscious choice, instrumental rationality and goal-directed behaviour are supposed to underpin strategic action. Successful outcomes are attributed to the systematic carrying out of a pre-thought programme of actions while failure is, conversely, attributed to the lack of proper planning. Clearly, this view of strategy as being something consciously designed prior to practical engagement with the world helps to explain many instances of individual and organizational success, particularly under stable, predictable conditions and in the short term. Nonetheless, the possibility that successful strategies may also *emerge* inadvertently as unintended consequences of human action and interaction remains. In what is now considered a seminal contribution to the strategy debate, Henry Mintzberg and James Waters¹ distinguish between *deliberate* and *emergent* strategies and maintain that, in the case of the latter, an ‘*unintended*’ strategic order may arise even in the clear absence of deliberate planning and design. Mintzberg and Waters, however, do not go on to explore or elaborate on *how* it might be that, notwithstanding such lack of intention, strategy could still emerge spontaneously in practice.

In this book, we propose to investigate how it is that collective social good and organizational accomplishments may result from local actions and adaptations without the oversight or pre-authored design of ‘big’ strategists. Many established social phenomena and institutions that we take so much for granted and that enable modern society to function, including political structures, language, money and legal systems, have all emerged unplanned and undirected. Notwithstanding their obvious complexity, the regularity and orderliness we encounter in the social

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sphere of everyday life are often a consequence of the cumulative efforts of countless individuals acting over long periods of time, none of whom intended to contribute to any preconceived plan. In other words, *in seeking to explain individual, corporate and societal accomplishments there is no need to invoke deliberate intention, conscious choice and purposeful intervention. Collective success need not be attributable to the pre-existence of a deliberate planned strategy.* Rather, such success may be traced indirectly as the cumulative effect of a whole plethora of coping actions initiated by a multitude of individuals, all seeking merely to respond constructively to the predicaments they find themselves in.

A corollary of this emphasis on the non-deliberate emergence of strategy is a heightened awareness of the surprising efficacy of indirect action: action that is oblique or deemed peripheral in relation to specified ends can often produce more dramatic and lasting effects than direct, focused action. Throughout this book we make mention of a paradox in human affairs: *that the more directly and deliberately a specific strategic goal is single-mindedly sought the more likely it is that such calculated actions eventually work to undermine and erode their own initial successes, often with devastating consequences.* Planned strategic interventions may regularly produce initially impressive results, but their spectacular achievements are often unsustainable in the long term because they are bought at the expense of the life projects of others. At times they may even generate catastrophic consequences that spill over well beyond the scene of local initiation. Witness the current global economic turmoil initiated by the offering of risky sub-prime mortgages that, in disguised form, created a toxic credit system that eventually fouled entire economies. The finance houses' strategy of originating and distributing credit risk was deliberate, fixated on achieving bigger and more impressive short-term profits and justifying an extravagant bonus culture. Its advocates were sure it worked; money was being earned and clients appeared happy, borrowers and lenders alike. During 2008, however, some of the most respected US investment banks out of whose innovative grand strategies these toxic products emerged – Bear Stearns, Lehman Brothers and Merrill Lynch – disappeared entirely under a rising tide of worthless positions. Many of the banks that survive have sought sanctuary in the regulated shallows of state care, effectively becoming extensions of public treasuries. Hedge funds are trying to plug huge holes in their listing ship, whilst others that have been singular in their preparedness for a rising tide of toxicity have risen gleefully on the foaming, chaotic swell. Insurance giants have become mired in unfathomable, muddled depths of potential liability. National economic systems are becoming engulfed in this financial swell as their hastily erected

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bulwarks of trading suspensions and publicly funded pump-priming fail to hold back the reflux of collective, commercial delirium. All this originated in deliberate, strategic intent. As we shall show, the '*entire realm of strategy is pervaded by a paradoxical logic*', which requires 'an entirely different mode of comprehension and engagement from that of linear instrumental rationality'.²

This different mode of engagement is the corollary of designed intervention. It is a less spectacular, more understated and *oblique* strategic approach that appears to be more compatible with the attainment of longer-lasting success – one in which seemingly insignificant small gestures, which often go unnoticed, are recognized for the overall effect they eventually produce. In other words, there may be greater wisdom in approaching a strategic situation more modestly and elliptically and allowing strategic priorities to emerge spontaneously through local ingenuity and adaptive actions taken *in situ*. Here, strategy, instead of being something explicitly and boldly stated upfront, emerges organically, takes shape and infuses itself into the everyday actions of individuals and institutions. Understood thus, strategy is not so much about the act of *navigation* as it is about a process of *wayfinding*. We only *know as we go*. This implies that, rather than focusing on the pre-fixing of strategic priorities and positions, we would do well to adopt a more humble and nimble stance, which we call 'strategic blandness'; one that itself may be paradoxically characterized as a strategy-less strategy. It entails a will-o'-the-wisp endurance that invites no opposition and assumes no domination; it exists only in the plenitude of as yet unrealized possibilities. To exemplify a strategic blandness is to abandon positions, to withdraw from grandiosely stated preferences, to shy away from once fervid ambition and stringently held commitments and, instead, nurture a curiosity whose meandering enquiry moves through infatuation, temperance and indifference with equal passion. It is to appreciate the subtlety and cumulative efficacy of small gestures and indirect actions as the founding basis for progressive and sustainable social and economic endeavours. The idea of strategic design informed by rational assessment and realized in clear execution becomes a conceit of those unable to appreciate the potential of a life lived outside the confines of the intellect and unwilling to acknowledge the debilitating emptiness of always seeing the world head-on. It is, we suspect, time for strategy without design.

Our book itself may be thought of as an outcome of small gestures and indirect actions, often surprising us both in the direction in which it has evolved and the shape that it has taken over the past eighteen months. It is a book of small, not big, ideas. It is written in a way that incorporates

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obliqueness, circuitousness and detours in order to exemplify as well as articulate this much-neglected aspect of strategic reality. This writing would have been impossible without our immersion in conversation with a wealth of people from whose insights and practical-mindedness we have drawn considerable sustenance. In particular, Robert Chia would like to thank Bob Cooper for his inspiration and guidance over the years, David Eastwood for his critical and constructive comments and suggestions, his golfing ‘mates’ at Grange Golf Club, Monifieth, for their refreshing cannyism and home-brewed wisdom, and his siblings, especially Thomas and Roselie, for their love, encouragement and support. Robin Holt’s thanks go to his family, friends and bike, in whose presence he has become aware of a world far richer than any over which he might have any influence.