Knowledge Worker
Bridging the Gap between Ends and Means – Part 1
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My next two columns present a paper that addresses the subject of strategy from different perspectives. The paper is one of several occasional papers I prepared while head of strategic planning and management services at Educational Testing Service. It examines various definitions and meanings of the term strategy and related terms (e.g., policy, tactics, ends and means). Its purpose was and is to clarify and make those terms more useful.

Overview

The concept of strategy has been adopted from the military and adapted for use in business. A review of what noted writers have to say about business strategy suggests that the adoption was easy because the adaptation was modest. In business, as in the military, strategy bridges the gap between policy and tactics. Together, strategy and tactics bridge the gap between ends and means (see Figure 1). This paper reviews various definitions of strategy for the purpose of clarifying the concept and placing it in context. My aim is to make the concepts of policy, strategy, tactics, ends and means more useful to those who concern themselves with these matters.

Figure 1

A Few Language Basics

Strategy is a term that comes from the Greek *strategia*, meaning "generalship." In the military, strategy often refers to maneuvering troops into position before the enemy is actually engaged. In this sense, strategy refers to the *deployment* of troops. Once the enemy has been engaged, attention shifts to tactics. Here, the *employment* of troops is central. Substitute "resources" for troops and the transfer of the concept to the business world begins to take form.

Strategy also refers to the means by which policy is effected, accounting for Karl von Clausewitz's statement that war is a continuation of political relations via other means. Given the centuries-old military origins of strategy, it seems sensible to begin our examination of strategy with the military view. For that, there is no better source than B. H. Liddell Hart.

Strategy According to Sir Basil H. Liddell Hart

In his classic book, *Strategy*, Liddell Hart (1967) examines wars and battles from the time of the ancient Greeks through World War II. He concludes that Clausewitz's definition of military strategy as "the art of the employment of battles as a means to gain the object of war" suffers from two serious flaws; first, this view of military strategy intrudes upon policy and, second, it makes battle the only means of achieving strategic ends (p.333). Liddell Hart observes that Clausewitz later acknowledged these flaws

and then points to what he views as a wiser definition of strategy set forth by Moltke: "the practical adaptation of the means placed at a general's disposal to the attainment of the object in view (p.334)" In Moltke's formulation, military strategy is clearly a means to political ends.

Concluding his review of wars, policy, strategy and tactics, Liddell Hart (1967) arrives at this short definition of military strategy: "the art of distributing and applying military means to fulfil the ends of policy (p.335)." Deleting the word "military" from Liddell Hart's definition makes it easy to export the concept of strategy to the business world. This brings us to a person considered by many to be the father of strategic planning in the business world: George Steiner

Strategy According to George Steiner

George Steiner, a professor of management and one of the founders of *The California Management Review*, is generally considered a key figure in the origins and development of strategic planning. His book, *Strategic Planning* (1979), is close to being a bible on the subject. Yet, Steiner does not bother to define strategy except in the notes at the end of his book. There, he notes that strategy entered the management literature as a way of referring to what one did to counter a competitor's actual or predicted moves (p.348). Steiner also points out in his notes that there is very little agreement as to the meaning of strategy in the business world. Some of the definitions then in use to which he pointed include the following:

1. Strategy is that which top management does that is of great importance to the organization.
2. Strategy refers to basic directional decisions, that is, to purposes and missions.
3. Strategy consists of the important actions necessary to realize these directions.
4. Strategy answers the question: What should the organization be doing?
5. Strategy answers the question: What are the ends we seek and how should we achieve them?

Steiner was writing in 1979, at roughly the midpoint of the rise of strategic planning. Perhaps the confusion surrounding strategy contributed to the demise of strategic planning in the late 1980s. The rise and subsequent fall of strategic planning brings us to Henry Mintzberg.

Strategy According to Henry Mintzberg

In *The Rise and Fall of Strategic Planning*, Mintzberg (1994) points out that people use "strategy" in several different ways, the most common being these four (p.23-27):

1. Strategy is a *plan*, a "how," a means of getting from here to there.
2. Strategy is a *pattern* in actions over time; for example, a company that regularly markets very expensive products is using a "high end" strategy.
3. Strategy is *position*; that is, it reflects decisions to offer particular products or services in particular markets.
4. Strategy is *perspective*, that is, vision and direction.

Mintzberg argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a *perspective* and conclude that it calls for a certain *position*, which is to be achieved by way of a carefully crafted *plan*, with the eventual outcome and strategy

reflected in a *pattern* evident in decisions and actions over time. This pattern in decisions and actions defines what Mintzberg called "realized" or emergent strategy.

Mintzberg's typology has support in the earlier writings of others concerned with strategy in the business world, most notably, Kenneth Andrews, a Harvard Business School professor and for many years the editor of the *Harvard Business Review*.

Strategy According to Kenneth Andrews

In *The Concept of Corporate Strategy*, Andrews (1980) presents this lengthy definition of strategy:

"Corporate strategy is the *pattern* [italics added] of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities." (p.18)

Andrew's definition obviously anticipates Mintzberg's attention to pattern, plan, and perspective. Andrews also draws a distinction between "corporate strategy," which determines the businesses in which a company will compete, and "business strategy," which defines the basis of competition for a given business. Thus, he also anticipated "position" as a form of strategy. Strategy as the basis for competition brings us to another Harvard Business School professor, Michael Porter, the undisputed guru of competitive strategy.

Strategy According to Michael Porter

In a *Harvard Business Review* article titled "What is Strategy?" Porter (1996) argues that competitive strategy is "about being different." He adds, "It means deliberately choosing a different set of activities to deliver a unique mix of value (p.64)." In short, Porter argues that strategy is about competitive *position*, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. In his best-selling book, *Competitive Strategy*, Porter (1980) defines competitive strategy as "a combination of the *ends* (goals) for which the firm is striving and the *means* (policies) by which it is seeking to get there (p.xvi)." Thus, Porter seems to embrace strategy as both *plan* and *position*. (It should be noted that Porter writes about competitive strategy, not about strategy in general.)

Strategy According to Kepner-Tregoe

In *Top Management Strategy,* Benjamin Tregoe and John Zimmerman (1980), of Kepner-Tregoe, Inc., define strategy as "*the framework which guides those choices that determine the nature and direction of an organization* (p.17)." Ultimately, this boils down to selecting products (or services) to offer and the markets in which to offer them. Tregoe and Zimmerman urge executives to base these decisions on a single "driving force" of the business. Although there are nine possible driving forces, only one can serve as the basis for strategy for a given business. The nine possibilities are listed below (p.43):

- Products offered
- Production capability
- Market needs
- Method of sale
- Technology

- Natural resources
- Size or growth
- Method of distribution
- Return or profit

It seems Tregoe and Zimmerman take the position that strategy is essentially a matter of *perspective*.

Strategy According to Michel Robert

Michel Robert (1993) takes a similar view of strategy in *Strategy Pure & Simple*, where he argues that the real issues are "strategic management" and "thinking strategically." For Robert, this boils down to decisions pertaining to four factors (p.34):

1. Products and services
2. Market segments
3. Customers
4. Geographic areas

Like Tregoe and Zimmerman (1980), Robert (1993) claims that decisions about which products and services to offer, the customers to be served, the market segments in which to operate, and the geographic areas of operations should be made on the basis of a single "driving force." Again, like Tregoe and Zimmerman, Robert claims that several possible driving forces exist but only one can be the basis for strategy. The 10 driving forces cited by Robert are (p.41):

- Product-service
- Sales-marketing method
- User-customer
- Distribution method
- Market type

- Natural resources
- Production capacity-capability
- Size or growth
- Technology
- Return or profit

Strategy According to Treacy and Wiersema

The notion of restricting the basis on which strategy might be formulated has been carried one step further by Michael Treacy and Fred Wiersema, authors of *The Discipline of Market Leaders* (1994). In the *Harvard Business Review* article that presaged their best-selling book, Treacy and Wiersema (1993) assert that companies achieve leadership positions by narrowing, not broadening, their business focus. There, Treacy and Wiersema identify three "value-disciplines" that can serve as the basis for strategy: operational excellence, customer intimacy, and product leadership. As with driving forces, only one of these value disciplines can serve as the basis for strategy. Treacy and Wiersema's three value disciplines are briefly defined below:

Operational Excellence	Strategy is predicated on the production and delivery of products and services. The objective is

to lead the industry in terms of price and convenience.

Customer Intimacy	Strategy is predicated on tailoring and shaping products and services to fit an increasingly fine definition of the customer. The objective is long-term customer loyalty and long-term customer profitability.
Product Leadership	Strategy is predicated on producing a continuous stream of state-of-the-art products and services. The objective is the quick commercialization of new ideas.

Each of the three value disciplines suggests different requirements. Operational excellence implies world-class marketing, manufacturing, and distribution processes. Customer intimacy suggests staying close to the customer and entails long-term relationships. Product leadership clearly hinges on market-focused research and development as well as organizational nimbleness and agility.

Stay Tuned for Part 2

This review of what the "experts" have to say about strategy concludes Part 1 of my paper. In Part 2 we will begin by summing all this up and addressing this question: "What is strategy?" Part 2 will also go into practical matters related to how you go about developing strategy. The references cited here and in Part 2 will all be listed at the end of Part 2.

References – Part 1

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