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# Towards a New Model of Strategy-making as Serious Play

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A new model of strategy-making as play is presented in response to increasing calls for a deeper theory of strategy-making. First an elaboration of the construct of strategic imagination is offered, describing three distinct, but interrelated forms of imagination: descriptive, creative, and challenging. Strategic Imagination is defined as an emergent property of a complex interplay between the three kinds of imagination. Then, extending the work of the planning and design schools, the model describes the complex social dynamic of strategy-making itself. Applying the notion of play from anthropology and cognitive development, the strategy-making process is described as a three-phase play process. The three phases, constructing to stimulate new ideas, story telling to share meaning, and deep engagement to assimilate new directions, are described. Finally some directions for strategy-making practice improvement are offered. © 1999 Elsevier Science Ltd. All rights reserved

The Call for More Imaginative Strategies

During the 90s many calls for more imaginative strategies have been heard from both academia and consultants. For instance, Hamel and Prahalad urged us to '… break out of old paradigms…challenge received dogma…(and) have the courage to ask new questions…' (Hamel and Prahalad, 1996, p. 242). Along the same lines many authors have recently expressed their views of why it is important to 'rethink the future' and how to go about this task (Gibson, 1998). The common thread among these authors is that the essential value of a strategy is its *originality*, and that such originality is desperately needed to navigate the business landscape of tomorrow. Only original strategies will help companies achieve a strategic position *different* from competitors. Without originality a strategy is a commodity and any value would come from implementation.[1] Labeling it strategy innovation, Hamel (1998, p. 7) calls for strategy-makers
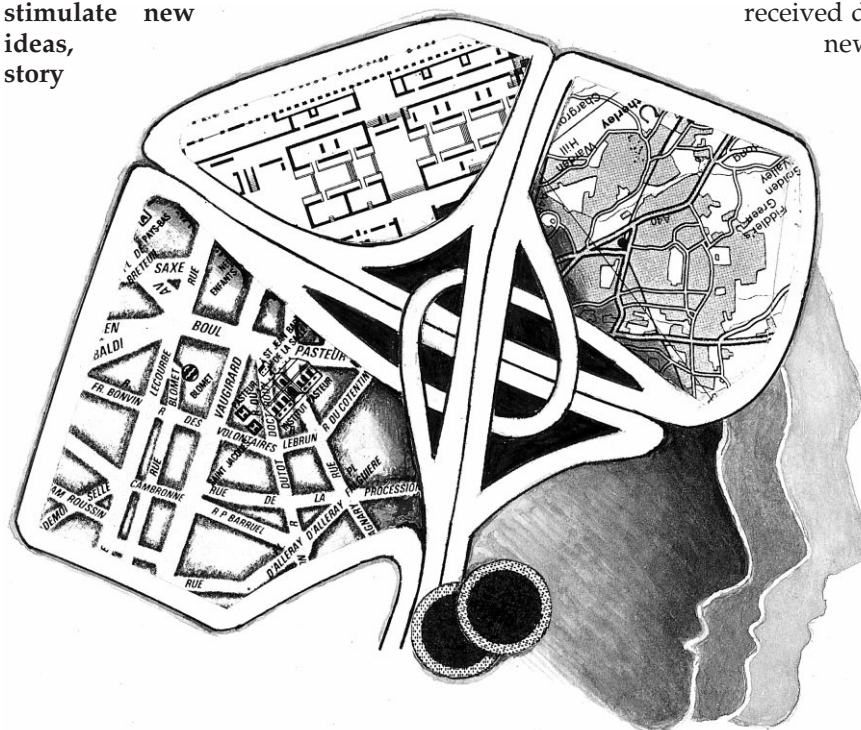
to enhance their capacity to 're-conceive the existing industry model in ways that create new value for customers, wrong-foot competitors, and produce new wealth for all stakeholders.'

At the heart of this issue is the observation that strategy-making, while increasingly sophisticated, efficient and rigorous, is apparently less and less imaginative. Analysis and experience only prepare the strategic mind for its work. Original strategies are neither the mechanically-calculated outcome of an algorithm, nor the lucky result of random accidents. This raises the question 'How can motivated strategy-makers lacking an original strategy, yet possessing all the essential information and relevant experience, come up with one?'

The purpose of this article is to suggest a model that can be used to address the challenge of understanding the dynamics of the 21st century strategy-maker. First, an elaboration of the construct of strategic imagination is offered, describing three distinct, but interrelated forms of imagination: descriptive, creative, and challenging. Strategic Imagination is defined as an emergent property of a complex interplay between the three kinds of imagination. Then, extending the work of the planning and design schools, the model describes the complex social dynamic of strategy-making itself. Applying the notion of play from anthropology and cognitive development, the strategy-making process is described as a three-phase play process. The three phases, constructing to stimulate new ideas, story telling to share meaning, and deep engagement to assimilate new directions, are described. Finally some directions for strategy-making practice improvement are offered.

Three Kinds of Imagination

Throughout history the term 'imagination' has been given many different cultural and linguistic connotations. While all share the basic idea that humans have a unique ability to 'image' or 'imagine' something, the variety of uses of the term imagination implies not one but at least three meanings: to describe, to create, and to challenge. It is the interplay between these kinds of imagination that make up what is Strategic Imagination — the source of original strategies in companies.

Descriptive Imagination

The first kind of imagination is to evoke images that describe a complex and confusing world 'out there'. This is the imagination that identifies the patterns, finds and labels the regularities that associates images so necessary to cut through and perceive the

mass of data generated by analysis and to utilize our judgment gleaned from experience.

The recognition of this need to mirror the world is central in strategic management practice. The perceived need to 'see' five industry forces during a strategy-making process is a manifestation of the descriptive imagination. Industry and competitive analysis are often a structured way to evoke in our imagination the factors that may determine attractiveness and profitability of industries. Often we claim that successful entrepreneurs, like Richard Branson of Virgin, 'have a feel for the business,' or posses a 'special savvy' that allow them to find an opportunity that everyone else passed by. What they saw, the rest of us didn't see. The strategic management literature prescribes a wealth of techniques to stimulate our descriptive imagination through rigorous and systematic diagnostics where the world is diagrammed and profiled. Value chains, 2-by-2 matrices, and flowchart models, as well as more artistic pictures of the business environment, its evolution and possible future all belong to this category. Other techniques to stimulate our descriptive imagination include delineating future scenarios. The idea is that we can expand our imaginations to see a wider range of possible futures. In turn, these descriptions of imagined futures would make us better prepared to act on signals from the outside world. This is also the basic assumption when Gareth Morgan encourages us to use rich metaphors to describe our worlds in different ways, so that we can remain open to multiple meanings.

Each of these methods have in common a focus on revealing patterns, or seeing things in a new way — descriptive imagination. The assumption is, that without such imagination, strategy-makers have only blind variation and 'luck,' or lack of it to rely on it for success. In that sense we often use descriptive imagination to explain the success of Crown, Cork & Seal and other classical stories used in teaching strategic management. In each of these stories the strategic 'hero', typically the CEO, sees what others cannot and with this insight seizes the advantage. It is the failure of such imagination that is often laid at the doorstep of the analysts who 'misinterpret' commonly shared observation — they just didn't see it coming.

The inherent trap of the descriptive imagination is a never-ending plethora of new descriptions, like different industry analyses, different SWOT analyses, different competence analyses, different portfolio analyses, different scenario analyses, and so on. If a newly-proposed strategy is not seen by key stakeholders to help the company to achieve its goals or intent, strategy-makers are often motivated to suggest yet a different and this time an even more perfect world. Like those who imagined the paper clip, those who imagine new strategies do so in a search to make the strategy more perfect. The question for

the strategic imagination is no longer 'what is?' — it becomes 'what can be?' When description after description is suggested, evaluated, and rejected the strategy-making team risk becoming paralyzed by the analysis required to develop the 'perfect' description of the world.

Creative Imagination

The second kind of imagination is often confounded with the definition of imagination itself, creativity. However, while critical for strategy-making, creativity ought not to be seen in isolation from other kinds of imagination. The creative imagination is about evoking truly new possibilities from the combination, recombination or transformation of things or concepts. The idea is that creativity generates new opportunities that are inherent but heretofore unrealized in the imagined strategy.

Creativity occupies a central role in many of the strategy-making prescriptions. It is the essential feature of 'visioning, skunk works, brain storming,' and 'out of the box' exercises. The motivation for creativity lies in the dissatisfaction people feel with current choices. Many strategic management concepts and techniques, like TQM, stimulate managers to innovate new ways to being which are better (read: more perfect) than the current state.

Creative imagination is associated with 'innovative' strategies where companies sought to make their competitors irrelevant rather than just beating them, in the spirit of what Hamel and Prahalad labeled 'competing for the future,' or what Kim and Mauborgne called 'value innovators.' These strategies could not be 'seen' by others holding the same information and experience but required the unique and individual imaginations of smart people to see the light. Cloaked in mystery, the creative imagination is often described with terms like thunder bolts, 'God given' talent, and genius. However, more sober minds find creativity everywhere and in everyone, the end result of lots of experience, and analysis work.

The practical prescriptions in the strategy literature for stimulating the creative imagination generally recognize the role of experience and analysis as sources of inspiration. Authors prescribe a progression through stages of market analysis, competitive, and profitability analysis before attempting any 'strategic creativity.'

For some companies there is a risk in pursuing a strategy that is *too* different. If the strategy lies outside what is perceived as acceptable by stakeholders, its legitimacy and reliability are often questioned. Rejecting the conventional wisdom of an industry may be problematic since current and potential customers, suppliers, alliance partners and employees may neither understand nor see the new strategy as legitimate.[2]

The inherent trap of the creative imagination is fantasy. When our imagination takes flights of fantasy, serious strategy-making could become a serious problem. Fantasy is the domain of the impossible and improbable, whereas imagination is about possible realities and even the making of reality. Many creativity exercises result in too much fantasy and too little imagination. Strategy-makers who lose touch with their experience, and do not remember what they know, risk fantasizing. Sometimes we refer to them, or their strategies as 'blue sky,' 'idiosyncratic,' or coming out of 'the ivory tower.'

Challenging Imagination

The third kind of imagination, the challenging imagination, is completely different from the other two kinds. It is with the challenging imagination we negate, defame, contradict and even destroy the sense of progress that comes from descriptions and creativity. It is the challenging imagination that fuels the fire in the angry, almost breathless assaults on business strategy by such 'main stream' writers as Tom Peters, Gary Hamel, and Michael Hammer, as well as the popular Dilbert on Management Series by Scott Adams.[3] It is with our challenging imagination that we find the disillusioning, the absurd and the outrageous in everyday experience.

The methods of the challenging imagination include deconstruction and sarcasm. An example deconstruction is when Mike Hammer attributes the failures of re-engineering to people misunderstanding the truly radical nature of his call for action. The whole idea of re-engineering according to Hammer is *not* about improving existing practices (read: descriptive or creative imagination). Rather it is about 'throwing it away and starting all over; beginning with the proverbial clean slate and reinventing how you do your work.' (1995, p. 4).

Deconstruction is often paired with sarcasm. Sarcasm is the recognition that there is no such thing as 'truth'. The idea is that it is not enough to deconstruct the descriptive and/or creative imagination produced but one must also demystify and disdain the person or the group that advocate these images. The most popular manifestation of this approach is Dilbert. Scott Adam's sarcasm has become a vital force in the conversations amongst strategy-makers across industries throughout the world.

The inherent risk of the challenging imagination is to have nothing new to put on the slate, once it has been wiped clean, i.e. an unending cycle of negation and rejection. Tom Peters and Gary Hamel, two authors that clearly use their challenging imaginations in their writings, do not show an alternative truth, they

can only affirm what truth is not. What is Peters' solution to the absurdities he sees in corporations? Don't organize, don't manage, don't analyze, don't build, don't grow, and to destroy and forget. What is Gary Hamel's prescription for strategy-making? Labeled 'strategy as revolution,' he asks us not to plan, but subvert the rules, overthrow the elite, rally the radicals, raise hell, take off your blinkers, and scrap the hierarchy. Like these examples, the challenging imagination is often expressed with outrage and disbelief over the perceived absurdity and insanity. Thus, the trap of the descriptive imagination is a kind of strategic nihilism, in which all choices are seen as flawed, all plans unfeasible or unjust, all positioning seen as imprecise and deceptive.[4]

## Strategic Imagination as an Emergent Process

Original strategy results from the unpredictable and rich interaction among the three kinds of imagination, in the context of individual and social judgment and knowledge. Mintzberg has argued that strategy-making is ultimately an emergent process. As such, it must be viewed as both complex, in the sense of being inter-woven, and complicated, in the sense of being both ambiguous and opaque. When viewed in this way, it is not surprising perhaps that we have yet to develop an adequate theory of strat-

egy-making, which enables us to effectively describe and proactively influence the act of generating an original strategy (Hamel, 1998) (Figure 1).

The strategy literature has developed a fairly elaborate set of theories regarding the preparations of individuals and top-management teams for strategy-making. However, these theories effectively stop at the point when the original strategy is set to emerge. Our efforts in this article are to develop these theories one stage further, following Hamel's call for a 'deep theory of strategy creation.'

The primary theories in use have been organized through a dialogue conducted in the *Strategic Management Journal* over the last decade into two categories — the design and the learning schools (for a fuller discussion of this distinction see Mintzberg, 1990, 1991; Ansoff, 1991). The 'design' school of strategy focuses on understanding the analytic activities that prepare strategy-makers with the data essential for their task. However, the design school does not offer any suggestions on how data becomes original strategies. The process of human imagination that combines, critiques, and selects from these data to inform the mind is left as a black-box.

Similarly, the 'learning' school of strategy focuses on the gathering of experience, which is, like data, an arguably essential resource for strategy-making. However, like the design school the learning school
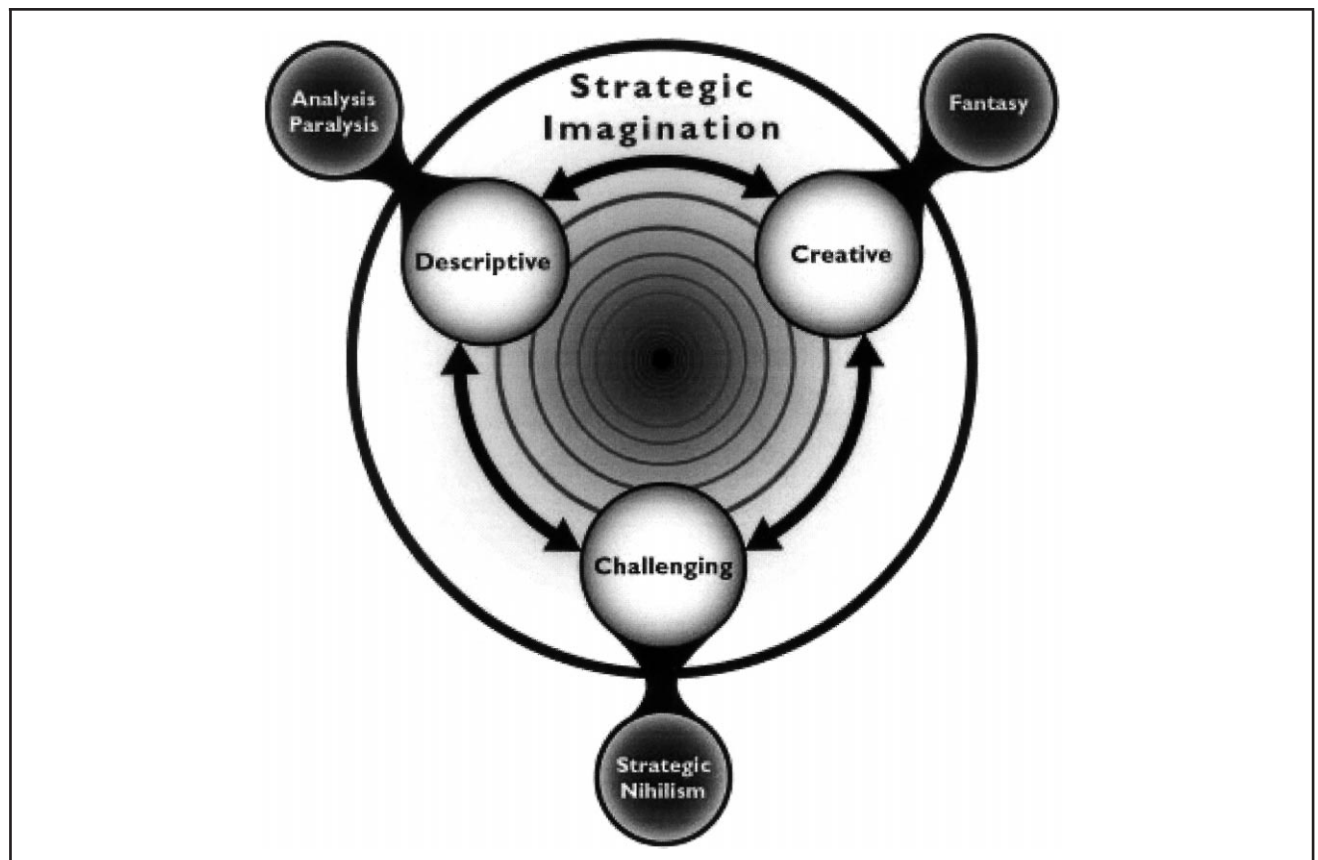
Figure 1   Strategic Imagination Emerging from Three Kinds of Imagination

literature is silent as to how experience is ultimately converted into an original strategy.

In our research at the Strategic Imagination Lab (see Table 1) we have been looking closely at strategy-makers in the act of making strategies. When we observe closely this act of strategy-making we see a process that is certainly creative, but also has other critical characteristics. Strategy-making appears in our observation to fit Mintzberg's label of an emergent process.

An essential property of this emergent process is the *complex* interplay among the three kinds of imagination in a social context. While this interplay of imaginations is essentially not directly observable, what we can observe are the *manifested social dynamics among strategy-makers from which the original strategy emerges*. This strategy-making dynamic has three critical elements: (1) the construction of the knowledge gathered from analysis and experience; (2) the sharing of meaning emerging from that knowledge, and (3) the transformation of identity assimilating the new knowledge.

It is through the process of strategy-making that the human imagination is employed to generate ideas, a conversation is created to communicate meaning, and socialization is engaged to develop commitment. Strategy-making is a specific and in many ways unique activity in the organization. While ultimately the intention of strategy-makers is to direct the real actions of the organization, until the strategy is finally defined and promulgated, strategy-making remains a conversation about 'as-if' or 'make believe.' Thus, social dynamics shares the essential characteristics that anthropologists and social psychologists generally label as 'play' (Geertz, 1973; Sutton-Smith, 1997; Vygotsky, 1978). Like play strategy-making is a temporary and intentional period of make-believe. During strategy-making a group of executives agree

to engage in a collective learning experience. This experience, like play, has intellectual, emotional, and social elements (Figure 2).

Because strategy-making matters, and because strategy-making is organizational, it is an activity that draws upon the interrelated domains of intellectual, emotional and social life of the organization. Since the strategic imagination must be an organization-wide imagination, the strategy process must not only stimulate the individual's imagination. The strategy-making process must enable the transformation of the individual imagination into something that is shared.

As strategy-makers begin to apply data and experience to the problem of a new strategy they must construct and deconstruct this knowledge using their imagination. Interestingly, while this construction and deconstruction seems to require both verbal and cognitive activities, there is often a significant physical element as well. Psychologists and learning theorists agree that our hands give us access to far greater understanding, whether it is spiritual or down-to-earth, than our minds alone can ever reach. With our hands we have a potential to discover, to uncover and to create something that is worth sharing (Wilson, 1998).

In the strategy-making process there appears to be a point at which the emerging strategic idea is ready to be shared. Once they have something worth sharing strategy-makers express to others the ideas and insights that have sprung from their imaginations. The meaning of these ideas is shared through showing what they have constructed from their imaginations and telling a story about possibilities. Scholars in leadership and business increasingly recognize this storytelling as the essential communication challenge in strategy development (Webber, 1994).

Finally, for strategy to be effective it must be assimi-

### Table 1   The Strategic Imagination Lab

The *Strategic Imagination Lab* at IMD is a research effort sponsored by the LEGO Foundation to further the development of the science and practice of strategic imagination in business. This includes developing and refining a conceptual framework, developing and testing working hypotheses, and gathering data through experimentation with strategy-making teams.

The starting point for our experiments is always *real* strategic challenges faced by *real* strategy-makers. So far, these challenges have included:

- Defining the future SBU portfolio for a large multinational metals manufacturer;
- Redesigning the supply chain of a global consumer packaging company;
- Envisioning breakthrough product concepts for a major pharmaceutical company;
- Reinventing the organization of one of Europe's leading consumer product company;
- Responding to a significant competitive threat posed by a low-cost upstart;
- Integrating complementary businesses after a merger in the chemical industry.

In each of these cases two prior conditions were satisfied: (1) the strategy-making team was experienced and directly concerned, and (2) our efforts followed a long period of extensive knowledge development. Our work was focused on finding a better way for them to use their imagination to make new strategies. Strategies that are truly original, clear and cogent, and that mobilize all the stakeholders.
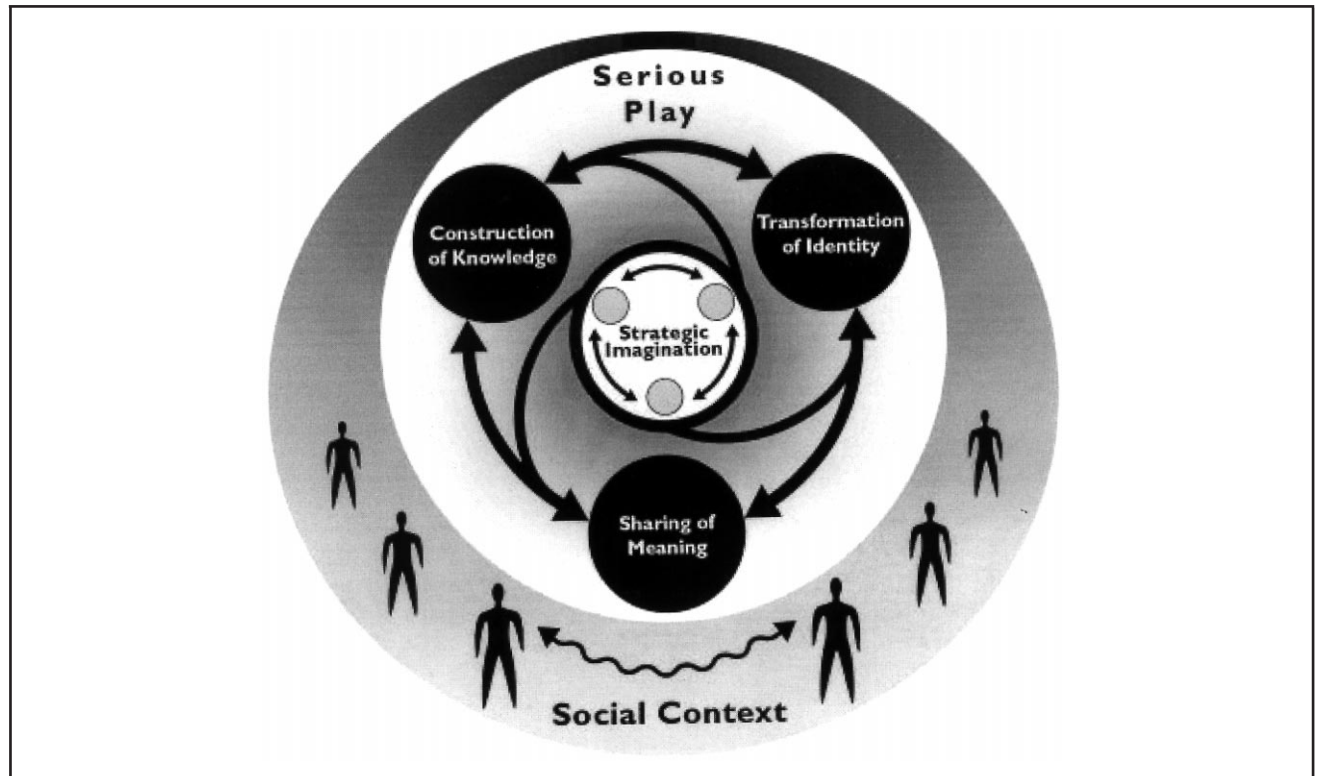
Figure 2   Serious Play

lated into each individual's work identity. This transformation of identity is importantly a social process which engages dissonance (Festinger *et al.*, 1950), attribution (Kelley and Stahelski, 1970), and the sharing of role expectations (Katz and Kahn, 1966).

These elements of social dynamics work to stimulate the emergence of a new strategic idea, share the meaning of that new idea amongst a social group, and give the members of this group the opportunity to incorporate the new idea into their attitudinal commitment.
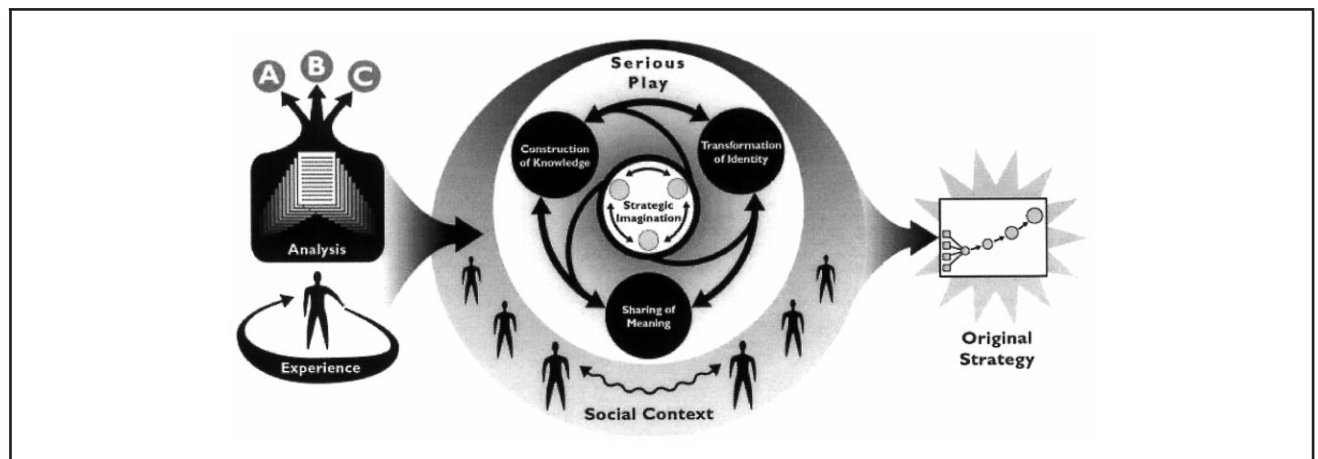
A Model of Strategy-Making as Serious Play

To address Hamel's call for a deeper theory we have extended strategy-making theories in use to examine the emergence of strategic imagination. This has been described as the product of the interplay between three distinct kinds of imaginations fuelled by essential information and relevant experience. While this interplay remains unobservable, the manifest activities of strategy-making may be directly described. We have employed the notion of *play* to describe the social dynamics of strategy-making. We have described three phases of strategy-making as play. These three phases function to enable the construction of imaginative ideas, the sharing of new mean-

ing, and the assimilation of this new meaning into the participants' work identity (Figure 3).

Hamel calls for a theory of strategy-making that would enable the field to bring its innovation to the 'practice of strategy.' With the model outlined above we can begin to investigate the determinants of effective strategy-making after the analysis is completed and after the experience has been gained. With this model we can observe that while all strategy-makers 'play,' many may not be playing well enough. They may not be stimulating their imaginations effectively enough during the construction phase. Perhaps the two-dimensional charts and static representations of data are not tactile or symbolic enough to enable the imagination and hands to work their magic. They may not be communicating the products of their imaginations well during the story-telling phase. Perhaps the voluminous and dry reports don't tell the story well enough for others to catch the true meaning of an original strategic idea. Or, they may not be personally and emotionally engaged enough during the assimilation phase. Perhaps the participants are too alienated or isolated from each other to engage in a re-definition of their collective futures.

Up to now, practice and academia has overwhelmingly focused their attention on the preparation of executives for the making of strategy. Over the last few years planning and organizational learning have been refined into sophisticated and professional activities. Despite all this good work we encounter

Figure 3   Strategy-making as Serious Play

many leaders still searching for the original strategy that will take them into the next century.

In response to their continuing challenge, our research points to a very hopeful and exciting potential yet to be fully realized. These managers are not at a dead end. Instead we find them, surprisingly enough, ready for the serious work of play.

Notes

1. The theoretical argument is that a firm with a different strategy benefits because it faces less competition for limited resources. These resources are divided among competitors if their strategic positions require the same resources, ultimately leading to 'perfect' economic competition where the economic rent is nil. See Baum and Mezias (1992); Carroll (1985); Henderson (1981); Reed and de Fillippi (1990) and/or Barney (1991) for a fuller discussion of this basic strategic management argument.

2. Grounded in resource dependency and institutional theories the theoretical argument is that dissimilar firms face legitimacy challenges that reduce firms' ability to access limited resources from its necessary others, like customers and suppliers, and ultimately reduce profitability. See DiMaggio and Powell (1983); Spender (1989); Hirsch and Andrews (1984) or Baum and Oliver (1992) for a fuller discussion of this argument. See also Deephouse (1999) for a discussion of the inherent tradeoff between the strategic differentiation and strategic similarity arguments.

3. This kind of imagination has its roots in the post modern literature. See, for instance, Lyotard (1984) or Derrida (1988). In turn this movement has inspired organization theory literature of, for instance, Gephart (1986); Rosenau (1992); Calas and Smircich (1992); Kilduff (1993).

4. The danger in the parodic turn is clearly recognized by its advocates. Hammer and Stanton (1995) labels his true re-engineering method as potentially dangerous, Hamel (1996) worries about the possibility for violence, and Peters (1997) complains that he is not trying to be an anarchistic.

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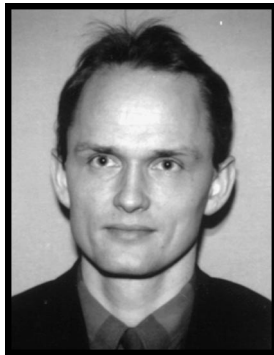
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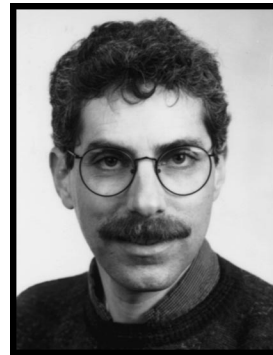
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