

The History of Strategy and Its Future Prospects

From *The Art of War* to *The War for Talent*, strategy has been evolving for centuries. What we have learned in the past 2,500 years is highlighted here—not only where strategy began but also why it is on the verge of reclaiming its rightful place in history.



Strategy, for most of its 2,500-year history, was one-dimensional. Warmongers were largely focused on avoiding wars by not instigating them and business was mostly focused on building power and monopolies. The past 50 years have more than made up for this one-way view as strategy hit its prime and spewed out countless new ideas and solutions.

But as the strategies piled up so did the complexity, and the chance that any one overall strategy was the answer to ever expanding strategic freedom was trampled in the competitive scramble.

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As a result, we are in for some interesting times. Strategy is on the verge of reinventing itself and reclaiming its rightful place at the top of the business food chain. We believe that strategy will come back as a much more powerful guiding force of organizational energy, which we are excited about because it brings “strategy” and “doing” back together again—something we wholeheartedly believe in.

This paper constructs a brief history of strategy within a framework of noteworthy publications. We generalize, simplify, and cut corners, not out of ignorance but to create a holistic overview to show where strategy has been and where we believe it is now headed.

The Early Days

The beginnings of strategy can be traced back to *The Art of War* by Sun Tzu. The book covers all aspects of waging war and provides copious amounts of strategic and philosophical advice still being used as a source of inspiration for politicians and business leaders. The same holds true for *On War* by Carl von Clausewitz, a major general in the German Prussian army. Interestingly, both books extensively cover how to avoid war. Von Clausewitz’s influence can be seen in the U.S. nuclear deterrence strategy, followed since the 1950s with the belief that the best way to deter a global nuclear war is to have the ability to engage in one.

Exclusivity Strategies: Up to 1900

Warmongers have long enjoyed the strategic and tactical richness of how not to go to war while business strategy through the 1800s mostly revolved around just creating exclusivity and monopolies. In the United States, the great railway companies had a strong grip on economic activity and were among the most important shares traded on stock exchanges (although their fortunes came and went). In fact, monopoly and exclusivity strategies proved so effective that many wars were fought over them.

Ida Tarbell’s 1904 book, *The History of the Standard Oil Company*, signaled the transition to a new strategic era. Tarbell depicted John D. Rockefeller as a money-grabber who was viciously effective at monopolizing the oil trade. Rockefeller gradually expanded his control over the refining business by taking over competitors. It is estimated that at one point more than 90 percent

of North American refinery capacity was controlled by Standard Oil and its 30 wholly and partially owned subsidiaries. The company exerted such control over oil refining and distribution that it was deemed too successful and potentially damaging for the development of other industries.

Industrial Proficiency Strategies: 1900–1968

As the United States and most of the world turned away from far-reaching exclusivities and monopolies, Standard Oil ironically became a prime example of the strategies that would follow. Rockefeller allegedly got competitors to sell their operations to Standard Oil by simply opening his books to them. When it became clear that Standard Oil could sell oil products at a profit for prices well below the production costs of its competitors, the competitors folded and sold their businesses. Standard Oil's size advantage and operations put it well ahead of most competitors.

This focus on pushing the boundaries of industrialization and operations marked the strategic space over the next 60 or so years. Frederick Winslow Taylor kicked off this period with his 1911 monograph, *The Principles of Scientific Management*, which marked the beginning of a school of thought that contends that increased productivity results from making workers and the flow of work as efficient as possible. Taylor was criticized for not paying enough attention to the social side of labor and industrial operations, and he was not alone. Alfred P. Sloan, who helped make General Motors the world's largest industrial corporation for many decades, was accused of the same narrow focus on metrics, tasks, and efficiencies. Under Sloan's sponsorship in 1931, the world's first university-based executive education program, the Sloan Fellows, was created at MIT. In 1952, the MIT School of Industrial Management was established through a Sloan Foundation grant. The school, designed to educate the "ideal manager," was later renamed the Alfred P. Sloan School of Management and today is one of the world's premier business schools.

This period also saw the birth of many of the foremost consultancies still active today, which tellingly were often referred to as "business engineers."

As the period progressed, scientific management made way for more holistic perspectives that pushed the boundaries of operations by looking at all aspects of productivity and efficiency. By 1969, these perspectives had become input for true strategic analyses and planning, marking a new period in strategy development.

Strategy Heydays: 1969 to Mid-1990s

In the late 1960s and early 1970s, Bruce Henderson, who later founded the Boston Consulting Group, published work on the "experience curve," an idea that there is a direct relationship between cumulative production and production costs. In other words, the more experience a company has making a product, the lower its costs. This became the basis for strategizing the combination of price setting, production volumes, and production costs against competitors. It also played to the heart of analyses-driven strategy development. Soon after publishing this work, Henderson came up with the growth-share matrix, made famous by its quadrant names: cash cows, dogs, stars, and question marks. The matrix helped companies with multiple experience curves manage an ongoing portfolio of activities.

Harvard professor Michael Porter expanded the competitiveness concept with yet more strategies. In his 1985 book, *Competitive Advantage: Creating and Sustaining Superior Performance*, Porter presents the notion of differentiating strategies and strategies focused on specific

segments as alternatives to cost leadership strategies. He also creates the five forces model and the value chain model to help companies formulate more powerful strategies.

Two important *Harvard Business Review* (HBR) articles followed Porter's book. In their 1990 article, "The Core Competence of the Corporation," C. K. Prahalad and Gary Hamel highlight the importance of gaining competitive advantage by not only looking at positioning in terms of markets and competitors, but also by looking inside your own company. Building on this thinking, Cynthia Montgomery and David Collis connect the resource-based view of the firm to its positioning in "Competing on Resources: Strategy in the 1990s," a 1995 HBR article. So, the debate between inside-out strategies and outside-in strategies was never a real debate. Both mattered.

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During this period, strategy became a proper discipline: more standalone, more analytical, and more cerebral. Strategy shifted from being one of the daily tasks for senior executives and landed instead in the hands of strategy professionals and planners. This had a rather unwanted side effect as it created a distinct handover between strategy formulation and strategy implementation. In fact, the more sophisticated and far-sweeping strategies became, the larger the handover hurdles. With globalization and automation, things got worse; change management and getting buy-in were much-discussed topics and strategy implementation gradually became a self-inflicted major issue.

In the second half of this period, books and articles were all about organizational change, turning strategies into real, competitive "rubber hitting the road," which meant closing the gap between what the organization needs to do and what it is able to do. By the 1990s, we were coming to grips with organizational change through books such as John P. Kotter's *Leading Change*, published in 1996.

Some years earlier, Edgar H. Schein released his influential works on culture and leadership and their importance for strategy, and Henry Mintzberg was talking about designing organizations suitable for executing specific strategies from the bottom up.¹

Performance metrics were another helpful component in strategy execution, with several initiatives pushing the envelope for effective strategic metrics in the early 1990s. The most well-known are those of Robert S. Kaplan and David P. Norton, who wrote articles in 1992 and 1993 and then published *The Balanced Scorecard: Translating Strategy Into Action* in 1996.

By the mid-1990s, the stars seemed aligned for putting brilliant strategies to work. But there was little time to enjoy the moment as a new strategic age was building, signaling the start of the era of strategic proliferation.

¹ Edward H. Schein, *Organizational Culture and Leadership* (1985); Henry Mintzberg, *Structure in Fives: Designing Effective Organizations* (1983) and *Mintzberg on Management: Inside Our Strange World of Organizations* (1989)

Strategic Proliferation: Mid-1990s to Mid-2010s

In 1993, Michael M. Hammer and James Champy published *Reengineering the Corporation: A Manifesto for Business Revolution*, which was on The New York Times best-sellers list for more than a year and sold more than 2.5 million copies. Suddenly, there was a trend so big that it didn't fit our strategy frameworks, and the reengineering revolution hijacked the strategy process. The reasons are clear. By the late 1980s and early 1990s, fundamental shifts brought about by advances in areas such as technology had a great impact, as did the shift in the developed world from industrial-based to service-based.

But the reengineering revolution did not last long. By the late 1990s, the next strategic revolution had arrived, drawing us all into the big promise of the Internet and the notion of the new economy. In 1999, *Blown to Bits: How the New Economics of Information Transforms Strategy* by Philip Evans and Thomas S. Wurster of Boston Consulting Group, made a convincing argument that the Internet changed everything. Suddenly, disintermediation was possible for just about anything, and it was clear that intermediaries would be eliminated sooner rather than later.

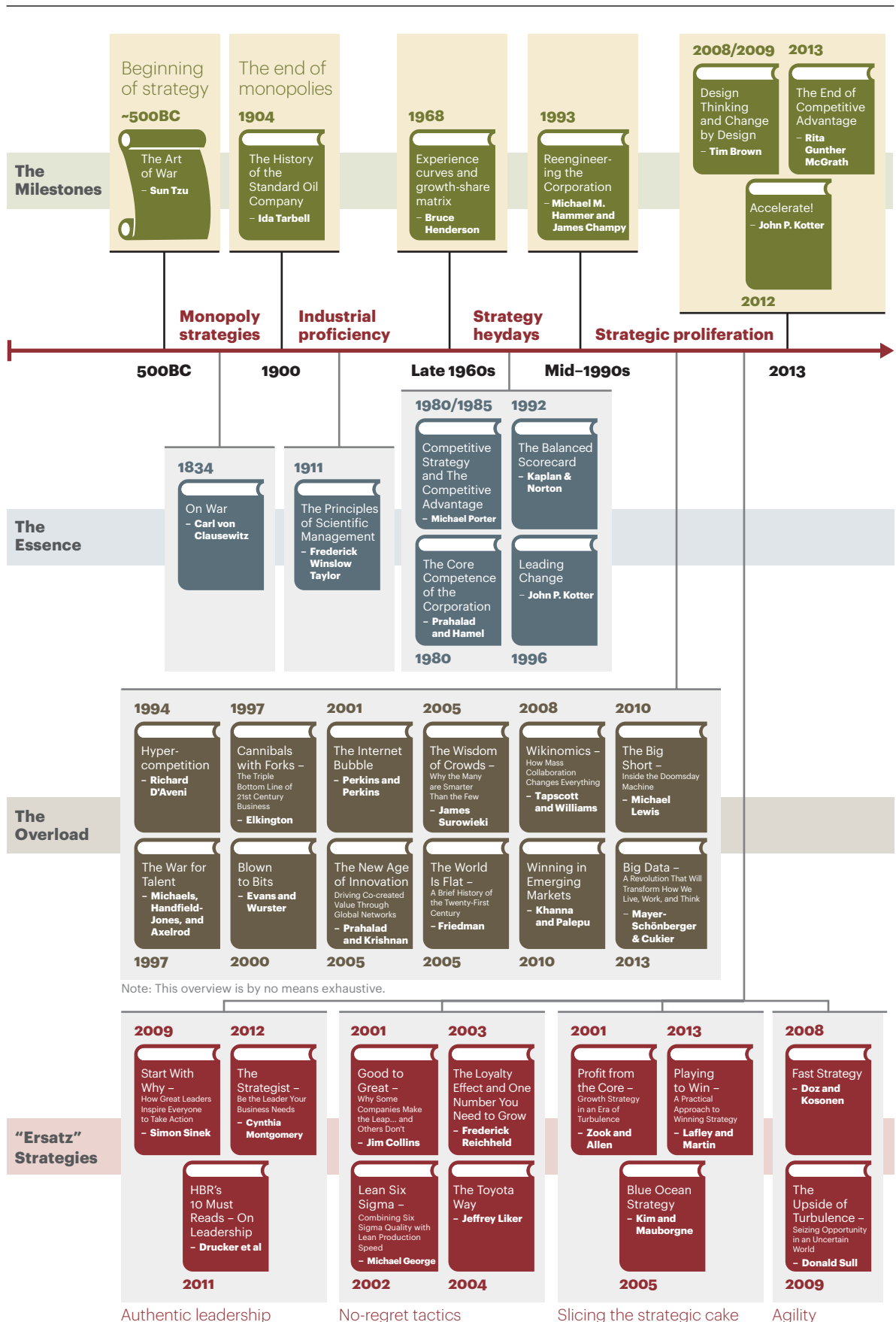
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By this time, it was obvious that the Internet provided a huge boost to value chain modularity, allowing companies to create Lego-block-style value chains or completely networked enterprises and to pursue all sorts of joint ventures, partnering, licensing, insourcing, and outsourcing deals. One of the most well-known publications on this breakup of the vertically integrated business was “Unbundling the Corporation,” a 1999 *HBR* article by John Hagel III and Marc Singer.

It was never a question of which strategic revolution was the most important; rather, it was the fact that they were piling up, each one bringing with it plenty of opportunities to create or lose competitive advantage. For example, we have been dealing with the opportunities of the Internet for the past 15 years, and will likely do so for the next 15.

The same is true for many other major strategic shifts, from globalization, big IT, and technology to social communities and even the global financial crisis: Each one is here to stay and cumulatively adding to the strategic degrees of freedom. Consider globalization. Thomas L. Friedman's 2005 book, *The World Is Flat: A Brief History of the Twenty-first Century*, drives home the message that not only have resources, markets, and competition become truly global, they have become so on an increasingly level playing field. At a more operational level, big IT enjoyed more attention as outsourcing became standard operating procedure.

Technology also led to a fundamental new way of tapping into resources. In their 2006 *HBR* article, “Connect and Develop: Inside Procter & Gamble's New Model for Innovation,” Larry Huston and Nabil Sakkab wrote about how Procter & Gamble turned developers inside and outside their company into a seamless development capability. They, along with Don Tapscott and Anthony D. Williams in *Wikinomics: How Mass Collaboration Changes Everything*, published that same year, showed us how distributed capabilities were becoming mainstream—a community of Apple users helps solve all sorts of issues, Amazon provides a seamless assortment of products from a multitude of companies, and Linux is an operating system created by a large group of disparate IT professionals. The list goes on.



Source: A.T. Kearney analysis

In fact, this extends into social technologies that facilitate all sorts of communities with ever-stronger social fabric that provide a breeding ground for new community services such as peer-to-peer lending, product and service recommendations in hospitality and travel, and a host of other areas. Many publications, including *Groundswell: Winning in a World Transformed by Social Technologies* by Charlene Li and Josh Bernoff, and *Here Comes Everybody: The Power of Organizing Without Organizations* by Clay Shirky, both published in 2008, provide insights on how to take advantage of these newfound possibilities.

There are many excellent standalone concepts, **but no overriding framework.**

The global financial crisis has been a source of profound and sudden business dynamics, illustrating that some external events are bigger than we can imagine or anticipate. The crisis heightened an interest in ways to systematically deal with global risks and it triggered many publications, including the 2010 republishing of *Black Swan: The Impact of the Highly Improbable* by Nassim Nicholas Taleb.

Many more strategic shifts have become standalone strategic considerations, as outlined in books such as *The War for Talent* by Ed Michaels, Helen Handfield-Jones, and Beth Axelrod; *Hypercompetition* by Richard D'Aveni; and *Big Data: A Revolution that Will Transform How We Live, Work, and Think* by Viktor Mayer-Schönberger and Kenneth Cukier. But then, this is exactly what typifies this era. There are many excellent concepts, recipes, and frameworks for dealing with an individual, strategically disruptive phenomenon, but no overriding framework to pull it all together.

Strategy... Who Needs It Anyway?

The steady stream of strategic shifts and accompanying strategic freedom has almost made strategy irrelevant. It is so easy to see new and better ways to increase competitive advantage that everybody is pursuing an array of ideas. It almost doesn't matter which source of competitive advantage you pick, as long as you capitalize on enough of them fast enough. And because most organizations face the same situations, and pursue the same ideas, there is nothing short of a competitive stampede going on.

In today's extremely dynamic business environment, it is difficult to predict where things are heading and which players will succeed with what and when. What's more, strategy is more complicated. Every time a new phenomenon appears, strategy formulation becomes a bit more complex as more factors must be considered simultaneously, further eroding the chance for strategy to step in as a guiding force in the competitive maelstrom. There is simply no spread-sheet or framework big enough and comprehensive enough to accommodate all of the strategic parameters or possible business permutations.

We believe it is for this reason that Walter Kiechel III, author of *The Lords of Strategy*, observed in an interview a few years ago, "It's tough to identify any big new strategy ideas since 1995."²

² *The Lords of Strategy* describes the rise of the large strategy consulting firms Boston Consulting Group, McKinsey, and Bain and the business school professors who contributed conceptual frameworks and pragmatic insights to the strategy revolution. Kiechel, a former managing editor at *Fortune* magazine, was the editorial director of Harvard Business Publishing from 1998 to 2002.

The situation cannot be ignored. Companies are facing a growing list of urgent initiatives, juggling more than they can handle just to stay on par with the competition. The strategic span of control has become unmanageable. Many organizations are at risk of becoming engrossed in the here and now, inundated by day-to-day urgencies that trigger a gradual loss of the internal strategic sense of purpose and direction. When everyone is indiscriminately chasing competitive advantage from multiple sources, employees are very busy but their sense of purpose evaporates. No wonder employee disengagement is at an all-time high of 70 percent.³

“Ersatz” Strategies: Dealing with the Side Effects

Strategic freedom is not without some unwanted side effects. There is a significant risk that organizations become overly busy and lose track of what matters most, distracted by the idea that strategic headway must simply be made. Fortunately, the situation has triggered many bright strategic thinkers to come up with answers. We list four typical answers here:

1. Authentic leadership and corporate values (Drucker)

The appeal of strong leadership, clear direction, and an organization with powerful corporate values is unmistakable. But genuine leadership is difficult to muster amid tumultuous business environments and mounting financial pressures. As distractions grow, effective leadership becomes more necessary but also more difficult. It's no wonder that the past decade in particular has seen a proliferation of books, articles, and professional services to support effective leadership. A good place to look for inspiration is *HBR's 10 Must Reads on Leadership* by Peter F. Drucker et al., from 2011.

2. No-regret tactics (George, Reichheld, Teal, Liker, Collins)

In the absence of a clear overall strategy, it is still possible to make strategic headway by pursuing (apparent) no-regret strategic initiatives.

Lean Six Sigma (2002) and *Lean Six Sigma for Service* (2003) by Michael L. George, for example, bring together the six sigma approach (developed by Motorola in 1985 and embraced by Jack Welch for GE in 1995) with lean concepts to minimize waste and take it beyond manufacturing. Lean six sigma is a standalone concept that comes with its own goals (convenient when you have difficulty formulating clear strategic goals or are forced to regularly adapt them), metrics, approaches, and training. There is little disagreement about goals to reduce waste, reduce process variation, and align processes with the voice of the customer.

Customer centricity and loyalty are also prominent goals. Who could argue that more customers who are true ambassadors of your products and services is not good for business? For this reason, the net promoter score as laid out in the 1996 book, *The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value* by Frederick F. Reichheld and Thomas Teal, enjoys considerable attention to this day.

Benchmarking remains widespread as learning from successful players has a very straightforward logic to it. Numerous books focus on the practice. The inspirational benchmarks are most interesting to strategists who generally prefer to go beyond the immediate operational and organizational treats. *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer* (2003) by Jeffrey Liker and *Good to Great: Why Some Companies Make the Leap... and Others Don't* (2001) by Jim Collins come to mind.

³ “State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders,” Gallup, 2010-2012 report.

3. No more strategic frameworks (Zook, Allen, Rumelt, Kim, Mauborgne)

If strategy formulation is more complex because of the number of strategic parameters involved, then why not narrow the parameters? Surely this makes more sense than building ever more elaborate frameworks to incorporate more parameters.

A variety of useful ideas are available based on the best practices of successful companies. This provides at least partial reassurance for ignoring the strategic parameters not directly addressed by the suggested recipe. *Profit from the Core: Growth Strategy in an Era of Turbulence* (2001) and *Repeatability: Build Enduring Businesses for a World of Constant Change* (2012), both by Chris Zook and James Allen, provide an effective way to focus on a subset of strategic parameters. *Good Strategy/Bad Strategy: The Difference and Why It Matters* (2011) by Richard Rumelt suggests a very different way to make strategy more digestible. *Blue Ocean Strategy* (2005) by W. Chan Kim and Renée Mauborgne suggests that focusing on finding uncontested market space represents a rewarding form of strategy formulation. Many other smart ways have been suggested to bring the overall strategic challenge down to more manageable—though sometimes oversimplified—proportions.

In the absence of a clear overall strategy, it is still possible to make strategic headway by pursuing **no-regret strategic initiatives**.

This limited selection is just a sample of the many excellent ideas for addressing the strategic challenge. Yet they all have one thing in common: They are recipes for slicing the strategy pie rather than creating the overall strategic frameworks borne of the strategy heydays.

4. Agility, flexibility, and resilience (Doz, Kosonen, Williams, Worley, Lawler)

A last resort (but a useful approach to finding strategic relief) is to acknowledge that it has become so difficult to formulate lasting strategies in a constantly changing environment that it should not even be attempted. The answer must instead be sought in strategic agility, organizational flexibility, and resilience. This way, you not only keep up with change but also take advantage of fundamental shifts faster than the competition. *Fast Strategy: How Strategic Agility Will Help You Stay Ahead of the Game* (2008) by Yves Doz and Mikko Kosonen and the 2013 blog entry “The Agility Factor” by Thomas Williams, Christopher G. Worley, and Edward E. Lawler III offer examples of strategic agility in response to a rapidly changing environment.

Reclaiming Strategy: 2014 and Beyond

While the approaches already discussed in this paper are helpful in tackling today’s overload of strategic challenges, they stop short of resolving the root cause of all strategic problems: how to turn overall strategy from an incomplete game plan into comprehensive organizational energy.

Fortunately, three lines of thinking appear to provide the answer and when combined have the potential to take strategy back. With any luck, 10 years from now we will be talking about the period of reclaiming strategy that began in the mid 2010s.

The three lines of thinking can be loosely labeled as follows:

- Shift strategy formulation from current-out to future-in
- Shift the strategy process from cascading down to organizationally inclusive
- Don't aim for a single strategy but for an ongoing portfolio of competitive advantages

Each one is interesting and promising in itself, but the *combination* of all three holds the biggest promise for taking strategy back, using the following logic:

To make strategies more future-proof in an increasingly dynamic environment, we must draw on our inspirations and insights about the future (rather than analyzing the current situation) and take this inspiration into a much broader part of the organization. Doing this increases strategy capacity, motivates and provides meaning to the organization, and aligns strategies with the organization's DNA and culture. It also eliminates all handovers in the strategy process, thus aiding the deployment. Furthermore, by continually capturing outcomes in a portfolio of strategies, it is possible to manage competitive advantage on an ongoing basis—keeping it aligned with a rapidly changing business environment.

Here are the details:

Shift strategy formulation from current-out to future-in

In their 2007 *HBR* article, "A Growing Focus on Preparedness," Darrell Rigby and Barbara Bilodeau report that the use of scenario planning has increased markedly since 2002, coinciding with a general renewed interest in future-focused tools, techniques, and services. The reason, they say, is that we humans intuitively understand that where we begin tells us little about where we will end up in a faster-changing environment. In other words, when developing strategies, we need to shift the emphasis—moving from what we know about our point of departure to what we know about the future. This is true even if we thoroughly understand our point of departure.

Another interesting perspective is design thinking. In the 2008 *HBR* article "Design Thinking," Tim Brown offers several perspectives on designing innovative products and services. One perspective is particularly valuable in formulating strategy: Brown talks about bringing innovations in products, services, and even business models to the next level by developing them within a multidisciplinary setting that incorporates user inspiration. In short, the fundamental shifts affecting users fuel the innovation process. This does a number of things: It future-proofs products and services by securing a longer innovation horizon, improves the innovations, and makes them more easily implemented because of the multidisciplinary involvement—all of which sounds like something strategy could use right now.

Now imagine combining these two perspectives—essentially expanding the inspiration-driven, multidisciplinary approach of design thinking with the breadth of strategic inspiration from scenario planning. Strategy creation becomes integrally linked to future inspiration rather than to the here and now. Essentially, the love child of scenario planning and design thinking is the future-in strategy.

Shift the strategy process from cascading down to organizationally inclusive

This seems simple enough. But expanding the design thinking future-in approach to overall strategy requires more capacity, and lots of it if we want to go well beyond user inspiration to include strategic inspiration.

Clayton M. Christensen argues in his epic book, *The Innovator's Dilemma* (1997), that larger organizations with strong vested interest in ongoing business are ill-equipped to capitalize on disruptions. This is particularly bad news today as disruptions are a way of life, making Christensen's suggestion to let parts of the organization work independently on disruptions somewhat impractical.

Fortunately, the same disruptive technologies also provide solutions. Armed with the latest collaborative and social technologies, people are more able to contribute to their company's success. In his *HBR* article "Accelerate!" (2012), John P. Kotter shows the value of such technologies and how they can be used to create a shadow organization made up of willing coalitions of people ready to drive the company's strategic frontiers. It is the best of both worlds: independent initiatives that secure the future for the organization while simultaneously drawing on the best the organization has to offer. Kotter also observes that individuals can be readily motivated to participate in such coalitions.

To make strategies more future-proof in an increasingly dynamic environment, **we must draw on our insights about the future.**

What inspires people can be explained by research into organizational motivation by, among others, Dan Pink in his 2009 TED talk "The Puzzle of Motivation," and Dan Ariely in his 2012 TED talk "What Makes Us Feel Good About Our Work?" Research shows that motivation works very differently for mechanical tasks versus tasks that require even minimal cognitive efforts. Mechanical tasks can be motivated by money. But this is not true for cognitive tasks where motivating factors include autonomy (having some say about the outcome), mastery (having a sense of personal growth), and purpose (having a sense of meaning). These are all achieved by giving people freedom to tackle strategic issues and opportunities with likeminded co-workers. People not only help determine the outcome, but also learn and grow and help repair the disenfranchisement that comes from indiscriminately chasing competitive advantage.

There are also many practical benefits to organizational inclusiveness and the resulting outcomes, including the capacity to create and activate strategy. The handovers that take place between strategy formulation and implementation are eliminated, and the resulting strategies are likely to be more easily implemented because they are crafted with a strong stamp of organizational DNA.

Don't aim for a single strategy but for an ongoing portfolio of competitive advantages

Reclaiming strategy through future inspiration in an inclusive setting is a good way to identify a coherent set of competitive advantages. But it is also necessary to make well-founded decisions and control the mobilizing force unleashed through such inclusiveness. For this, it is useful to think about strategy in terms of an ongoing portfolio of strengths rather than a single formula spun over a multiyear cycle.

In her 2013 book, *The End of Competitive Advantage: How to Keep Your Strategy Moving as Fast as Your Business*, Rita Gunther McGrath argues that competitive advantage is no longer sustainable and that it has a life cycle. To be successful, she says, requires learning to initiate, grow, capitalize on, and say goodbye to competitive advantage all in due time.

The notion of fast-fleeting competitive advantage and business fortunes that are turned around almost overnight does not come as a big surprise. In fact, most organizations have learned to adapt to this reality and often have many—sometimes too many—strategic initiatives running at any given time in an attempt to sustain overall competitiveness.

There is one crucial conclusion that we must draw from Gunther McGrath: If competitive advantages are indeed transient and have a life cycle, we will need more of them in parallel, and we will need to manage them as an ongoing portfolio of competitive advantages with interdependencies, so when some competitive advantages have run their course, new ones are ready to take their place.

This is a bit of strategic déjà vu from the late 1960s and early 1970s; Henderson noted that many companies were engaged in multiple activities, each with its own experience curve, and provided a growth-share matrix for managing a portfolio of interrelated activities over time.

It is no surprise, then, that several recent publications discuss ways to take practical advantage of non-financial portfolio management. Peter LaCasse talks about the importance of managing strategic initiatives as a portfolio with interdependencies and tracking the impact the initiatives have on each other. Ron Ashkenas tells us why portfolio management is not just a financial management concept, but is equally applicable to other groups of interrelated things that need to be managed.⁴

Maintaining an ongoing portfolio of competitive advantage outcomes brings more to the table, and makes strategy something that is managed continually rather than a sequential approach of designing a grand scheme and then executing it in a multiyear cycle. It breaks up the single large strategic sequence into multiple, more nimble mini-sequences at different stages of development, held together by a portfolio management concept: your company's strategic story.

Even the traditionally grand scheme, strategy, launch, and business plan-focused startups are getting an appetite for more continuous approaches to creating competitive advantage. In *The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses* (2011), Eric Ries demonstrates that an earlier and more granular approach for testing hypotheses in the market allows startups to get early feedback on what works and what doesn't so they can create a more attractive proposition in less time. In his 2013 *HBR* article, "Why the Lean Start-Up Changes Everything," Steve Blank declares the lean startup principles valid for corporations, too, and argues that corporations should step away from a single, perfect business plan.

Coming Full Circle: Strategy as Organizational Energy

However interesting the three lines of strategic thought discussed in the previous section are individually, we believe it is their combination that holds the key to turning strategy into true organizational energy—the kind that drives a company forward.

Until the 1960s, strategy was mostly about doing. By the late 1960s, however, strategy had become more about positioning and was more complex, necessitating a more specialized approach staffed by strategy professionals. Since then, strategy has become even more complex, arguably to the point that even the professionals are now somewhat overwhelmed.

⁴ Peter LaCasse, "Rebalance Your Initiative Portfolio to Manage Risk and Maximize Performance," *HBR*, September, 2008; Ron Ashkenas, "Manage With a Portfolio Mindset," *HBR*, September, 2012

As discussed earlier, the handover hurdle between strategy creation and strategy activation has proven to be quite a challenge and a major issue in strategy execution.

In her 2012 book, *The Strategist: Be the Leader Your Business Needs*, Cynthia A. Montgomery proposes to bring strategy and doing back together again and turn it from a document on a desk into the energy that gives life to the company. Leaders play a crucial role in resolving this dichotomy: They must make clear to the organization what sort of company they envision, and provide the strategic purpose and meaning to drive the company forward.

Despite its clear appeal and logic, Montgomery's approach does not eliminate the increased complexity of doing business and the reason why strategy creation and doing have grown apart. Creating a future-in strategy in an organizationally inclusive setting with a portfolio of advantages that can be managed over time can play a crucial role in resolving today's strategic complexity. And a portfolio perspective facilitates broad deployment and management of strategy on an ongoing basis. In short, strategy is reclaimed and once again turned into organizational energy.

The Next Thinking on Strategy

We have not seen the last of the disruptive strategic shifts and events, or the last of the publications on how to deal with them. In fact, we are probably not done figuring out the existing ones. For the foreseeable future, we should expect to see more research, insights, and publications on how to deal with them in the most optimal ways. Because we have a strong need to make strategic headway, we will also continue to find smarter ways to do so.

However, the most interesting published pieces will be those that help bring strategy and doing back together again. We expect to read more about leveraging the progress made along the three lines of strategic thinking—future-in strategic inspiration, an organizationally inclusive approach, and an ongoing portfolio of competitive advantages. When these fully converge, say a decade from now, we will say that the early 2010s was a time for reclaiming strategy. This is an altogether more attractive outlook than concluding that—after just a few decades—real strategy is dead.

It was just napping.

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