MOBILIZING EMERGENT STRATEGIES

ABSTRACT
This paper reviews the idea of emergent strategy in organizations – as presented in the literature on corporate strategy – and offers a conceptual framework to use this notion in actual practice. Under the pressure of brutally intensified competition, present-day organizations throughout the world have been increasingly seeking flexibility and unremitting innovation. The traditional way of strategy making through a cyclical, formal strategic planning process is no longer sufficient to deal with this new situation. Under these conditions, strategy making must be a continuous process, in which emergent strategies (along with deliberate ones) can play a crucial role. But to exploit them, management must master the structures, processes, and techniques by which emergent strategies can be turned into effective strategic behavior.

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RESUMO
Este artigo faz um exame crítico da ideia de estratégia emergente em organizações, tal como apresentada na literatura sobre estratégia empresarial, e propõe um quadro conceitual para o uso dessa ideia na prática. Sob a pressão de uma concorrência brutalmente intensificada, as atuais organizações ao redor do mundo têm cada vez mais buscado flexibilidade e inovação incessante. A forma tradicional de criação de estratégias por meio de um processo periódico e formal de planejamento estratégico não é mais suficiente para lidar com essa nova situação. Nessas condições, a criação de estratégias tem de ser um processo contínuo, no qual estratégias emergentes (juntamente com estratégias deliberadas) podem ter um papel crucial. Mas para tirar partido delas, os administradores terão de dominar o uso de estruturas, processos e técnicas que permitem transformar estratégias emergentes em comportamento estratégico eficaz.

KEYWORDS
Corporate strategy, emergent strategy, strategy process, competition, organizational flexibility

PALAVRAS-CHAVE
Estratégia empresarial, estratégia emergente, processo estratégico, concorrência, flexibilidade organizacional.
WHY EMERGENT STRATEGIES?

The term “emergent strategy” has become very popular in strategy thinking. In the last few years, the idea of emergent strategies and decisions has been rapidly spreading throughout the business literature. A quick inspection on the Internet shows that the term has been incorporated into the strategy syllabi of the best business schools in the world. The concept of emergence is being applied also to other organizational phenomena: decisions, structures, processes. There is even an academic journal dedicated to the subject, titled Emergence: A Journal of Complexity Issues in Organizations and Management. In 1997, The Santa Fe Center for Emergent Strategy was founded, later renamed Santa Fe Associates International.

The term “emergent strategy” was introduced in the 1970s by Henry Mintzberg (1978). An emergent strategy is essentially an “unplanned strategy,” this meaning a course of action that is perceived by the organization as strategic only as it takes place or even afterwards.

Now, strategy without plan is a contradiction in terms. The Greek origin of the word “strategy” denotes clear objectives, planning and command. Dictionary definitions of strategy mention “plan,” “method,” and “stratagem.” Therefore, to define emergent strategy as unplanned strategy in a meaningful way, Mintzberg had first to stretch the signification of strategy. He re-conceived strategy as a coherent course of action leading to results that are consequential and desirable to the organization, whether they have been planned in advance or not. Such a course of action might be perceived by an external observer as following a plan even when in fact it is not (Mintzberg, 1978).

This broadened conception of strategy was found useful by Mintzberg and his associates at McGill while they were researching the process by which strategies are actually formed in real-world organizations. The prevailing notion at that time was that strategy is an explicit plan, that it is formulated by the organization’s leaders, that it sets goals and detailed action programs, and that it is then implemented. Mintzberg found that coherent, consequential lines of action – which an outside observer perceives as strategies – were often shaped in other ways, sometimes even in the absence of a plan. For this reason, he felt the need to think about strategy not in terms of intentions – as in a plan – but rather in terms of what the organization really does, of what specific critical actions are actually put into effect.

Thus, he defined strategy as “a pattern in a stream of decisions,” (Mintzberg, 1978) later reworded as “a pattern in a stream of actions” (Mintzberg and Waters, 1985). This definition allows an independent observer to scrutinize an organization’s behavior and, by recognizing a pattern in its actions, call it a strategy, even if the organization has not previously spelled out such actions in a plan. Thus, this definition makes strategy a more operational concept for the researcher studying a given real-world organization, because he/she needs no longer check whether a sequence of moves by an organization has been set in advance in a plan to call it a strategy.

With this broadened acceptance of strategy, “emergent strategy” was then defined as a pattern in action that was carried out in absence of a plan or in disagreement with an existing plan. “Deliberate strategy,” by contrast, was defined as a pattern in action that was carried out according to a plan (Mintzberg, 1978). Mintzberg also coined the expression “strategy formation” to mean the process by which strategies are created, whether it is a conscious and explicit planning process – which is the “strategy formulation” – or an emergent process (ib.)

In the following paragraphs I review the various interpretations of emergence offered in the strategy literature and present a unifying conceptual framework to help managers exploit this phenomenon in the real life. My contribution to the current theory of strategy emergence may be summarized this way:

1. To integrate the various theoretical perspectives into a single model that explicitly incorporates hierarchical, cognitive, self-organizing and learning phenomena;
2. To put together, in a single system, the traditional strategic planning process and the continuous strategy making process, the latter conceptualized here in a methodical way;
3. To systematize the elements of an organizational infrastructure to support the continuous strategy making process.

DIFFERENT PERSPECTIVES ON STRATEGY EMERGENCE

Around this basic idea of unplanned strategy, different authors have then seen the phenomenon of emergence from various perspectives. They answer the question “How does an emergent strategy emerge?” in diverse ways. To help clarify the various uses of the term, I will refer to a very simple model of the tasks involved in strategy making. The model is presented in Figure 1. The figure shows merely two key tasks, but many other tasks may be involved in the process, like elaborating detailed plans, for instance.
The various conceptions of how strategies get made in organizations can be conveniently explained in terms of the relationship between Task A and Task B. In the strategy literature, it is customary to assume a division of managerial labor in performing tasks A and B. As a general rule, top management would be in charge of A and lower-level, operational management, in charge of B (as authorized by top management).

The classic approach to strategy making, that of strategic planning, views the relationship as one in which the organization’s broad goals are defined by top management and are then worked out by lower management into detailed plans which must be sanctioned by the top before any commitments are made and any actions taken (Ansoff, 1965). Once the detailed plans are decided on, there remains little of importance to be decided by lower-level managers when the plans are implemented. This would be the typical division of managerial labor in a mechanistic organization, where traditional strategic planning is typically practiced. This conception of strategy making is essentially a top-down approach. Lower-level managers are given little scope for strategic initiatives. In this conception of strategy making, strategies are deliberate (or, perhaps, unrealized). There is no room for emergent strategies.

Emergent strategy as a hierarchical phenomenon

A significantly different approach involves more participation by lower management in strategy making. In this case, strategies may emerge as a result of strategic initiatives coming from lower levels in the hierarchy and induced by top management through administrative mechanisms, such as the formal organization and the reward system used for managers (Bower, 1970).

Induced strategic initiatives typically include new product development projects for existing businesses, marketing development projects for existing products, and strategic capital investment projects for existing businesses. This way, business-level strategies may emerge (be “induced”) as a result of a broader corporate strategy instrumented with the various administrative mechanisms that direct the interests of the strategic actors in the organization.

Through these mechanisms top management can influence the types of initiatives that will be transformed into investment proposals to be submitted to top management for approval. In this model one can see influence flowing in two directions. From the top down, top management influences the behavior of lower-level managers through the setting of strategic objectives and the control of the mechanisms just described. From the bottom up, lower-level managers define new investment projects and middle-level managers sponsor some of these and take them to top management for approval. Thus the model recognizes multiple actors taking part in strategy formation. Lower-level managers are more empowered than in the classic approach to participate in strategy making, provided that their initiatives are inside current corporate strategy.

An important variant of this model, described by Burgelman (1983) is one in which lower-level management plays a still larger role in shaping strategies. Even when the current corporate strategy is already established and being executed, lower-level managers may come to take consequential initiatives that fall outside current strategy. In the cases reviewed by Burgelman, “the corporate strategy emerged through a somewhat haphazard process. It was the result of final authorizations by top management of strategic projects that had successfully absorbed the firm’s excess resources and promised to do so profitably in the future” (Burgelman, 1983: 62, emphasis added).

These projects appeared as a result of management’s perception, at various hierarchical levels, of changes in the environment and the opportunities they created for utilizing firm’s resources. These autonomous initiatives of lower-level management were subsequently endorsed by top managers, who even changed current strategy in order to accommodate these lower-level initiatives. In this case, a new corporate strategy emerged from the process. It is reasonable to assume that an analogous process may also take place in undiversified organizations that operate with a single business area. In this case, instead of a corporate strategy, there usually is a higher-level strategy over the business strategy, concerned with general policies, goal definition for the company, and financial policy.

These two variants of emergent strategy have in common the idea that strategy emerges from the bottom
of the organization and floats up to the top. A visual representation of this concept is shown in Figure 2.

**Emergent strategy as a cognitive phenomenon**

Another, rather radical, view of strategy making consists of reversing the direction in Figure 1. What if commitments were made and actions taken before the goals are defined? Or, even more radically, what if the organization acted in order to discover its goals? This intriguing issue was raised by James March (1976). At first, it may seem odd, even illogical. Yet, March argues that human choice behavior is at least as much a process for discovering goals as for acting on them. He supports his contention with an example taken from family life. March observes that it is usual for parents to lead a child to do things that are inconsistent with the child's present goals (like learning to play classical music), because they believe that the child can only develop into an interesting person by coming to appreciate objects of experience that he/she initially rejects. We should occasionally adopt this attitude to adults as well, March suggests. Values change, and they are developed through experience. In other words, people – and organizations – may learn about their own goals by acting first.

March remarks that the presently available theory of choice is deficient in that it is not concerned with the origin of goals, actors are assumed to have pre-existing values. To remedy this deficiency, March proposes that we treat action as a way of creating interesting goals at the same time that we treat goals as a way of justifying action. He notes that the techniques accessible today need to be supplemented with other, ground-breaking methods. March says he does not know in details what methods are required but he offers some hints. Perhaps his most general suggestion is that we use playfulness as a mechanism for allowing us to do unusual (“foolish”) things.

The ideas presented in March’s essay open a new dimension to the understanding of strategy emergence. Not only strategies may take shape in the absence of prior intentions, the intentions themselves may emerge as the organization acts. If an emergent strategy is consistency in action, goals may turn out to be the result, not the cause, of such consistency. And if this is granted, then strategy emergence may include the emergence of goals, perhaps as the most important outcome of the process.

In close affinity with March’s ideas stands a line of thought diligently pursued by Karl Weick (1979; 1995). As a whole, he is more skeptical than March about the objectivity of strategy making. For him, people are more concerned about making sense of what they have already done in the past than about what they will do in the future. According to Weick (1979: 5), “organizations are often reluctant to admit that a good deal of their activity consists of reconstructing plausible histories after-the-fact to explain where they are now, even though no such history actually got them to precisely this place” (1979: 5). Weick calls this “retrospective sense-making.”

For Weick, all understanding originates in reflection and looking backward. The implications of this idea to strategy making are put by Weick in a radical and ruthless statement: “Organizations persistently spend time formulating strategy, an activity that literally makes little sense given the

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**Figure 2 - Emergent strategy as a hierarchical phenomenon, in the manner of Bower (1970) and Burgelman (1983).**

Source: Author
arguments advanced here. Organizations formulate strategy after they implement it, not before. Having implemented something – anything – people can then look back over it and conclude that what they have implemented is a strategy. The more common (and misleading) way to look at this sequence in organizations is to say that first comes strategy and then comes implementation. That commonplace recipe ignores the fact that meaning is always imposed after the fact and only after elapsed actions are available for review” (1979: 188).

Thus, for Weick, strategies emerge after the action, in the form of perceptions that provide meaning to what was done. As insightful as these ideas may be, a radical acceptance of retrospective sense-making may also be limiting. As pointed out by Dennis Gioia and Ajay Mehra (1996) in their review of Weick’s book, Sensemaking in Organizations, Weick implicitly dismisses forward-looking, prospective sense-making, as if it were a myth. “If retrospective sense-making is making sense of the past, prospective sense-making is an attempt to make sense for the future,” Gioia and Mehra observe (1996: 1229). Prospective sense-making is much more tentative, and also more creative than retrospective sense-making – looking backwards – they say. They recall Kierkegaard’s famous commentary that life is most clearly understood backward, but it must be lived forward. Weick’s view is attuned to the first half of this commentary, they remark, but it minimizes the other half. We all make use of projective futures to avoid stumbling through life. The phenomenology of everyday organizational experience also involves speculating about the future.

“When engaging in prospective sense making, . . . We envision a tentative future state but [unlike in retrospective sense-making] are unable to construct an account of how to get there. Yet it is this very act of envisioning the future that supplies an impetus for action” (Gioia & Mehra, 1996: 1230).

Based on this comment, Gioia and Mehra suggest an expansion of the domain of sense-making to include both retrospective and prospective elements. March’s and Weick’s conceptions of emergence are synthesized in Figure 3.

**Emergent strategy as the result of self-organization in complex systems**

Yet another strand in the interpretation of emergent strategy simply eliminates Task A in Figure 1. An emergent strategy is the spontaneous result of the uncoordinated actions of a myriad of agents (Task B in Figure 1), each acting according to individual rules. Instances of such an organization occurring in nature are an ant colony or a swarm of bees. No single insect coordinates the actions of the individual members of the colony, yet the colony works in an organized way. One abstract model of this kind of organization that is currently trendy comes from complexity theory. The theory was originally developed to explain physical and biological phenomena. Attention has been focused on complex adaptive systems, which are made up of a large number of independent agents interacting with each other in myriad ways. These systems exhibit typical characteristics, like spontaneous self-organization, adaptivity, and the ability to stay in a condition intermediate between order and chaos, named “the edge of chaos.” The development of complexity theory has been centered at the Santa Fe Institute, a small but influential think tank supporting six full-time researchers and counting on 50 outside collaborators.

It is important to understand the way emergence appears in these models. In natural complex systems, emergence means the appearance of system-wide behavioral patterns that could not be inferred from the knowledge of the individual agents’ rules of behavior but that result from the interplay of these rules. As an instance, weather is an emergent property: small phenomena occurring in given microenvironments interact with one another and the

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Figure 3 - **Emergent strategy as a cognitive phenomenon, in the manner of Weick (1979) and March (1976).**
system may end up organizing itself into an emergent structure known as a hurricane. In a sense, natural systems can be regarded as machines, but they are very different machines from the ones we are used to. Instead of being designed from the top down, the way a human engineer would do it, living systems always seem to emerge from the bottom up (Waldrop 1992). Figure 4 shows a model of a system with these characteristics.

There has been increasing interest in applying complexity concepts to human organizations. The theory can contribute to the understanding of human organizations by explaining the emergence of organized patterns at the system level. Such patterns would be a result of innumerable autonomous actions at the individual agents' level, each seeking to maximize its own payoff and heedless of the consequences of its actions to the system as a whole. (To speak of strategy in this case requires, once again, to stretch the meaning of the word “strategy” to also apply to a behavior pattern of the system as a whole, as if it were a planned one.) Not coincidentally, this is a foundation of the present widespread reliance on markets as efficient mechanisms for organizing economic transactions. Self-organization is a crucial process in this context. Recalling Adam Smith, one might say that self-organization is the “invisible hand” guiding transactions in a free-market economy in such a way as to produce an optimal allocation of resources. Paradoxically, authors that have recently proposed the application of complexity theory concepts to strategy making (Anderson, 1999; MacIntosh and MacLean, 1999) do not seem to accept this pure model but instead add to it intentional intervention at the top management level. This seems to indicate that pure, spontaneous emergence is not regarded as desirable in human – or at least business – organizations, and that instead some kind of control is deemed necessary. In other words, top management decisions make a difference, a fact that was already empirically verified by John Child (1972) and his followers (Finkelstein and Hambrick, 1996).

A concern with control and complexity was already present in Lindblom’s classic depiction of policy making by public administrators (Lindblom, 1959). In his “muddling through” model, the fragmented process of having multiple individual agents (or agencies), each making its decision autonomously, ends up by achieving a considerable degree of integration in practice. This is attained to the extent that each agency is the watchdog of the others. A process of mutual adjustment among groups representing diverse factions of public opinion is also practicable in this system.

The fact that Lindblom’s conceptions refer to the public realm, where a variety of diverse interests must be reconciled, makes it helpful also for today’s private organizations, where the plurality of interests and values is becoming increasingly recognized.

An emphasis on control, or lack of it, may also address the organization’s degree of influence over its external environment. When such influence is fully absent, the organization is at the entire mercy of its environment, which then imposes a course of action on it. This totally passive behavior is regarded by Mintzberg and McHugh (1985) as an extreme case of strategy emergence.

Figure 4 - Emergent strategy as a phenomenon of self-organization in complex systems, in the manner of Waldrop (1992) and Anderson (1999).
Emergent strategy as a learning phenomenon

Several years after his invention of the term “emergent strategy,” Mintzberg undertook to put together his and others’ ideas on strategy making (many of them reviewed here) in what he eventually called the “learning model” of strategy making (Mintzberg, 1990). According to Mintzberg, emergent strategies are characteristic of a certain type of organization that he initially called “adhocracy” (Mintzberg, 1979) and, more recently, “innovative organization” (Mintzberg & Quinn, 1996). It is essentially an organization managed through projects and structured primarily around experts assembled in ad hoc project teams. Such an organization relies on mutual adjustment as the key coordination mechanism and discourages hierarchy, direct supervision, standardization, rules, and performance controls. Power is diffused in uneven ways, according to the expertise needed in each situation (Mintzberg and McHugh, 1985). Examples of traditional organizations fitting this model are consulting firms, research-based organizations, advertising agencies, and avant-garde film companies. Mintzberg (1979: 459) claimed that this was the organization structure of the future.

To Mintzberg, strategy making in the “innovative organization” is different from other configurations in a number of crucial aspects: “[W]hen the central purpose of an organization is to innovate, the results of its efforts can never be predetermined. So it cannot specify a strategy — a pattern or consistency in a stream of decisions — in advance, before it makes its decisions. Such patterns at best emerge after the fact, the results of specific decisions” (Mintzberg, 1979: 443, emphasis added).

Strategy never stabilizes in such an organization, but changes continuously (Mintzberg, 1979: 444). Yet if strategy evolves continuously, then strategy formation is controlled by whoever decides what projects are done and how. Strategy evolves as a multitude of these decisions are made, each project leaving its imprint on the strategy. The strategic initiatives that do arise may originate anywhere in the organization, often coming from way down, where the detailed knowledge of products and markets reside. Decisions are so intertwined and so many people are involved that it is impossible to single out any one part of the organization as the place where the strategy is made. Everyone who gets involved has a hand in influencing the strategy that gets formed. So the power for decision making is distributed widely throughout the organization (Mintzberg, 1979: 444-446).

According to the model, management’s role is that of selectively fostering the growth of emergent strategies, in some cases even allowing them to displace intended strategies – intended strategies only get to be called “deliberate” if they are in fact realized. To manage this process is not to devise strategies, but to recognize their emergence and either foster them or halt them. This can be done when the organization creates a climate within which a wide variety of strategies can grow (Mintzberg and McHugh 1985). The two authors suggest several ways to create such a climate, for example, establishing flexible structures, developing appropriate processes, encouraging supporting cultures, and defining guiding “umbrella” strategies.

Already in the late 1970s, James Brian Quinn had found a comparable behavior in large companies in the process of changing their strategies: “The most effective strategies of major enterprises tend to emerge step by step from an iterative process in which the organization probes the future, experiments, and learns from a series of partial (incremental) commitments rather than through global formulations of total strategies. Good managers are aware of this process, and they consciously intervene in it” (Quinn, 1980: 58; emphasis added).

Roughly at the same time that Mintzberg and his collaborators were developing the concept of emergent strategy, another important idea was being introduced by other researchers, that of organizational learning. This idea sprouted and flourished as both an academic and a pragmatic field. There is virtual consensus that organizations of all sorts need to adapt to rapidly changing environments, learn from past successes and failures, detect and correct errors, anticipate and respond to threats and opportunities, carry on experiments and learn from them, and innovate continuously (Cyert and March, 1963; Normann, 1977; Argyris and Schon, 1978; Senge, 1990; Nonaka and Takeuchi, 1995, to cite a few).

Mintzberg was not unaware of these developments and eventually he linked the concepts of emergent strategy and organizational learning. The role of emergent strategies in organizational learning is underscored by Mintzberg in a paper written in 1990: “It is the concept of emergent strategy that opens the door to learning, because it acknowledges the organization’s capacity to experiment. A single action can be taken, feedback can be perceived, and the process can continue until the organization converges on the pattern that becomes its strategy” (Mintzberg, 1990: 151).

This process may be spontaneous or may be consciously managed, as emergent patterns are recognized and made deliberate. In this conception, the role of leaders is “not to preconceive deliberate strategies, but to manage the process of strategic learning” (Mintzberg, 155, italics in original).
The learning model of strategy making may be seen as providing a useful framework that makes compatible March’s and Weick’s views with more traditional stands on strategic decision making. Figure 5 shows in graphical form my following argument. In the traditional model of organizational strategy making, action comes after the setting of goals. In March’s interpretation, in contrast, at least sometimes broad goals follow action. The two views can be reconciled through a learning model, in which goals and action influence each other. Action is carried on to achieve the goals, or prompted by fuzzy or inadequate goals or even in the absence of goals. The organization interprets action in terms of its results, which leads the organization to accept the action or to correct it (single-loop learning) or even, in some cases, to (re)formulate its goals (double-loop learning). Since the redefinition of objectives is often stimulated by changes in the environment, a crucial element in double-loop learning is the ability to tell which ones of these changes are temporary and which are long-lasting or even permanent.

In the case of single-loop learning, we are dealing with deliberate strategies and controls, while in double-loop learning we may be dealing with emergent strategies and goals. A similar model may be built for Weick’s ideas, by replacing “goals” by “sense” or “meaning” in Figure 5.

**An inclusive denotation of emergent strategy**

The different interpretations of emergent strategy seen above are all coherent with the everyday meaning of the word “emergent”. According to the dictionary, “to emerge” means “to come forth into view, as from concealment,” “to rise as from an inferior state,” and “to develop or come into existence.” All of these ideas are present in the interpretations just seen. Thus, emergent strategy was seen as a hierarchical phenomenon (a strategy rises from the bottom of the organization and floats up to the top), as a cognitive phenomenon (strategy comes forth as the organization starts to collectively perceive it), as a result of self-organization in complex systems (strategy develops as a spontaneous result of a multitude of uncoordinated actions), and as a learning phenomenon (strategy develops as the organization corrects its actions or, on a higher level, its very plans).

These interpretations are complementary rather than conflicting or mutually exclusive. In fact, they may be seen as different aspects of a single, more complex phenomenon. For a hypothetical instance, a series of initiatives taken independently by different operational managers at the bottom of an organization may result in a aggregate maneuver (a phenomenon of self-organization in a complex system) that becomes gradually known at the top (hierarchical phenomenon), where it is perceived as achieving interesting results not previously regarded as goals by the organization (cognitive phenomenon), and then be incorporated into the organization’s intended strategy (learning phenomenon). In what follows, this

**Figure 5 - Emergent strategy as a learning phenomenon, in the manner of Mintzberg (1990).**
broader, inclusive denotation of emergent strategy will be adopted.

**HOW TO EXPLOIT EMERGENT STRATEGIES**

I propose now to see how organizations can not only recognize emergent strategies but go a step further and integrate them into the strategy making process. As shown above, Mintzberg and McHugh (1985) propose a model of strategy making that is centered on emergent strategies. In their model, management control the growth of emergent strategies, by recognizing their emergence and either halting or fostering them. The two authors suggest several organizational elements that create favorable conditions for doing this, including flexible structures, appropriate processes, supporting cultures, and guiding “umbrella” strategies.

I want now to get more specific about the particular structures, processes and techniques that can be used to implement these ideas, by looking at recent empirical research on this topic. One line of research in this direction has been followed by Kathleen Eisenhardt. She has been concerned with strategy making and management of change in firms operating in rapidly evolving and intensely competitive markets.

In a recent study, Brown and Eisenhardt (1997) investigated multiple-product innovations in six firms in the computer industry of the early 90s in the U.S., Europe and Asia. This is labeled a “high-velocity” industry, one characterized by short product cycles and rapidly shifting competitive settings. In this environment, they argue, the classical approach to strategy making via strategic planning is inadequate.

They propose an alternative to the classic model, dubbed the “continuous change model,” which fits better their empirical findings. In this setting, change was often played out through product innovation. They found that successful firms shared three key properties. First, they achieved a balance between order and disorder, by combining a limited structure (clear responsibilities and priorities, formal and frequent cross-project meetings) with extensive communication and freedom to improvise within current projects. Second, they made extensive use of low-cost “probes into the future,” such as experimental products, strategic alliances with potential customers, use of futurists (we might call them long-range planners), and frequent strategy meetings. Third, they carefully managed the transition between present and future projects, by establishing predictable time intervals between projects and using coordinated (“choreographed”) transition routines.

By adopting an organizational configuration intermediate between a mechanistic form, on one extreme, and an unstructured form (such as described by Burns and Stalker, 1961), on the other, managers were able to attain a balance between the rigidity of planning and the chaos of merely reacting to external events.

In a more recent paper, Eisenhardt (1999) describes a collection of techniques to foster the collective creation of strategy in rapidly evolving and intensely competitive markets. When strategy is a flow of shifting competitive advantages, she argues, the choices that shape strategy matter greatly and occur frequently. In situations like this, decision makers create strategy by using a large assortment of techniques that promote collective decision making by building shared intuition, accelerating constructive conflict (stimulating instead of avoiding it), maintaining a disciplined pace and neutralizing political behavior. For each of these purposes, Eisenhardt presents specific techniques that were used by the successful firms studied by her.

“These processes [the collective decision processes that results from the application of these techniques] support the emergence of effective strategy” (Eisenhardt, 1999: 72). It is pointed out that modest performers had more predictable and less effective strategies. One deduces that, in this environment, successful firms’ strategies are less predictable, they emerge.

Another author, Osborn (1998), offers a method of strategic action that he developed for organizations of a new format, typically with a flat hierarchy and distributed information. In this method, emergent strategies play a central role. Osborn starts from the assumption that these new organizations tend to organize more by process than by a functional hierarchy. His model was developed for companies, but he hints that the concepts might be used more generally in distributed structures such as networked organizations and cooperative organizational arrangements, for example, alliances, partnerships and joint ventures. He calls these new configurations “new-form organizations,” as opposed to traditional-form ones.

To Osborn (1998: 487) emergent strategies mean collectively developed strategies that respond to competitive threats -- unexpected market shifts”. Thus, for him, an emergent strategy is an essentially reactive initiative. In his conception, emergent strategies keep company with intended strategies: he speaks of an organization revising intended plans to adjust to emergent strategies (Osborn, 1998: 504).
Osborn (1998: 483) argues that competitive agility rests on how quickly an organization can adapt to emergent strategies, and he sets out to show how new-form organizations can generate emergent systems to support emergent strategies. To do this, he makes use of two other recently developed concepts: interactive management controls (Simons, 1991) and semi-formal information systems (Malone, Lai & Fry, 1992).

Simons (1991) recognizes two types of management control systems. One is the traditional type, used to implement strategies developed by top managers. Plans are diffused downward through the organization, outcomes are compared with planned objectives, and significant deviations are reported to managers for remedial action and follow-up. Simons calls these diagnostic control systems.

But Simon’s research (1991: 49) revealed another type of control system, unknown until then. He found that in a certain class of situations, top managers use control systems far more actively, on a day-to-day basis, to personally involve themselves in the decisions of subordinates (ibid.: 49). These may be called interactive control systems. These are formal systems in which the information generated constitutes an important and recurring agenda for top management; the process demands constant attention from operating managers at all levels; data are discussed and interpreted in face-to-face meetings of superiors, peers and subordinates; and underlying data, assumptions and action plans are continually challenged. This way, “top managers can guide organizational learning and thereby unobtrusively influence the process of strategy making throughout the firm” (ibid.: 50). According to Simons, the class of situation for which top managers choose to use interactive control systems involves strategic uncertainties, where unexpected threats or opportunities are more likely to develop and demand immediate action. Diagnostic controls are left to what the firm does (and knows) well, that is to say, to the critical success factors associated with current strategies. Osborn (1998: 489) remarks that interactive controls are a means for surfacing and acting upon emergent strategies, while diagnostic controls are appropriate for monitoring the implementation of planned strategy (ibid.: 489).

The other concept used in Osborn’s framework for dealing effectively with emergent strategies is that of semi-formal systems. These are essentially management information systems with customized computer programs that incorporate working models of the dynamics of the particular business (Malone, Lai & Fry, 1992). They enable a management team to structure and share a large part of its interactions and thus to build a collective and explicit understanding of emergent issues. By exploiting structures that occur naturally within management processes, semi-formal systems provide an opportunity to capture and express the common understandings tacitly held by team participants.

Semi-formal information systems are adaptable to changes in market dynamics as they occur and thus may support process redesign while the interactive controls are helping strategy redefinition. Hence, it becomes possible to develop emergent systems to support emergent strategies ((Malone, Lai & Fry, 1992: 490).

To illustrate this conception, Osborn presents the results of an exploratory 22-month longitudinal study of Frito-Lay, Inc., an American snack food producer. The analysis of this case supports the model he describes. Overall, his inquiry suggests processes through which new-form organizations can gain competitive agility when intended plans have to be revised to adjust to unexpected conditions. First, through the use of interactive controls, the organization can act on strategies identified in current market experience, in a process that flows from the bottom up. Second, semi-formal systems promote methodical, forward-looking knowledge of market dynamics and may contribute to distribute market guidance across functional boundaries.

PROPOSED CONCEPTUAL FRAMEWORK

In what follows, I outline a conceptual framework intended to serve as a basis for the understanding of strategy emergence and of the role it can play in the strategy process. It may help other research workers dealing with strategy processes to organize the various perspectives on strategy emergence. In addition to that, I indicate the lines along which a more detailed model could be developed.

Before the framework is presented, a few assumptions must be made explicit on which my propositions will be based. First, it will be taken as definitional that an organization has a purpose. It will be assumed, in addition, that the organization’s members are conscious of the organization’s purpose and that they share it. A second assumption is that a strategy need not be an objective idea to be useful to the organization. It must be recognized that in its original, pre-Mintzberg, acceptation, a strategy is clearly subjective. It is a plan of how to attain a certain goal and it refers to future events, therefore it is an interpretation of what can be done and of what can happen. It may be utterly unrealistic and even impossible. It is merely an intention. Mintzberg’s innovation can be
regarded, in effect, as an attempt to introduce objectivity into the concept of strategy, by redefining it in such a way that it could be watched by an impartial outside observer. Whether this achieves more objectivity is debatable, but not relevant here. In fact, it is unnecessary to make strategy objective for it to be useful to the manager. I view strategy as an instrument that the organization can use to better attain its purposes be them objective or subjective. That goes for emergent strategies as well. On the other hand, I do assume that a strategy must be conscious to be useful to the organization. But, instead of accepting Mintzberg’s objectivist idea that a strategic pattern may be latent (present but not visible) and must be discovered, I prefer to adopt the less binding view that strategy may be a subjective idea. On the other hand, it must be recognized by the organization – it must emerge – to become useful to it. I also accept as a premise that a certain amount of planning is necessary in any organization. Since planning involves intended strategies, then intended strategies are a necessity in organizations.

Basic model

The model presented in Figure 6 describes a process which combines intention with emergence. The process is composed of two sub-processes that evolve in parallel in the organization. In the one represented at the top of the figure, the organization’s broad goals and vision, together with an assessment of market opportunities and threats guide the formulation of intended strategies. Through a typical strategic planning process, the intended strategy is translated into planned actions. These, when carried out, lead to certain actual results, which may or may not be in accordance with management’s expectations. Incidental deviations from planned results will be detected through traditional diagnostic controls and will normally lead to correction of the action. This constitutes single-loop learning. Exceptionally, the results may be so surprising as to cause a change in the intended strategy (perhaps even in the broad goals and vision). This constitutes double-loop learning.

In the sub-process represented at the bottom of Figure 6,
which I shall call continuous strategy making, members of the organization interact on a day-to-day basis with customers and other agents in the market and, under the general guidance of the organization’s broad goals and vision established by top management, spot new opportunities or threats and act out of their own initiative. These actions and their results are being continuously monitored through interactive controls, involving managers from different parts of the organization, including top management.

The model incorporates Osborn’s (1998) and Simons’ (1991) ideas of using diagnostic controls to implement intended strategies and interactive controls to implement emergent strategies. The model makes it explicit that diagnostic controls come after (intended) strategy formulation, while interactive controls come before (emergent) strategy formation.

The model also incorporates (narrow) goal emergence and retrospective sense-making in the second sub-process and strategic learning (i.e., double-loop learning) in both sub-processes.

Now, there is an element of simplification in the model presented, namely in the partition of the two processes as if they might evolve separately. In real organizations they will, in effect, be intertwined. For one thing, it will in general be difficult to separate actual results attributable to intended strategies from actual results attributable to emergent strategies. But the separation of the two processes is not just an analytical artifice to facilitate understanding. As found by Simons (1991), management picks out the issues to be monitored by interactive controls and leave the others to be monitored by diagnostic controls. The issues they choose to control interactively are those presenting large strategic uncertainties associated with their visions of the future. So, choosing which decisions to assign to unplanned strategic decision making and which to assign to strategic planning is itself a second-order strategic decision to be made by management (Simons, 1991).

As for how to operate the two sub-processes, the first one – strategic planning, is well described in the literature. The other sub-process, continuous strategy making, is itself an emergent concept, which the recent literature reviewed above tries to describe (Eisenhardt, 1999; Osborn, 1998), each author presenting an embryonic perspective of what it could be. Further research should be aimed at formulating a useful detailed model of continuous strategy making. The literature briefly reviewed here, plus the present contribution, provide elements that can be put together to start such a detailed formulation. But more empirical observation as well as theoretical elaboration will be necessary to advance a prototype. Here, to complete this short outline and in addition to the diagram presented in Figure 6, I offer a few remarks on the key aspects of the detailed model to be formulated more fully in future studies.

Strategy making is usually a process superimposed upon an organizational structure primarily devoted to other functions. Thus, traditional strategic planning is a cyclical process of organizing intentions which is superimposed on a structure essentially designed for command and action. Continuous strategy making, in contrast, is conceived here as a process of organizing learning loops (involving interaction between intentions and actions) within a structure specifically designed for such processes. Such designed structure includes processes and techniques, all of them devised to create conditions under which the organization is able to change continuously, seize opportunities, optimize its resources, and learn, in order to accomplish its purpose and broad goals. These elements are exemplified in Table 1, suggesting lines along which to develop this framework into a more detailed model.

One important issue to be resolved in future research is how to operate the two sub-processes – strategic planning and continuous strategy making – within the same organization and how to superimpose strategic planning on a structure designed for continuous strategy making, or vice-versa.

CONCLUSION

The profound changes that world society is undergoing in the last decades have had an impact on organizations. Under the pressure of brutally intensified competition, organizations have been increasingly seeking flexibility, multiskilling, decentralization and new uses for information and telecommunications technology, often assuming entirely new forms. Increasing complexity characterize both the external and the internal environments faced by organizations. There is a need for enhanced responsiveness to ever-varying individualized customer demands, plus a need to build a fertile and challenging working environment capable of attracting and retaining the best human talent in order to make the organization innovative and productive.

These needs have created a combination of complexities that puts a tremendous pressure on the organization. Such pressure is felt particularly in the area of strategy making. The traditional way of strategy making through a cyclical, formal strategic planning process is no longer sufficient
to deal with this new situation Strategic actions must be decided in novel ways. Specifically, strategy making in contemporary organizations must give continuous, day-to-day, attention to strategic issues and provide them with guidance in real time. The organization must be swift in responding to opportunities as well as in carrying through proactive maneuvers, and this demands uninterrupted watch and disposition to act.

Under these conditions, strategy making must be a continuous process. In such process, the organization’s broad goals and vision will tend to remain stable, but the current intended strategy will be being constantly challenged by new, emerging strategies that may eventually become the new intended strategy or else be accommodated into the current intended strategy. Emergent strategies will integrate concepts that have cropped up from the daily activities of the business, especially from the organization’s interplay with its customers and markets. They may propose moves that had not been contemplated during formal planning and often contain unanticipated ideas arising from the operating levels of the organization.

Therefore, not only the organization must be structured and mobilized to be able to act quickly in its complex and rapidly changing environment, but it must also be prepared to recognize, assess, and adapt to, emergent strategies.

The key feature of continuous strategy making is the uninterrupted interaction between action and (narrow) goal definition, in a learning-by-doing process developing over time. While single-loop learning involves the adjustment of action to goals, double-loop learning involves the adjustment of goals to action. In parallel to this ongoing process, part of the strategic decisions are guided by planned current strategy. Together with the organization’s broad goals and vision, current strategy helps to provide consistency, continuity and endurance to strategic behavior. It serves as a frame of reference or model that spells the bases of the organization’s past success and thus provides guidance for action. It is an interpretation both of the past and of the future.

This way, the formulation of intended strategies through strategic planning retains a role that is not confined to that of programming strategy implementation, as Mintzberg proposes. Accordingly, continuous strategy making must coexist with strategic planning.

The literature surveyed above also shows that it is possible for an organization to systematize continuous strategy making by setting up structures, processes, and techniques to put it into effect. In the model proposed here I have outlined in a little more detail how to organize continuous strategy making and how to have intended strategy and emergent strategy interact with one another. A strategic planning sub-process handles intended strategies, turning them into planned actions and regulating both actions and results through traditional diagnostic controls. A second sub-process, of continuous strategy making, treats actions evolving from the day-to-day interaction between the organization and the market, turning them into emergent strategies once they become

Table 1 - Elements to compose a detailed model of continuous strategy making.

<table>
<thead>
<tr>
<th>STRUCTURES, PROCESSES, AND TECHNIQUES SUCH AS</th>
<th>CREATING CONDITIONS OF</th>
<th>WHICH PROMOTE</th>
<th>TO ACCOMPLISH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interactive controls</td>
<td>Continuous attention</td>
<td>Continuous change</td>
<td>Organization’s purpose and broad goals</td>
</tr>
<tr>
<td>Real-time communication links</td>
<td>Information sharing</td>
<td>Seizing of opportunities</td>
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<tr>
<td>Frequent strategic meetings</td>
<td>Personal involvement</td>
<td>Optimization if resources</td>
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<td>Explicit mental models</td>
<td>Intimacy with issues</td>
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<tr>
<td>Working models</td>
<td>Collective and explicit understanding</td>
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<td>Scenario building</td>
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<td>Experimental products Commitment etc.</td>
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</tbody>
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Source: Author
recognized as effective patterns of action. The conversion of isolated actions into successful patterns is supervised by top management by means of interactive controls. Top management decides which decisions are assigned to the strategic planning sub-process and which are assigned to continuous strategy making.

“Continuous strategy making” is the term I suggested to denote this newly conceived process of strategy making that contrasts with strategic planning and, in the model, complements it. This new process demands more empirical research to be better understood. The present essay suggests that specific structures, processes and techniques can be used to create conditions under which emergent strategies can be used for the accomplishment of the organization’s purpose and broad goals. Some of these structures, processes, and techniques were outlined here.

In the proposed model, the role of management is not only to envision deliberate strategies, but also to manage the course of learning in the continuous strategy making process. To do this, managers should be alert to new developments that may affect their organizations, but also flexible and ready to appreciate different perspectives and models to interpret and direct their organizations. They must be ready to abandon worn-out business models and to devise entirely new ones of their own creation. If strategy making is a search for the unique, managers must do more than find out why other organizations are successful. They must both invent fresh strategies and be able to recognize other new ones emerging. To do the latter effectively, they must master a truly new technology, made up of certain structures, processes, and techniques specifically designed to mobilize emergent strategies.

Notes

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1. Published by the Institute for the Study of Coherence and Emergence, see www.emergence.org.

2. www.santafeassociates.com

3. Perhaps I should add that the model to be presented is not a model of strategic decision making. The decision making approach assumes that every strategic action is the result of one or more decisions made by the organization. The strategy emergence concept is broader; it dispenses with decision analysis and focuses on lines of action in its place. With the descriptions of emergence presented above, one can see that an organization may follow one line of action without specifically making an explicit decision about it. In Mintzberg’s earlier career, while he was working on the concept of emergent strategy, he and his associates also developed a model for “unstructured” decision processes (Mintzberg et al., 1976). Even these “unstructured” processes were more structured than emergence, as they involved explicit and conscious phases, such as “recognition”, “diagnosis”, “project”, and “evaluation”. Mintzberg surely realized that strategy emergence may occur without explicit decisions, and I have no doubts that that is why he later altered his definition of strategy from “a pattern of decisions” to “a pattern of actions”.

References


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