Dynamic Strategic Planning: Achieving Strategic Flexibility Through Formalization

Clay Dibrell
Oregon State University

Jon Down
University of Portland

Lyndall Bull
The University of Melbourne

In this article, we present findings on strategic thinking and decision making that result from a series of interviews with executives from six firms in the forest products industry. Drawing from these interviews, the executives suggest that much of their firms' financial success or lack thereof is derived from their form of strategic planning. Firms which are the most financially successful use a dynamic strategic planning process that combines key elements from both formalized and ad-hoc strategic planning through the addition of strategic flex-points. Poorly-performing firms often adopt a reactive approach to opportunities or threats compared to their more successful competitors and are unable or unwilling to change.

The competitive landscape for many industries has dramatically changed, forcing managers to reconsider not only the content of their strategic plans, but also the processes they use to develop and implement those plans. The five hundred billion dollar global forest products industry is a good example of this change. This once highly fragmented and relatively stable industry which employs approximately 10 million people worldwide has undergone a competitive transformation (Hansen, Dibrell, & Down, 2006; Sande, 2002). The forest products industry is now characterized as being highly competitive with enormous market pressures generated by the mounting number of global forest product competitors through the opening of US and other world markets; the consolidating efforts of the industry by the largest forest products firms; the increasing downstream market presence of retail category killers; and the emerging substitute products of concrete, plastic, and steel. In essence, this once very stable industry has dramatically changed with increased competitive pressure.

Many managers did not see this approaching competitive storm on the horizon, because many of these managers relied on a reactive planning process with a limited emphasis on long term strategic vision. These managers focused on the day-to-day operations of producing a commodity-like product at the lowest cost for consumption in the general marketplace (Sande, 2002). Managers from these firms have been forced by marketplace necessity to reevaluate their industry positions and broaden their strategic planning perspectives.

From a strategic planning perspective, there are two fundamentally opposing strategic planning process views: the "deliberate" view (Ansoff, 1991) and the "emergent" view (Mintzberg, 1990, 1991, 1994a, 1994b). A deliberate strategy is a strategy that was intended (planned) and subsequently realized. An emergent strategy is a strategy that was realized but never intended (either because no strategies were planned or those that were planned were not implemented). The deliberate approach to strategic planning might be described as top-down, rigid, mechanistic, and efficient in contrast to a description of an emergent process that is informal, flexible and empowering.

The emergent planning style is based on a more organic, reactive, learn-as-you-go approach with broad strategic objectives and means of accomplishing those objectives (Mintzberg & McHugh, 1985). The emergent strategy is criticized for being too reactive to external threats and opportunities (Hendry, 2000). It is important to acknowledge that the realized strategies of most companies will be some combination of emergent and deliberate. Even as Mintzberg advocates a shift away from deliberate toward emergent strategies, he concedes that "in practice, of course, all strategy making walks on two feet, one deliberate, the other emergent" (Mintzberg & McHugh, 1985: 163).

There is a paucity of research exploring the optimal combination and support systems associated with deliberate and emergent strategic planning approaches, and how this optimal strategic planning approach translates into greater firm financial performance. Hence, the purpose of our article is two-fold. The first is the recognition that the balance of realized strategies across firms will vary with some managers drawing more on intended strategies while others rely to a greater extent on emergent strategies – and that this balance is affected by the strategic planning policies of the firm, which leads us to ask: What is an optimal combination of strategic planning processes, and to what degree can an optimal planning process be generalized to individual firms? Followed by a practical question: To what extent do firm policies impact the ability of these firms to build strategic planning capabilities?

The second central point which we address in this article is the assertion that there is a knowledge gap defining the practical issue of *how* to organize a firm's strategic planning process in a systematic way to create an appropriately balanced approach to strategic planning that yields the flexibility of an emergent process with the discipline of a deliberate process. This second question is of critical importance to managers who often find themselves rigidly following a structured planning process that is disconnected from the day-to-day running of the business; or managing the operations of the business without any overarching vision that provides the context for laying out a clear course of development that offers tangible direction for all members of the organization to strive toward.

Our paper extends the strategic planning literature through a series of in-depth interviews with executives where we observe that more financially successful firms integrated supporting strategic planning capabilities into their planning processes. In effect, these managers constructed a hybrid model from the deliberate and emergent strategic planning models. The managers realized that they needed to craft appropriate strategic planning routines, strategic process-content alignments, strategic flexibility capabilities, and a supportive strategic culture to compete successfully. In what follows, we share the details of our interviews and endeavor to frame the discoveries made into a model useful for facilitating the design of strategic planning processes in firms across a range of industries.

Methodology

Due to the exploratory nature of our research questions, we conducted structured interviews with executives in the forest products industry. A high level manager was interviewed at each of the six firms and in one instance three executives were interviewed from the same firm in order to ensure greater reliability. Therefore a total of eight interviews were conducted at six firms. In order to preserve the confidentiality of the participants, we have not directly named them or the firms they manage. The six forest products firms for this sample were chosen based on recommendations by industry experts external to this research project. The experts were asked to develop a sample of firms with significant variations in financial performance, as we wanted to explore the strategic planning processes of firms at different levels of financial success. Each interviewee selected was defined as a member of the top management team who is highly involved in firm operations and has a good understanding of the strategic planning process of the firm.

All firms have operations in states located in the Pacific Northwest; all interviews were conducted on site. The annual total revenue for the sampled group was approximately fifty-five billion dollars. The largest firm had approximately twenty-five billion dollars in revenue with the smallest firm having 250 million dollars in revenue. The sample represents a balance of large (four billion dollars and above in revenue) and medium-size (250 million dollars and above in revenue) firms to control for possible effects of firm size in the strategic planning process. Drawing from our observations, firm size did not play a role in the strategic planning process. There were large and medium-sized firms in both the rigid and dynamic groups described below with more than one firm. Similarly, our sample consisted of both publicly and privately held firms, and we found the form of equity did not predict group membership. There were three publicly held companies in our sample, and three privately held companies.

The investigation initially consisted of a literature review which identified the characteristics of the deliberate and emergent strategic planning methods, as described by Ansoff (1991) and Mintzberg (1990, 1991, 1994a, 1994b). From this review a series of questions were developed regarding the business, and strategic planning process, the flexibility of the strategic planning process, and the firm's generic business strategy and performance. These questions were used to guide the semi-structured interview. We have included an Appendix listing the questions employed.

The study sought to understand each case in its own terms. By subsequently using cross-case analysis (Glaser & Strauss, 1967), a more comprehensive understanding of the structural conditions which determine particular outcomes was achieved. The interviews, which lasted between 60 and 120 minutes, were tape recorded and transcribed. Transcriptions were between six and twelve pages long.

First, we analyzed the associated field research notes and transcripts looking for any general patterns in performance and strategic planning processes across the firms. Informed by the extant literature and the content analysis, three general categories of strategic planning attributes were identified. The first category described firms with management teams that have successfully implemented a strategic planning process that they believed to have greatly contributed to superior financial performance. These firms developed a process that drives them to formulate intended strategic plans yet has the capacity built into the system that allows the flexibility to change in response to opportunities or threats in the competitive environment. This group was identified as being in a *Dynamic* state.

The second category consisted of firms in the midst of adopting new strategic planning processes, but management was uncertain about the final form of the strategic planning process – and its ultimate effectiveness. The top management teams realized that they needed to design and implement a new strategic planning process to become more competitive, in one case, the firm had been performing poorly. In the other, a new management team was taking over. In effect, this group is in the process of changing the way it made strategic decisions, searching for and developing a planning system that would work effectively for them. Group two was classified as being in a state of transition and is labeled as *Exploration*.

Group three, the *Rigid* group, is comprised of firms that have embraced an inwardly-focused strategic process over an extended period of time that has resulted in a rigid planning process. Some studies have shown firms can be successful with a high degree of internal focus, but even these studies suggest that "paradoxically, a continual and intimate connection with the market environment is vital…" (Miller, Eisenstat & Foote, 2002, p. 40). These firms may have missed potential opportunities due to their inability to deviate from their strategic plan. However, they felt that the value of a consistent strategic direction was of greater importance than the uncertainty that may come with a more flexible planning process.

Following the general identification of the three categories from the interviews, transcripts from the interviews were then content analyzed through a text search query utilizing the NVivo program and followed techniques developed by Miles and Huberman (1994) and Yin (1989). Content analysis of the transcripts by one judge resulted in 20 nodes or factors being of consistent relevance to strategic planning, such as the phrase “strategic planning.” The number of times that informants referred to each node was recorded. Each comment that was coded to a node was later analyzed for reliability by two additional judges familiar with the research. The two judges analyzed 93 comments derived from the NVivo analysis from the six companies over two different rounds. For the first round of analysis, the two judges agreed on the classification of eighty-one comments as being *Dynamic, Exploration*, or *Rigid* for an interrater agreement of 87 percent. Before the second round of classification, the two judges then discussed their points of disagreement concerning the misclassified twelve comments. Following this meeting, the judges conducted the analysis and agreed upon the classification of ninety-one of the ninety-three comments for a final interrater agreement of 97 percent, as shown in Table 1.

Table 1: *Frequency Count Table for the Different Paradigms*

Firm	Dynamic	Exploratory	Rigid	Frequency Count Classification
SB	20		4	Dynamic
SK	13		2	Dynamic
DL	6			Dynamic
SS	2	11		Exploratory
JD		3	4	Rigid
BM, DC & YM	7	5	16	Rigid
Totals	48	19	26	93

Interestingly, many firms did register planning attributes from the different groups based upon our content analysis. However, the firms who scored the greatest number of attributes characterizing the *Dynamic* group (n = 3) did have the highest financial performance, followed by the *Exploration* (n = 1) group and lastly by the *Rigid* (n = 2) group.

Discussion of Strategic Planning Insights

The planning processes of the firms in these three categories revealed interesting differences in their approach to strategic management. In order to more clearly understand the differences across the three categories, we developed four strategy process dimensions from the strategic planning literature (e.g., Barringer & Bluedorn, 1999; Brews & Hunt 1999; Johnson, 1992; Samra-Fredericks, 2003) and through analysis of the executive interviews. The four dimensions identified are: routinization of process, strategy process-content alignment, managing flexibility, and strategy norms. Each of these dimensions is discussed below and should be viewed as a variable or lever that management can control in the design of a strategic planning process.

Routinization of Strategy Process

An important function of management is organizing the work of the firm into routines that efficiently and effectively accomplish the work required to achieve objectives. Routines are learned over time by the people doing the work. A part of the knowledge developed about the routines is explicit (comes from clearly stated procedures), while another part of it is tacit (learned by doing). The value of routines is that they allow people to work in an efficient manner without expending time and energy considering the details of what is being done. While routines allow for tasks to be done quickly and efficiently, they can also lead to rigidity problems in organizations. Once a collective mind has coalesced around a set of interdependent individual practices, it may be progressively more difficult to alter those routines.

Routinization often limits variation, which in many contexts is a highly desirable attribute, as in Weick and Roberts' example of the team that operates the flight deck of an aircraft carrier (1993). In this example, Weick and Roberts describe how the formation of cognitive schemas linked to a collective mind can lead to heedful interrelating that reduces the probability of deadly errors. However, once this happens, the group may be less open to new routines that upset its equilibrium. This problem might become more serious if the group, team, or organization is confronted with environmental change. The core skills of an organization – the very things that made the organization successful in the first place – can also lead to cognitive rigidity and an inability to adapt with sufficient responsiveness to a changing environment (Argyris, 1999; Berman, Down & Hill, 2002).

From our interviews, we learned that firms across groups with established strategic planning processes have developed routines for conducting their planning. However, the firms in the *Dynamic* group clearly recognize the potential for becoming trapped by the routines of their planning processes that could result in a diminished ability to recognize and respond to changes in the competitive environment. Managers of these firms maintain a strong external market orientation and when asked about concerns with their planning process replied that they are wary about the process becoming too rigid, such as illustrated in the following quote from DL "I go down to California and I talk to my distributor/customer and try to understand from his perspective what does lumber mean to customers when it goes to a retailer, probably not a retailer that only sells one product but talk to a wide range of customers. Try to understand from their point of view what does lumber do for them."

While the *Rigid* firms also have well established routines for their planning processes, they lacked the strong external links to the market and were less concerned about rigidities in their planning systems. A good example is JD, who indicated "I looked through the history as well as the present financial circumstances. I essentially told everyone that it was going to hit the wall in about six months and the question was would they be rational or irrational when it hit the wall. Basically the reason I'm here is that people said we're going to act rationally. We understand we have a problem. We understand we have to deal with it. And we want to try to fix it." This firm had a lower capability to see changes in their competitive environment and to adapt plans to address these changes.

For the *Exploration* group, these firms were in the process of establishing planning process routines. As they developed these plans, it was important to avoid developing overly bureaucratic routines as they attempted to make clear the distinctions between what was done in the past and the organization of the new strategic planning process. However, this group often had trouble in getting caught in the minutiae of internal focus, such as explained by SB, "The grade distributions, the thin logs, the overtime. All those things, all those indicators that are really important to whether there's a negative spread or a real high positive spread." This group struggled with adapting the routinization of the strategy process from an internal focus to include an external perspective.

Alignment of Strategy Process and Content

We assert that the balance of realized strategies across firms will vary with some firms drawing more on intended strategies while other firms will rely to a greater extent on emergent strategies. Hence, what is an appropriate strategic planning balance that enables a firm to maximize financial success? We believe this is a subtle, yet critical question for management to consider and argue that the answer to this question depends, in part, on the content of the competitive strategy which the firm is pursuing.

The way to resolve the question of balance between using intended versus emergent strategies is to take a contingency theory approach—rather than simply looking for a universal best answer. Contingency theory argues that the effectiveness of the organization is contingent upon the relationship or fit between important organization variables. In this case, the specific design of a firm's strategic planning process is contingent on how the firm chooses to position its products in the market.

Different designs of strategic planning systems will result in different managerial expertise in dealing with changes in a firm's competitive landscape, and in the ability to maintain a specific competitive strategy, or purposeful direction for the firm. For instance, a firm with a dominant low cost producer strategy would likely allocate more of its resources to cost-critical areas such as manufacturing technologies to increase production efficiencies and continually lower its per unit costs. A low cost producer may also want to maintain greater consistency and persistency in what it is doing strategically because of the nature of how a firm with a low cost strategy meets its customers' needs. Conversely, a firm with a competitive strategy to differentiate its products from others will not compete wholly on price, but will compete by providing distinct and unique value to the customer through customer service, quality, and product innovations. A differentiator firm will be better served by being more adept at understanding and realizing customer demand trends than a low cost producer (Davis, Dibrell & Janz, 2002; Helms, Dibrell & Wright, 1997).

Firms with greater flexibility and less specific strategic planning objectives and implementation plans will have greater capabilities to recognize and respond to changes in customer needs. An example of a dynamic approach stated by SB was "We'd like you to support this because back to the manufacturing division this is going to give you the best payback. And they all recognize that what's good for the manufacturing division is good for them as well even though they may not get all of what they planned. Overall they'll like the payback that could otherwise be less someplace else. And that doesn't mean we strip them of return on investment in a time frame standpoint. We may look at it and say this one is eight months and this is fourteen months but this one really truly makes more sense because of efficiencies of the plan and how this is potentially increasing some other aspect of the business. So we put a lot of effort into the planning process and capital improvements." Conversely, JD, a manager from a rigid firm believed "that too often the plan gets done because of . . . the functional nature of this business. And it gets set on the shelf. And it's still in some corporate organization someplace. Now I'm distinguishing between the strategic plan and the annual budget for financial performance of people's bonuses. They're not necessarily the same thing."

While we found that successful firms do have a strong external orientation and built-in flexibility in their strategic decision making, it is not necessary for all managers to rely heavily on emergent strategies at the expense of seeing intended strategies realized. It is entirely appropriate for firms with a low cost product market strategy to stick with their intended strategies and to develop detailed and specific implementation plans. However, this form of strategic planning system would likely be incongruent with a business strategy to offer differentiated products and services at price premiums (i.e., in this case the strategy process and strategy content are out of alignment).

Managing Strategic Flexibility

Planning flexibility aids managers that must adapt strategic plans quickly and effectively to opportunities and threats that exist in the firm's competitive environment as well as to changes in internal resources and capabilities. The planning flexibility process is essentially the speed at which managers can adapt their strategic plan to changes in their competitive environment (Burns & Stalker, 1961). A formalized or long-range planning process sometimes creates a degree of inflexibility in adapting to changes in the competitive environment, as managers become enamored with their strategic plans (Boulton, Lindsay, Franklin, & Rue, 1982). Hence, a long-range planning process may act as a constraint on a firm to adjust the content of its strategy to changes in the competitive environment.

Patterns emerging from our managerial interviews indicate that firms able to adapt to opportunities or threats in their competitive environment quickly and effectively are more successful than those that are not able to do so. This insight is certainly not new—however, it is important to recognize that while this notion of strategic flexibility may be widely affirmed in the abstract, it must be explicitly addressed in the design of a strategic management system in order for flexibility to become a concrete reality. Firms in the Dynamic group had incorporated "strategic flex points" in their strategic planning process to allow for changes to their plans. Strategic flex points are comparable to planned emergence as espoused by Grant (2003). Grant described the ability of firms to create a structured planning process while concurrently building decentralized decision making in the strategic process. This approach integrates attributes of the design school (formalized planning; Ansoff, 1991) and the process school (ad-hoc, flexibility; Mintzberg, 1994b) to create effective planning capabilities in turbulent environments. Strategic flex points build on the planned emergence perspective, as managers incorporate different mechanisms in their strategic planning processes, routines, or norms (e.g., the empowerment of lower level managers to call top management team members to discuss quickly evolving opportunities or threats) to adapt or change the formalized strategic plan to more adequately reflect the needs required to compete in the external marketplace. There were purposeful, formalized procedures set in place to enable managers to act quickly to external triggers if they felt an immediate response was warranted. For instance, a dynamic firm represented by SB suggested that "our planning process is flexible in its structure."

The *Exploration* and *Rigid* firms articulated that they could deviate from the plan, but this would be conducted in an ad hoc fashion. For instance, SS from an exploratory firm indicated, "We'll do it on the fly. We won't hold off until one certain point in time every year. Our business is becoming so dynamic; it's not like high tech, but relative to where we used to be with products we're becoming so dynamic we can't wait for however many months. We've got to react now and modify the plan now. Because things are changing so fast for us. When your raw material cycle is running seventy to one hundred years, you know it's really hard to be making too many wild changes on product side. Services are a little different but on the products side you're pretty limited, at least we are." A member of the *Rigid* group lamented that the process of considering actions and responses to external opportunities and threats was incessantly slow due to the cumbersome nature of the organization. Another member of the *Rigid* group expressed that responses to opportunities and threats were reactive in nature, as they waited to see how other forest product firms would react before making their own decision on how to proceed.

Strategy Norms

Organizational culture is the set of values and norms shared by the members of the organization and influences how those members think, act, and interact with each other. Culture prescribes *appropriate* behavior and functions as a type of control over how the organization operates. By deliberately cultivating particular norms and values, executives can influence the behavior of their employees (Smircich, 1983).

Our study revealed executives from *Dynamic* firms described action-oriented norms, where good execution was at least as important as good strategic decision making. One executive rebuked us when asked about strategic planning retreats because his firm does not retreat; rather they have strategic planning *advances*. From another interview, when asked whether a threat or an opportunity would be more likely to initiate an autonomous strategic action, the manager replied: "Threat creates opportunity. We don't look at it as a negative. We look at the word threat as an opportunity to do something different. So we're always looking on the positive side…We try to spin it in our own minds if you will and try to say here's an opportunity that's going to force us to get better." SB

These comments contrasted with what we heard from managers at the Rigid firms. JD articulated that "[some] organizations will respond to an opportunity. But often times by nature it's responding to threats more than opportunities. I guess the reason I would say that is it's almost easier in an organization to respond to a threat because you can get easy support. If there's an opportunity you have to sell it. That's a tougher job. And there's more inherent risk in selling an opportunity than there is responding to a threat. And so if one looks within the organization and says how am I going to be measured? Often times if an opportunity doesn't pan out it can seriously impact your career but hey I was just responding to a threat. Those guys didn't know what they were doing but we had to do that."

Here the norms seemed to be more cautious, conservative and risk averse, where it was more important not to make a mistake than to create something new. In these cases, our discussion on threats and opportunities revealed a greater emphasis on concern for the damage an unseen threat might cause than on the lost value of an unexplored opportunity.

Members of the *Exploration* group had more inclusive norms. As illustrated by SS during a discussion of the new planning process, "the greatest strength is that it's broad, lots of participation within the company. It's new, it's good. From that standpoint, there's a lot of stimulating thought going on that stimulates excitement that stimulates energy to be involved in part of it. The risk is that maybe there are too many people involved. We have people involved in the process that don't necessarily have the knowledge. That could be a risk, but also it could be a real strength from the standpoint of we don't have people that are doing the same thing the same way for twenty-five years." The exploration firm attempted to bring widespread involvement into the new strategic planning process. These managers proposed that a more participatory approach in the strategic planning process would provide a more robust and responsive strategic plan.

A summary of the four strategic dimensions is provided in Table 2.

A Dynamic and Purposeful Strategic Planning Process

Firms with the most effective planning processes were able to simultaneously create a clear direction for the organization and yet still be aligned to their external environment to detect when changes in strategy were needed. Furthermore, these firms also have flexibility built into their systems to make strategic changes by using strategic flex points. These processes are both purposeful in providing a clear unified direction for the organization and also dynamic in allowing for changes to occur when the strategy should be adapted to a changing environment. While the emergent planning process view offers the intuitive appeal of flexibility resulting from a lack of formalized strategy, the reality is that appropriate change in strategy rarely occurs without a formal means to question the need for, and implementation of, change.

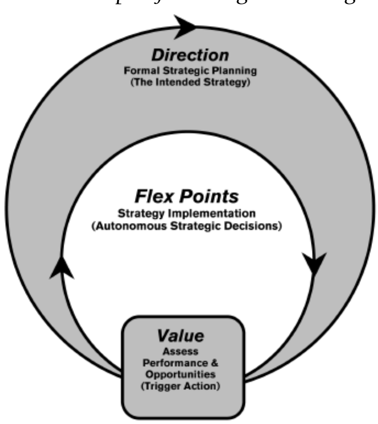
Figure 1 is a representation of what we have seen at the Dynamic organizations we studied. The large outer circle represents the annual strategic planning process. This process typically includes an evaluation of the current strategy, development and evaluation of new strategy options, selection of the intended strategy, and development of implementation and communication plans. While the actual processes and outcomes

Table 2: *Summary of Process Attributes*

Strategy Process Dimensions	Groups of Strategic Planning Attributes		
	Dynamic	**Exploration**	**Rigid**
Type of Process Routinization	Routinized strategic planning process *with* strong external focus.	Developing strategic planning process routines is resource consuming.	Routinized strategic planning process *without* strong external focus.
Process – Content Alignment	Aligned strategy process with business strategy choice.	New strategy processes reacting to past experience.	Disconnected strategic goals and planning process.
Flexibility Management	Managed strategic flexibility with planned "flex points."	Uncertain strategic flexibility.	Reactive strategic flexibility.
Strategy Norms	Views threats as opportunities and talks of advances – not retreats.	Values widespread process involvement.	Takes a risk adverse posture and is careful to not make mistakes.

vary widely across the firms, in all cases, the critical units throughout each organization developed and provided input into the planning process on a prescribed schedule. In order to preclude inertia from negatively impacting the process, successful firms tightly linked their process to the external competitive environment, gathering information from customers, competitors, suppliers, and benchmarking performance goals against industry leaders as well as against other high-performing firms from outside the industry.

Figure 1: *Dynamic and Purposeful Stategic Planning Process Model*



However, as noted above, all strategic decisions are not made in the formal strategic planning process. Some strategic decisions are made outside the context of the strategic plan development meetings and occur during the execution of the strategy. These autonomous strategic decisions may directly conflict with the intended strategic plan that is an outcome of the formal strategic planning process, or they may call for the allocation of resources in ways simply not considered in the plan. For example, an executive described a case where the objectives and tactics of an intended strategy produced during the annual formal strategic planning retreat included entering a new product category. During the execution of this strategy, it was determined that the firm would not be successful in this product market and the initiative was cancelled.

On a regular, often quarterly, basis the progress toward strategic goals is evaluated. It is during these reviews that management is challenged to evaluate the strategy and question if changes should be made. The trigger for taking a new action must be a careful balance between staying the course and maintaining constancy of direction on the one hand, with making appropriate changes to stay aligned with changing environmental conditions on the other. Firms that set the trigger too low often become directionless, chasing after opportunities only to discover a mirage or responding to hollow threats. On the contrary, firms that set the trigger too high will become too internally oriented, will fail to appropriately respond to new threats and opportunities, and will eventually dampen the creative energy within the organization. Effective strategic planning processes manage the relationship between these two activities—the formal planning process and autonomous actions – in such a way as to provide unambiguous direction for all members of the organization to follow, and yet still allow adequate flexibility.

Our findings are based on six forest product firms that reside in a large, mature, global industry. These findings may not be generalized to other firms such as small start-up firms until further research is conducted, or to firms residing in industries that do not share similar characteristics to the forest products industry. Hence, it is necessary for managers to consider what the most appropriate strategic planning processes are for their firm given their competitive environment and positioning in that competitive environment.

In his seminal work titled *The Rise and Fall of Strategic Planning*, Henry Mintzberg (1994b) articulated his belief that deliberate strategic planning was in a state of decline. He did so with good cause, as many firms cut back on formalized strategic planning as they recognized the creeping ossification of their organizations brought on by highly routinized, staff-driven processes. However, the response of a move away from planning processes with specific objectives and implementation plans toward an incremental process with few broad goals, and the means of achieving the organization's goals left to emerge in a haphazard manner over time has been demonstrated to be just as ineffective. The model we have presented depicts a hybrid form of strategic planning. Managers from the most financially successful firms do practice deliberate planning, but in the form of vibrant processes that are tightly linked to their external environment, with strategic flex points built in, and that are appropriately aligned with its strategy content. These firms also have a norm that provides a context of forward thinking and viewing threats as opportunities. These processes are not only deliberate—but also dynamic.

In contrast, we learned that less effective deliberate planning processes had become ends in themselves, as people were following routines they were taking for granted. These firms often had strategic goals that had become disconnected with strategic plans and a strong internal orientation to how they viewed their business. Without planned strategic flex points, these firms would most often take autonomous actions only as a reaction to an impending crisis. Finally, when a deliberate planning process becomes overly constraining and rigid, the result is a hardened, inflexible strategy culture, where a "can't do" attitude permeates the organization, and a primary objective is to not make mistakes.

References

Ansoff, H. I. (1991). Critique of Henry Mintzberg's 'The design school: Reconsidering the basic premises of strategic management, *Strategic Management Journal*, 12: 449-461.

Argyris, C. (1999). Tacit knowledge and management. In R.S. Sternberg & J.A. Horvath (Eds.) *Tacit knowledge in professional practice*, 123-140. Mahwah, NJ: Lawrence Erlbaum Associates.

Barringer, B.R. & Bluedorn, A.C. (1999). The relationship between corporate entrepreneurship and strategic management, *Strategic Management Journal*, 20: 421-444.

Berman, S.H., Down, J.T. & Hill, C.W.L. (2002). Tacit knowledge as a competitive advantage in the National Basketball Association, *Academy of Management Journal,* 45: 13-31.

Boulton, W. R., Lindsay, W. M., Franklin, S.G. & Rue, L.W. (1982). Strategic planning: Determining the impact of environmental characteristics and uncertainty, *Academy of Management Journal*, 25: 500-509.

Brews, P.J. & Hunt, M.R. (1999). Learning to plan and planning to learn: Resolving the planning school\learning school debate, *Strategic Management Journal*, 20: 889-913.

Burns, T. & Stalker, G. (1961). The management of innovation, London: Tavistock.

Davis, P.S., Dibrell, C. & Janz, B. (2002). The impact of time on the strategy-performance relationship: Implications for managers," *Industrial Marketing Management*, 31: 339-347.

Glaser, B. & Strauss, A. (1967). The discovery of grounded theory: Strategies of qualitative research, London: Wiedenfeld and Nicholson.

Grant, R. M. (2003). Strategic planning in a turbulent environment: Evidence from the oil majors, *Strategic Management Journal,* 24: 491-518.

Hansen, E., Dibrell, C. & Down J.T. (2006). Market orientation, strategy, and performance in the forest industry, *Forest Science*, 52: 209-220.

Helms, M.M., Dibrell, C. & Wright, P. (1997). Competitive strategies and business performance: Evidence from the adhesives and sealants industry, *Management Decision*, 35, (9): 678-692.

Hendry, J. (2000). Strategic decision making, discourse, and strategy as social practice, *Journal of Management Studies*, 37: 955-977.

Johnson, G. (1992). Managing strategic change—strategy, culture and action *Long Range Planning,* 25: 28–36.

Miles, M. & Huberman, M. (1994). Qualitative data analysis, Thousand Oaks, CA: Sage Publications.

Miller, D., Eisenstat, R. & Foote, N. (2002). Strategy from the inside out: Capability-creating organizations, *California Management Review,* 44 (3): 37-55.

Mintzberg, H. (1990). The design school: Reconsidering the basic premises of strategic management, *Strategic Management Journal,* 11: 171-195.

Mintzberg, H. (1991). Learning 1, planning 0: Reply to Igor Ansoff, *Strategic Management Journal,* 12: 463-466.

Mintzberg, H. (1994a). The fall and rise of strategic planning, *Harvard Business Review,* 72: 107-114.

Mintzberg, H. (1994b). The rise and fall of strategic planning, New York: Free Press.

Mintzberg, H. & McHugh, A. (1985). Strategy formation in an adhocracy, *Administrative Science Quarterly*, 30: 160-197.

Samra-Fredericks, D. (2003). Strategizing as lived experience and strategists' everyday efforts to shape strategic direction, *Journal of Management Studies*, 40: 141-174.

Sande, J. B. (2002). Globalization, restructuring and strategies in the forest industry: Consequences for the forestry sector in Norway, Portland, OR: World Forest Institute.

Smircich, L. (1983). Concepts of culture and organization Analysis, *Administrative Science Quarterly*, 28: 339-358.

Weick, K.E. & Roberts, K.H. (1993). Collective mind in organizations: Heedful interrelating on flight decks, *Administrative Science Quarterly*, 38: 357- 381.

Yin, R. (1989). Case study research design and methods, Thousand Oaks, CA: Sage Publications.

Appendix

Summary of Structured Interview Questions

Part A: Questions about your business and strategic planning process.

1. Please begin by describing your business.
2. Please describe your past and present strategic planning process.
3. How often is your standard planning process executed?
4. How long does the standard planning process typically take?
5. How dynamic or stable do you perceive your industry to be and what type of activities are done to monitor your competitive environment?
6. Who makes strategic decisions?
7. What is the output of the planning process (assess the specificity of the ends and the means of the intended strategy)?
8. How are strategic decisions communicated to the company?

Part B: Questions about the flexibility of your strategic planning process.

1. To what extent are strategic decisions made outside the standard strategic planning process resulting in an actual strategy that is different from the intended strategy.
2. In general, how flexible do you think your business's strategic planning process could be in response to changes in the external or internal environment?
3. Would you be more likely to diverge from your intended strategy in response to an event if you perceived the event as an opportunity or as a threat?
4. On average, how long does it take to respond to one of these events or triggers?
5. How important is it to reconcile the intended strategic plan with any changes that are made during implementation?
6. Of the five descriptions of a strategic planning process, which best describes your strategic planning process?
7. What are the greatest strengths and the greatest weaknesses of your strategic planning process?

Part C: Questions about Generic Business Strategy

Please describe the fundamental basis of how your business competes in product markets.

Part D: Questions about company performance

1. How successful has your company been and is it today?
2. How does the performance of your company compare to that of your competitors? In terms of growth, profitability, return to investors, and other measures?