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# View from the top: Henry Mintzberg on strategy and management

*Interview by Daniel J. McCarthy*

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## Executive Overview

*This is the second contribution to our Crosstalk series, a collaboration between The Executive and European Management Journal created to encourage dialogue and exchange of ideas among leading management scholars in North America and Europe. Crosstalk spans the two journals, and the content of each journal complements, rather than duplicates, that of the other. In this Crosstalk, Henry Mintzberg from Canada and Constantinos Markides from England discuss their work in strategy and management, including their current thinking on major ideas that have shaped these fields and emerging concepts. An interview with Henry Mintzberg appears in The Executive, followed by a commentary from Dr. Markides and a reply by Dr. Mintzberg. The August 2000 issue of European Management Journal uses the same format and includes an interview with Dr. Markides, a commentary by Mintzberg, and Markides's reply. Abstracts of the interviews and biographical sketches are published in each journal. To gain a full perspective of the in-depth interviews, thoughtful dialogue, and lively exchange of ideas, readers are encouraged to read the Crosstalk in both journals. We plan to feature Crosstalk periodically, with the next one scheduled for February 2001.*

*Henry Mintzberg, who has been a prolific and provocative authority on management and strategy for more than three decades, is the recipient of the Academy of Management's Distinguished Scholar award for 2000. He is seldom content to accept the doctrines of others without testing them in real-world settings, and he develops many of his theories from interviewing and observing managers and other leaders in action. Born in Canada, where he obtained degrees in mechanical engineering and general arts, he continued his studies in the U.S. at the Sloan School of Management at MIT, receiving master's and doctoral degrees in management. Currently the Cleghorn Professor of Management Studies at McGill University in Montreal, he is fluent in French, and is also professor of organization at INSEAD in France. In 1998, Dr. Mintzberg was named an Officer of the Order of Canada, the country's highest award for its citizens. He is also a fellow of the Royal Society of Canada, the Academy of Management, the International Academy of Management, and the World Academy of Productivity Sciences. He also holds honorary degrees from nine universities in Europe and Canada. Among his more than 130 publications are numerous books, beginning with *The Nature of Managerial Work*, published in 1973, and most recently, *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*. He is currently working on *Developing Managers, Not MBAs*, a book that criticizes current approaches to the education of MBAs and proposes new ways of developing managers. The following interview focuses on Dr. Mintzberg's views of organizational purposes, managerial work, strategy, and rethinking management education.*

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**Have your personal experiences, particularly international ones, affected your views about strategic management and top management roles?**

I have spent significant amounts of time in Europe, starting at age 19, and have gone there every year

since I was about 28. In the last 10 to 12 years I have spent close to half time in either the U.K. or France, and this year in the Czech Republic. I think that probably has a significant impact because Europeans have a different view of a lot of things than Americans do. Frankly, I think a bigger factor is

being a Canadian. Canadians have a unique advantage of being almost Americans, so they understand what goes on in the States, but they also have a kind of skeptical look at the United States. I think that's what causes some Canadians to be able to see things differently. For example, John Kenneth Galbraith is an economist who has stepped back and seen things differently, and he is a Canadian. And yet there are a lot of people in the U.S. who are critical and questioning, but as Americans they cannot quite step outside their own context. So a big influence on my life is being Canadian, and I was drawn to Europe more than to the States, because I am Canadian.

**Does the fact that you really understand the different cultures have an effect on your mode of research, which is more or less observational? You watch what CEOs and leaders in other environments do, and also there are your observations on the left brain and right brain and yin and yang views of management. Do these methods and views have anything to do with that background?**

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So in a sense, I think the positivist kind of perspective is very much both British, and particularly American. Because my roots are in the French part of Canada, and because I spend so much time on the Continent, particularly in France, maybe I am not so enamored of the positivist view. But I don't see people in France writing huge amounts about left-brain, right-brain, and that kind of thing.

**You have a unique perspective. You were educated both in Canada and the U.S., have seen much of the North American management styles, and are able to contrast these with European styles. Has this background influenced some of your views?**

It's certainly a factor. I am writing a book now called *Developing Managers, Not MBAs*. Part of

what I am doing is looking at so-called innovations in MBA programs. Americans make a huge fuss about innovation in MBA programs in the States, and the American press like *Business Week* will give coverage at the drop of a hat to any program that looks kind of innovative. But despite all the talk about internationalization, they give hardly any coverage to the real innovation that is happening in the U.K., which is where I believe the interesting things are mostly happening.

### **In England, not Europe?**

Right. On the Continent there is a lot of differentiation, so there are lots of very specialized programs. You can do an MBA in marketing or finance, not just a focus but a whole degree in marketing, in finance, HR, or whatever. And there are also many kinds of specialized degrees on the Continent, like a degree in luxury brands and that kind of thing. In England there is real innovation in the whole thinking of management education. But hardly anyone in the U.S. has an idea that these things are going on.

### **Moving to strategy, are there innovations in strategy or new directions in strategy in Europe that might be different than what you have seen in the U.S. or Canada?**

That is difficult to answer. Costas Markides might be better in answering that one. The French have always been enamored of planning. The British, in general, like the muddling-through approach, which I would call a learning approach to strategy. But I don't particularly see that in British literature on strategy.

### **That's Lindblom's muddling-through concept from a few decades ago?**

Yes. I haven't used that expression so much. But Americans like Lindblom and Quinn wrote more about it with that kind of labeling.

### **Quinn's approach was logical incrementalism. Is that approach to strategy out of date in North America and Europe?**

Well, you have to distinguish practice from academia. There may not be a lot written about it these days, but in practice, if you go into the high-tech companies that explains things a lot better than Porter or very top-down views of strategy. The academic literature has all these different trends, and the Europeans like postmodernism a lot more

in some ways. It seems to capture a lot of the European journals, and that leads to a more constructionist view of strategy in Europe. But, the Swedes in the '70s were very big on very flexible views on strategy. We talk about that in our new *Strategy Safari* book. There was even what I call a Swedish school of strategy in the '70s, inspired by Erik Rhenman, Richard Normann, and people like Bo Hedberg and Sten Johnson and others. But I am not sure I see such a difference in Europe in general on that issue today. If you look at managerial work, a lot more research on that has come out of the U.K. than the States, at least relatively speaking, from Rosemary Stewart and other authors.

**Is that very different from your own research on managerial work?**

Not in the issues she address. Her methodology and her conclusions are quite different. But the issues we address are not so different.

***The Nature of Managerial Work* is one of your best-known works. Could you speak a little bit about it and how your views may be different today?**

*The Nature of Managerial Work* was published in 1973. I don't think there is much that I would change now, except for one chapter on Frederick Taylor's highly detailed approach to programming management activities. But I have done a lot more research since then. I am going to do at some point a book called *Managing*, about a day in the life of 29 managers. I have already published a number of individual articles on this research.

**Will they all be business managers?**

No. They are rather equally distributed among four groups: business, government, health care, and non-governmental organizations. The latest one that has been published is about two managers in Greenpeace, and one about a couple of managers running refugee camps for the Red Cross is about to be published. But there were also others published about the chairman of the Royal Bank of Canada, and lots of other business people. So they are equally divided. From the beginning, my research has spanned all sorts of organizations. I never worried much whether they were businesses or not.

**Why is that the case?**

Because I guess I am at heart an organizational theorist. I am interested in organizations as a phe-

nomenon and management as a phenomenon, and I am not particularly interested in business functions and concepts like marketing, finance, shareholder value, or profit per se. I am interested in how organizations work, whatever they are.

**Do you have an explanation for why you developed that broader view of managing?**

I am not sure. Probably just personal interest. I do a lot of things for business, but I do a lot of things for other kinds of organizations. I guess I was always intrigued by organizations. I also liked the idea of going and visiting refugee camps run by the Red Cross because there is something noble about that kind of activity.

**One of your latest articles was about the conductor of the Winnipeg Symphony Orchestra. Again, this is extending the same kind of methodology, following the person, watching, observing, and analyzing. What benefit is there to this approach that you have used for quite a period of time, as opposed to what you see some other people doing?**

You mean large samples and that kind of thing?

**Yes, as opposed to following and observing a CEO through a day or a week, or a symphony conductor, or the head of Doctors Without Borders. What's the advantage of this kind of personal observation as opposed to other methods of research?**

Let me say two things. The reason I spent the day with the orchestra conductor is because I was intrigued with the myth of the manager as orchestra conductor, so I thought I would reverse it and look at the orchestra conductor as manager. I have discovered rather late in life that I have to see things. Whatever I don't see, I don't believe. If I have one sense that's most acute, I think it's my sight. I have

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to observe experiences and record them. I have to be there on site. If I don't, it never comes alive for me. So I could never sit very easily and do research where I collected a lot of abstract data by sending out questionnaires that would be surrogates for some measure I wanted to study. It never really interested me that much. I wanted to go see things

for myself. And it stimulates my creative juices much more. I find with abstract data you can't get creative about it very easily. Whereas when you see things with your own eyes, all sorts of things come out and you start getting really creative. And if you think about it, my description of managerial work is very much that, too. I am a huge critic of managers who sit in their offices and read financial reports.

**The previous Crosstalk in AME and EMJ was with Edgar Schein of your alma mater, MIT, and Manfred Kets de Vries of INSEAD. They were looking at organizational therapy. That too is very much observation and involvement with the process. They seem to be saying some of the same things you are in terms of the necessity to really see it and feel it. Is that the direction you are going?**

Yes. I know both of them, and I think methodologically and philosophically we are kind of close.

**You have mentioned that you are interested in the organization, not just in the balance sheet, P&L statements, and the like.**

Manfred is more interested in the individual, I think, and Ed is more interested in the cultural dimension. I am a bit more macro than both of them in the sense that I am interested in the entity. I am also interested in the individual, but not from Manfred's perspective of leadership style so much, although I look at that too; and not so much from Ed's perspective of culture, although I look at that too. My focus is on the organization, the structural entity.

**You seem to be looking at how these top people, particularly CEOs, affect the organization, rather than focusing on their leadership style, as Dr. Kets de Vries might. Where do you see the most effective CEOs today in terms of strategy? Are there any examples of effective CEOs, including those in nonprofit organizations? And what is their role in strategy? How do they operate?**

I am very reluctant to answer this question because as soon as anyone says anything good about anybody, it seems that the next week they're a disaster. You really have to know an organization intimately to be able to pronounce on that. But I can certainly answer the opposite question, which is what I think is disastrous. We're like children in a way. We have created a

cult of leadership that far exceeds anything that existed decades ago. We're sort of back in the middle ages with the great white knight having to come in and save everything. All that nonsense about executive bonuses, and that there is only one person in the organization who can do things. *Fortune* wrote about Lou Gerstner a few years ago, that since he joined IBM, Gerstner added \$40 billion to the share value of IBM. Wow. All by himself. That's pretty amazing. It's utterly childish, in fact.

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Certainly leaders make a difference. There is no question about it. But leaders often make a difference because they stimulate others, not because they come in with grand strategy. But what we're getting now, very dangerously, is what I call a dramatic style of managing: the great merger; the great downsizing; the massive, brilliant new strategy. Most of this is junk and fails utterly, but not until it fools the stock analysts for a few years. It takes a while for these things to collapse. So we get all those massive mergers, fire and brimstone and drama, because you can't say to the stock analysts: "We're getting our logistics all straightened out, we're going to be much more efficient at throughput to the customer." They start to yawn. But if you say: "We're going to create the biggest merger the world has ever seen," that gets their attention. So we are into that dramatic style of managing.

I did some consulting for a very successful middle-sized company in Canada that was doing brilliantly, and they wanted to bring me in on strategy. We talked strategy, and I looked around and ended up saying: "Hey, you guys have a great strategy. You're in great shape, so why are you wasting my time and your time with that issue? The issue in this industry is that neither you nor your competitors are getting your logistics straight. If you guys can straighten out your logistics you'll do brilliantly with the strategy you've got." And one of the guys, who was in charge of selling in the United States, got excited and said: "Boy, would we make out if we could just solve this problem." But what are they supposed to announce to their stock analysts, that they are straightening out their logistics system? That's not very exciting news.

**So your view of strategy is much more fundamental in terms of the CEO's strategic role at this stage. Could you explain this in the context of the last question?**

I don't want to generalize about that particular company. What I could generalize about is that, when there is a need to rethink a company's position, a lot of that grows emergently. I have written about this often. Good strategies grow out of ideas that have been kicking around the company, and initiatives that have been taken by all sorts of people in the company. It's not just the great, brilliant coup all the time. That means that a lot of very effective, so-called strategists or chief executives don't come up with the brilliant new strategy. They bring out the energy in people by creating systems that encourage and stimulate people. That's what happens in a lot of these young, high-tech companies. There is not so much announcing dramatic strategy, there is stimulating people to venture all over the place, and then pulling together the results of that venturing. When there is a need for dramatic new strategy, there had better be management in place that knows what is going on. And all too often we get people parachuted in who don't know a damn thing about what is going on.

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Years ago, we used to criticize MBAs because they rarely went into sales or production. They went into marketing and finance—the most disconnected functions of all, and then went off to run the place. Well, today you don't even go into the company at all. You go join McKinsey or some other consulting firm and spend 20 years flitting from one company to another, so you have never had responsibility in any function, let alone in operations and sales. So you get people running companies who don't know anything about the company or the industry. And if they're sharp and smart like Gerstner is, they lie low until they work it out. But too many of them don't do that. And Gerstner, to his credit, announced: "You're not going to get a big dramatic vision from me." But usually it's the big dramatic vision that is expected immediately.

**Is this beginning to bring together your views of where the field of strategy ought to be, and what CEOs ought to be thinking about when they think strategy?**

First of all, strategy has to be much more than the CEO. I think that's part of the problem. It's very convenient to sit in the classroom playing chief executive because you've got a nice case to analyze. That creates very superficial strategists. Strategy is the direction of an organization, and it can be very collective, although there is no denying the importance of leadership. But, yes, there has to be a coming together of what is driving practice with what is happening in academia: The pendulum swung completely to one side so everything was competitive analysis and industry analysis, and now it has swung back to the other side, to dynamic capabilities and that sort of thing. Maybe we need to get back to the SWOT intent, with its strengths and weaknesses as well as its opportunities and threats.

**We have talked about different parts of the world, mostly North America and Europe. Could you contrast North America with Europe, although perhaps the U.K. is separate? And maybe you would want to introduce Asia.**

It is interesting that when I worked on our *Strategy Safari* book, I collected all kinds of articles and coded them. When I went through them, I discovered that I had coded virtually every single article authored by a Japanese as being in the learning school. Almost every single one. There isn't that much out of the U.S. on the learning school strategy: Quinn, Burgelman, and some others on strategy as adapting, venturing, crafting, and the like.

The Japanese have certainly been big on that side of strategy. What I find intriguing is that the Japanese have taken a big hit economically in recent years, but that has not made Toyota, for example, any worse a company. Some people think of Japanese management as discredited. That's absolute nonsense. Japanese management is as good as it has ever been. The fact that the Japanese economy and banks are having trouble does not mean that Toyota is any less the best automobile company in the world. The Japanese learning style of management is no less important than it's ever been. It's just that it's not fashionable. But you have to distinguish between the people who have been riding in with these dramatic new strategies, the AT&Ts and so on, and the people who are running the Microsofts and the Ciscos. In the latter, there might be a lot more

bottom-up strategy inputs and venturing, the kinds of things that Burgelman, for example, has written about.

**Looking at Microsoft for a moment, Bill Gates has just gone back to being chief developer after having been CEO. Is that almost a mandatory position to be an effective CEO of Microsoft?**

I don't know. I'm not in Microsoft. But I think it's healthy that a chief executive would give up that kind of status and image, and root himself more in what the company is all about. He didn't build it up by being a glorious CEO. He built it up by knowing what was happening on the ground. That's probably healthy. There is something astounding I just came across recently. John Kotter wrote a book called *The Class of '74*, about 1974 Harvard MBA graduates. Someone asked Kotter if these were team players. His response, I think, says everything about the style of management of MBAs as a dysfunctional form of managing and of management education. He said that they believe in teamwork for sure, but they would rather be running the team. But I say that running the team is not teamwork. If every member of the team is lusting to run the team, that is the antithesis of teamwork. But that is the way those people are trained. And it is absolutely antithetical to the whole concept of how companies should run, I believe.

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**When we are developing MBAs, are we developing strategists or people who are capable of leading or fostering strategy in a company, or are we only educating nonteam players who just want to do it themselves?**

The latter, absolutely. In my new book, *Developing Managers, Not MBAs*, I talk about conventional MBA programs, which I disparagingly call teenybopper MBA programs, where students have four years of experience at best, and none of it or very little of it managerial. MBA programs train in the business functions; they don't train managers at all. But students leave with the thought that they can run things because they have been through an MBA program. We are training egocentric people who will have to be in charge even if they don't know what they are in charge of. Take a case-study classroom: Students read 20 pages on a company

they have never heard of, and the next thing you know, they make pronouncements. And if one is called upon and says: "I have never been in this factory, I don't know the products, I refuse to answer this question, this is a superficial exercise," he or she will flunk. We are training people to spout off about things they know nothing about. It's absolutely and utterly dysfunctional.

**One paradigm for strategy is the formulation side and the implementation side. By going from being CEO to being chief developer, Bill Gates would seem to be going very much more to the formulation side. The new CEO, Steve Ballmer, is supposedly taking care of other things like hiring people, developing the reward system, polishing the culture, and such. Is that a proper dichotomy at all?**

I think the dichotomy between formulation and implementation is not functional. I think the dichotomy between administration and operations is functional. But it seems to me that Microsoft grows its strategy out of its specific major projects. Windows 2000, or whatever they are working on, is key to their strategy, and the company has to be plugged into specifics and worry about those things. So I think that the link between strategy and operations is absolutely critical. Maybe Bill Gates is right that some of the other things can be managed differently.

**Let's talk a little about strategic planning since some of your work is in that area. Have your ideas on strategic planning changed since 1994 when you published your book, *The Rise and Fall of Strategic Planning*?**

No. My ideas, if anything, have just gotten stronger. I believe more now what I said then, if that's possible. I wouldn't back off one iota from any of the things I have said. I don't think you create a strategy through a formal process.

**But more through an incremental process?**

Yes, and an informal process. I have often told people that, if we dropped the word strategy completely and just talked about new products and new markets and how they blended together, we'd save a lot of effort and a lot of confusion. It's not that exotic; we're talking about new products and new markets and how they blend together. The word strategy sounds like you have to hire a consultant. Michael Porter provides an input to the

strategy process, he doesn't provide the strategy process itself. He once said in *The Economist* that he favors analytical techniques for creating strategy. But we said in *Strategy Safari* that nobody in the history of the world has ever created a strategy through an analytical process. It's a process of synthesis. It uses analysis, but it's a process of synthesis. All that stuff of competitive analysis and industry analysis is great for feeding in, but it's not the process.

**Manfred Kets de Vries in the February issue of *The Executive* mentioned that knowledge tends to come from taking things apart, while wisdom is concerned with putting things together. Is that consistent with your view of planning and strategy?**

Yes, that doesn't sound bad to me.

**A symphony conductor was the focus of your article, *Covert Leadership*. Is such leadership a ubiquitous role for CEOs, symphony conductors, M.D.s, and others in certain situations?**

I'm glad you added in certain situations. I think it's one style among several that are possible. I tend to focus on three styles: a kind of analytical-technocratic style; a boss-visionary style; and a more creative, learning-crafting style.

**Would you tell us more about those styles?**

When I talk about dramatic managing, the analytical-technocratic style becomes dramatic because the technocrats don't get anywhere, so they start doing drama, but they don't very often have a wise understanding of things. The boss-visionary style refers to the person who is opinionated or creative in some ways, usually a pain in the ass, and very centralizing, but who has ideas and drives organizations to do new and interesting things. The creative strategists often get kicked out after a while because they drive everybody nuts. Margaret Thatcher got herself

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kicked out. And then there is what I think of as the generous strategists, the ones that draw out other people, that stimulate other people. They create a system that stimulates energy, involvement, and enthusiasm. The generous strategist is a very non-

stylish form of management today. Stock analysts don't like it, and newspaper and magazine reporters like it less because they cannot write good stories about these people. They are boring.

**Are different styles prevalent in particular countries? Are some more Asian than Western, more European than American?**

The boss-visionary is certainly more common in Chinese conglomerate companies. I can't speak for Asia in general. In Japan, it's certainly much more a facilitating, learning-crafting style of managing quietly. In France, the style tends to be more technocratic. In England and the States, we are getting more and more the technocratic dramatic style of managing, which is pseudo-visionary. If you take a gigantic British mobile phone company and you merge it with a gigantic German company, does this make you a genius? I don't know. Canadians tend to manage more quietly.

**What do you consider to be the nature of managerial work today compared with a few decades ago when you were writing on that topic?**

I don't think managerial work today is much different from times past because I don't think management is much of a profession. And I don't think we've professionalized it one iota, more than it ever was in its real practice, which was hardly at all. But there are people running around pretending they are professional managers. Still, I don't think the job has changed that much. Are the pressures greater today than before? I don't know. One of the earliest studies of managerial work was by Sune Carlson, who studied Swedish managing directors around 1947. That was a very important year because the first computer was produced. Carlson said that these directors were inundated with reports, and they couldn't keep up. And there weren't any computers. So what's new under the sun? Our brains haven't gotten bigger because of computers. If the Internet keeps people in their offices pretending that they're communicating by punching letters on a keyboard, then they're kidding themselves, because they still have to go and meet people face-to-face. So I'm not sure that the basic characteristics of the job have changed that much. It's still a job of negotiating, venturing, fire-fighting, and lobbying, and those things haven't changed all that much.

**When we talk about the nature of managerial work, are we talking about the CEO of a firm being involved in the same type of activities, but maybe with a different blend of those activities?**

Managerial work has always varied according to the job, the context, company, and industry. If you are managing a consulting firm, you are significantly a sales person. If you are the chief executive at Boeing, you are also spending a lot of time selling. And at 3M maybe you are not selling products, because products are sold in little bits and pieces, so you are facilitating venturing. So there's a lot of variation in managerial work today, as there has always been or should be.

**Is there anything else you would like to add regarding your current thinking? I wonder about the pace of change in Europe, for instance, as the concept of shareholder value pushes its way across the Atlantic.**

We are certainly seeing some of the trend toward shareholder value in Europe. I don't know whether they'll wake up and realize what nonsense shareholder value really is, or whether they will keep pursuing it until people are out in the streets protesting. I don't know, but I think it will come to that at some point. It's a philosophy of greed, not a philosophy of large institutions serving society as well as their own particular needs. It's antisocial, and the only advantage to it sweeping through Europe and Japan is that it will decrease the damage of our own nonsense in North America. So if others are stupid enough to do it, that will only help North American business.

**French management and French companies are generally ignored here in America. How do you see them in comparison with firms in the U.K., Germany, or North America?**

You have to look at the French economy. It is doing better and better. France is not a poor country. It is a very successful country. France has an out-and-out socialist government and it has been doing perfectly fine. Americans don't understand the French because the French have a completely different value system and function on a different wave length, which confuses Americans. America is driven by an Anglo-Saxon value system, which means they not only better understand the British, but they better understand the Germans too.

**Is there any coalescing of ideas on management or strategy around the world, as you see it?**

It's hard to answer that question without including what you excluded in a way, because the convergence is around the Wall Street perspective on management. It is utterly dominating in terms of pressure, not necessarily in terms of response. I spoke to a group of MBA students and their dean via satellite in Argentina and asked: "Are you teaching an Argentinian style of managing?" And the dean answered, kind of proudly: "No, we teach the universal style of managing." But I question what is so universal about everything coming out of Wall Street. What is coming out of Wall Street is not even universally American. A venture capitalist in California is not the same as the Wall Street types. There is a particular style of managing that is becoming very influential, in part due to international organizations. I think a lot of it is destructive to individual societies. And that came out in the World Trade Organization meetings in Seattle. I don't know when people will wake up. Japan is one country that has proudly promoted its own style of managing, and Germany has done so as well. And now Japan is under pressure to adopt the American model, as is Germany. But people aren't stupid. Look at the governments that are being elected around the world. We are getting a lot more left-wing governments, which is a reaction to all that. Not that these governments, at least not British Prime Minister Blair's, are attending to any of these concerns.

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**As we close, is there anything else you would like to add?**

One more point on management education. I have been spending a lot of time during the last five or six years on rethinking and remaking management education. We have a program that resulted from rethinking the whole concept of how to train managers from top to bottom. This includes the fact that you don't train anyone who is not a manager already, who was not sent by a company, and who doesn't stay on the job and apply what they are learning to their own situations. So the cases are not just abstract experiences of someone else, but students apply the conceptual material to their own concerns. We have made a lot of advances in



our International Masters Program in Practicing Management, which is an unusual partnership—a true partnership, of McGill in Canada, Lancaster in the U.K., INSEAD in France, the Indian Institute of Management at Bangalore, and faculty from three of the major Japanese business schools.

**It's been a pleasure to review the practice of management as well as strategy and strategic planning with somebody who has been at the forefront of these topics for several decades. Thank you for sharing with us your recollections on these subjects, and particularly for outlining your current thinking and ideas.**

I've enjoyed it also, and look forward to the comments of Costas Markides.



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## Commentary on the Henry Mintzberg Interview

### Constantinos Markides

Nobody has earned the right to talk about strategy with more authority and gravitas than Henry Mintzberg. You can imagine my delight, therefore, to discover that we agree on most issues of substance. As a result, I'd like to focus my comments on a few areas where I believe I have something to add to what Dr. Mintzberg says.

#### What is Strategy, Really?

Henry talks about his consulting experience with a very successful Canadian company where he tells top management that their strategy is fine as it is and that they just have to sort out their logistics as a way of moving forward. He then generalizes with the following comment: "When there is a need to rethink position and so on, a lot of that grows emergently, as I have written about a lot of times."

There is a lot hidden in this sentence, as well as in Henry's advice to his Canadian client. First, there is the notion that, at the end of the day, strategy allows a firm to stake a position in its market; second, that this position does not need to change very often—hence Henry's statement, "when there is a need to rethink position;" and third, that if the need arises to change this position, the new one will emerge from the ideas and actions of people in the organization.

I agree with all three statements, but I'd like to add to all three as well. First, I wholeheartedly agree that strategy is the art of crafting a unique strategic position in the firm's industry. A strategic position is nothing more than the answers a company gives to three simple, but difficult-to-answer, questions:

- Whom should I target as customers and whom should I not?
- What should I offer these customers and what should I not?
- How can I do this in the most efficient way?

These are not easy decisions to make, and each question has many possible answers, all of them apparently logical. As a result, these kinds of decisions will unavoidably be preceded with debates, disagreements, politicking, and indecision. Yet, at the end of the day, a firm cannot be everything to everybody, so clear and explicit decisions must be made. Companies that fail to make clear choices on these dimensions drift aimlessly without a clear direction until they eventually fail.

It is absolutely essential that the organization makes clear and explicit choices on these three dimensions, because the choices made become the parameters within which people are allowed to operate with autonomy. Without these clear pa-

rameters, the end result can be chaos. Seen in another way, it would be foolish and dangerous to allow people to take initiatives without some clear parameters guiding their actions.

Given the importance of coming up with clear answers to these three issues, the question is, who comes up with possible answers to these questions: who decides what to do out of the many possibilities, and how long do the decisions remain unchanged?

Given the right organizational context, strategic ideas on whom to target, what to sell, and how to do it, can come from anybody, anywhere, anytime. They may emerge through trial and error, or because somebody has a gut feeling or because somebody got lucky and stumbled across a good idea. They may even emerge out of a formal strategic planning session. However dismissive we can be of the modern corporation's formal planning process, the possibility still exists that some good ideas can come out of such a process. No matter how the ideas are conceived, it is unlikely that they will be perfect from the start. The firm must therefore be willing and ready to modify or change its strategic ideas as it receives feedback from the market.

Even though anybody in the organization can come up with new strategic ideas (and everybody should be encouraged to do so), it is the responsibility of top management to make the final choices. There have been many calls lately to make the process of strategy development democratic and flexible—to bring everybody in the organization into the process. The thinking here is that the odds of conceiving truly innovative ideas are increased if thousands of people, rather than just five or ten senior managers, put their minds to work. And this much is true. But the job of choosing the ideas that the firm will actually pursue must be left to top management. Otherwise, the result is chaos, confusion, and ultimately a demotivated workforce. After all is said and done, it is the leaders of the organization, not every single employee, who must decide which ideas will be pursued.

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Finally, how long do these choices remain unchanged? My experience is that it is longer than we all think. Maybe this is what Henry had in mind when he said, "when there is a need to rethink position." I know of companies whose basic

choices have not changed in 50 years—even in the face of the more dynamic new economy. For example, one of the fastest-growing brokerage houses in the U.S. is the St. Louis, Missouri-based partnership of Edward Jones. The choices made back in the early 1970s—to be a distributor, not a manufacturer of financial products; to operate out of one-person offices spread throughout the U.S.; to be a partnership; to have only a few select suppliers; and to offer only conservative, low-risk products—are still in operation today. Even though these choices are continuously challenged and questioned, the company has so far decided that there is no need to change them. Similarly, the strategic choices made at the French supermarket chain E. Leclerc were originally made in the late 1950s. These choices are also still in operation today.

If that is the case, then why do we have a strategic planning process every year? I believe we need such a yearly process for two main reasons. First, the choices made must be continuously questioned. The environment keeps changing and new customer preferences, new technologies, and new competitors keep emerging. As a result, the choices made 10 or 20 years ago may not be valid in the new environment. The firm must continuously question its past choices so as to determine if it needs to change them.

Second, we need to understand that strategy is much more than coming up with ideas on whom to target, what to offer, and how to do it. Rather, strategy must come up with all these ideas, choose what to do and then combine all the selected ideas into a system that's continuously evolving and adjusting. In fact, this is the heart and soul of strategy: putting together a well-balanced system of activities that support and reinforce each other and allow the firm to achieve fit with its environment without losing its flexibility. This is the art of management. The yearly strategy process must revisit this system of activities and restore its balance if it has grown out of synch.

### **The Process of Developing Strategy**

Suppose that, as Dr. Mintzberg says, the need does arise to rethink our position? Where do the new ideas for a new position come from? Henry is very clear as to what he believes: "I don't think you create a strategy through a formal process," he says. He also argues that "strategy must be much more than the CEO." And "Good strategies grow out of ideas that have been kicking around the company, and initiatives that have been taken by all sorts of people in the company."

I agree with all of this. But is that the only source of new creative ideas? As I said before, I believe

that good ideas can come from anybody, anywhere, anytime. They can come from inside the company from the initiatives our employees take, as well as from outside the company from competitors, suppliers, and customers. They can come through trial and error or through planning. They can come by accident or by design. We may stumble onto them or we may even plan for them all along.

Often the problem is not so much coming up with new ideas but doing something with them. For this, the company must put in place a process so that ideas—wherever they are generated—get picked up quickly, are brought to the attention of decision makers quickly, are given a fair and transparent evaluation, and are put to the test. If they are not to be tested, the employees must receive feedback why they are not.

### The Role of the Leader

What is the role of the leader in all of this? Dr. Mintzberg rightly points out that leaders often make a difference because they stimulate others, not because they come in with grand strategy. They do this by putting in place the underlying organizational environment—things such as culture, performance systems, and incentives—that energize and galvanize people.

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But I think they do something more than that. They decide on the parameters within which people can experiment and innovate. As I said before, these parameters are nothing more than the choices made on the who-what-how. Another type of parameter that leaders put in place are the values and beliefs that define what the organization stands for. Only the establishment of clear parameters makes possible the granting of autonomy without fear of losing control. As John Bachmann, the CEO of Edward Jones, says: "I give my people the canvas and the paints they have to use. After that, it's up to them to decide what they paint and how. As long as they stay on the canvas and use only the paints I give them, I'm happy."

This is why I like Henry's intention to write a book called *Managing*. Once the company decides on what position to claim as its own—and since I have already argued that this position might not

change for many years—what's left for top management to do? Well, managing, of course. In other words, maintaining the system of activities that make up the strategy in tune with the outside world and in balance with each other; protecting the firm's strategic choices from the constant attempts by other managers to deviate from them; safeguarding the values and principles that guide and bind the organization together; and fine tuning the underlying organizational environment so that people are galvanized into action. All this, while the world around them is constantly changing. Not an easy task.

### Academic Research as a Creative Jump

Let me finally comment on Henry's argument that he likes doing research by observing people rather than sending out questionnaires to collect data to analyze. He says that seeing things himself stimulates his creative juices much more. And this is exactly the point. Academic research that makes a difference usually comes when people are able to not only observe what is going on around them and report on it (which is nothing more than academic journalism), but also make the creative jump from the data in front of them to build a beautiful edifice. For example, Gary Hamel and C.K. Prahalad observed Canon and Sharp for many years, and out of that observation came "The Core Competence of the Corporation."<sup>1</sup> But how many of us are capable of making such a creative jump? How many of our Ph.D. programs are developing young scholars who are able to do that? In this sense, I agree fully with Dr. Mintzberg: Not only are business schools failing to develop effective managers through the MBA program, but we also often fail to produce effective researchers through the Ph.D. program. And as more and more schools around the world are beginning to adopt the American model, then this failure will become universal.

### Endnotes

<sup>1</sup> Prahalad, C. K., & Hamel, G. 1990. The core competence of the corporation. *Harvard Business Review*, 68(3): 79–91.

### Response to Constantinos Markides's Commentary

#### Henry Mintzberg

It is difficult to disagree with Costas, since our views are so similar. Either we are both brilliant, or else, boy, do we have it wrong. I prefer the first interpretation, leaving the second to people who

believe that strategies appear like the Messiah, immaculately conceived, that positivism is the answer to the world's ills, and that globalism means imitating everything done in the United States.

I do have a few minor quibbles. Of course, when I see the word planning, at least in the same breath as strategy, it becomes a red flag and I become a bull.

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Actually, I do agree that good ideas can come out of a planning process—they can come out of a round of golf too. But I balk at the idea that strategy should be assessed on some kind of regular sched-

ule, like once a year. I think that only desensitizes people to strategic change. I prefer the notion, also present in Costas's remarks, that an organization, in its entirety, has to be sensitive to important changes all the time. We need an inquiring process, not a yearly process.

I cannot argue with Costas about the role of the chief executive. I think he has it more or less right. Yet I felt uncomfortable at hints of the great one pulling it all together. These days, this tends to bring more drama than light. Shades of a cult of leadership that has become awfully excessive in recent years. In that respect too, Costas's comments center on strategy. Yet strategy is not such a big deal, or at least should not be. It is common sense. I worry that we reify the concept.

Otherwise I think this has been a kind of intellectual love-in. But why not?—These days, such ideas don't often get the chance.