

IGOR ANSOFF



*'The end product of strategic decisions is deceptively simple; a combination of products and markets is selected for the firm. This combination is arrived at by addition of new product markets, divestment from some old ones, and expansion of the present position.'*

- American academic and consultant
- 1918–2000
- Strategic management
- *Corporate Strategy*

Igor Ansoff was one of the key figures in the formulation of a clear concept of strategic management.

Ansoff trained as an engineer and mathematician. After leaving Brown University, he worked for the RAND Corporation, initially in the mathematics department, and then the Lockheed Corporation where he was a vice-president. 'The timing of my move to industry was fortuitous, because it influenced my ultimate career path', says Ansoff. 'It occurred at a time when American industry was increasingly confronting environmental discontinuities and turbulence. As a result, my experience at Lockheed focused my attention and trained me to deal with the problem of managing organizations in the face of environmental discontinuities which became the central focus of my attention during the following 30 years.'

In 1963 he left industry for academia, joining Carnegie-Mellon's Graduate School of Business Administration. He then taught at Vanderbilt University and at the European Institute for Advanced Studies in Management in Belgium. He joined the San Diego-based, US International University in 1983, where he served as Distinguished Professor of Strategic Management. After 40 years of teaching, he retired in 2000 and remains Distinguished Professor Emeritus and retains his affiliation with US International University. He is also a principal of the Ansoff Institute established 'to develop and extend H. Igor Ansoff's contributions in strategic management applicable in the 21st century'.

Ansoff's experiences at Lockheed provided the impetus for his foray into the murky waters of corporate strategy. On a vacation, Ansoff grew a beard, consumed half a case of Scotch and contemplated strategy. The end product was his first – and most important – book, *Corporate Strategy*, in which he sought to make sense of the broader implications of what he had learned at Lockheed. Ansoff believed that there was 'a practical method for strategic decision-making within a business firm' which could be made accessible to all.

Following on from the work of Alfred Chandler, Ansoff's work struck a chord. Until then, strategic planning was a barely understood, *ad hoc* concept. It was practised, while the theory lay largely unexplored.

The result was a rational model by which strategic and planning decisions could be made. A creature of its times, the model concentrated on corporate expansion and diversification rather than strategic planning as a whole. (When interviewed by the Lockheed CEO, Ansoff had asked what was meant by diversification. The CEO did not know, even though this was the strategy the company was then pursuing.) From this emerged the Ansoff Model of Strategic Planning, an intricate and somewhat daunting sequence of decisions.

Central to this was the reassuringly simple concept of gap analysis: see where you are; identify where you wish to be; and identify tasks which will take you there. Ansoff can also lay claim to introducing the word 'synergy' into the management vocabulary. He explained it with uncharacteristic brevity as ' $2 + 2 = 5$ '. In addition, Ansoff examined 'corporate advantage' long before Michael Porter cornered the field 20 years later.

Ansoff regarded strategic management as 'the part of management which develops a firm's future profit potential by assuring that it does business in markets which have the potential of satisfying its objectives; that it offers products/services which these markets want; and that it offers them in a way which assures it a competitive advantage'. He distinguished this from what he called operating management – 'the part of management which, using the profit potential, optimizes a firm's profitability through efficient production, distribution and marketing its products/services generated by strategic management'.

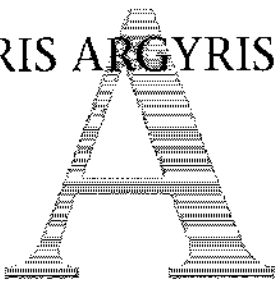
To the contemporary observer, Ansoff's work can appear excessively analytical and highly prescriptive. Ansoff himself has honestly admitted that his early model was overly analytical. Early converts to strategic planning as outlined by Ansoff found that 'paralysis by analysis' was a very real threat. 'In retrospect, the incidence of strategic planning failure should not have been surprising. After all, it was a practical invention designed by staffs in business firms as a solution to a problem which was poorly understood, and in the absence of a theory which could have guided the design,' Ansoff has reflected.

Over the last 30 years or more, Ansoff has worked steadfastly on honing his model so that strategic planning could become a universally-available management tool. Along the way he has fuelled a continuing debate with the likes of Henry Mintzberg on the role of creativity and intuition, as opposed to analysis, in the formulation of strategy. In an era where corporate change is increasingly recognized as a fact of life, thinkers argue that solutions are ever more elusive – 'Strategic planning, at best, is about posing questions, more than attempting to answer them', Richard Pascale suggests. Ansoff's model was better suited to a world of answers than one beset by turbulence and uncertainty.

## Note

- 1 RAND, an acronym for Research and Development, was an American military think-tank established after the war.

CHRIS ARGYRIS



*'Because many professionals are almost always successful at what they do, they rarely experience failure. And because they have rarely failed, they have never learned how to learn from failure.'*

- American academic
- Born 1923
- Organizational learning; single and double loop learning
- *Personality and Organization; Organizational Learning*

Lean and ascetic of appearance, Chris Argyris is a thinker whose work is driven by a fundamental – some would say flawed – faith in human nature. His romantic optimism is bolstered by his considerable intellect. Argyris is a formidable thinker – even by the lofty standards of his employer, Harvard Business School.

Argyris was brought up in the New York suburbs and spent some time in Greece with his grandparents. Prior to joining Harvard he was at Yale, where he was a professor of administrative science. His qualifications embrace psychology, economics and organizational behaviour. He is now the James Bryant Conant Professor of Education and Organizational Behavior at Harvard Business School, a post he has held since 1971.

Argyris's early work concentrated on the then highly innovative field of behavioural science. Indeed, his 1957 book, *Personality and Organization* has become one of the subject's classic texts. Argyris argued that organizations depend fundamentally on people and that personal development is and can be related to work. The problem, Argyris believed, in many organizations is that the organization itself stands in the way of people fulfilling their potential. The task for the organization is to make sure that people's motivation and potential are fulfilled and well-directed.

Argyris was part of the human relations school of the late 1950s and involved in the work of the National Training Laboratories which had a mesmeric attraction for a host of other important thinkers. 'He was bespectacled, dark-complexioned, and slender, with a narrow face that tended, almost despite himself, to break into a delighted grin when arguments grew hot, as if he was overjoyed at the chance to test himself', says Art Kleiner in *The Age of Heretics*. 'His voice was distinctively mild-mannered and reedy with a slight European tinge. His style of debate was analytical – indeed, his approach to life was passionately devoted to inquiry, reasoning, and theory. But he was drawn to the kinds of problems that most analytical people eschew, the riddles of human nature. In particular, why did people fail to live up to their own professed ideals? Why was so much human behaviour so self-frustrating, particularly in organizations?'

These are questions which Argyris has continued to ask with dogged persistence. Central to his process of inquiry has been the entire concept of learning. Argyris has examined learning processes, both in individual and corporate terms, in huge depth. 'Most people define learning too narrowly as mere *problem solving*, so they focus on identifying and correcting errors in the external environment. Solving problems is important, but if learning is to persist managers and employees must also look inward. They need to reflect critically on their own behaviour', he

says.<sup>2</sup> Problems with learning, as Argyris has revealed, are not restricted to a particular social group. Indeed, it is the very people we expect to be good at learning – teachers, consultants and other ‘professionals’ – who often prove the most inadequate at actually doing so.

His most influential work was carried out with Donald Schön, most importantly in their 1974 book, *Theory in Practice*, and their 1978 book, *Organizational Learning*. The combination of the psychologist, Argyris, and the more philosophical Schön, produced some original perspectives on age old problems.<sup>3</sup>

Argyris and Schön originated two basic organizational models. The first was based on the premise that we seek to manipulate and form the world in accordance with our individual aspirations and wishes. In Model 1, managers concentrate on establishing individual goals. They keep to themselves and don’t voice concerns or disagreements. The onus is on creating a conspiracy of silence in which everyone dutifully keeps his head down.

Defence is the prime activity in a Model 1 organization, though occasionally the best means of defence is attack. Model 1 managers are prepared to inflict change on others, but resist any attempt to change their own thinking and working practices. Model 1 organizations are characterized by what Argyris and Schön labelled ‘single-loop learning’ (‘when the detection and correction of organizational error permits the organization to carry on its present policies and achieve its current objectives’).

In contrast, Model 2 organizations emphasized ‘double-loop learning’ which Argyris and Schön described as ‘when organizational error is detected and corrected in ways that involve the modification of underlying norms, policies, and objectives’. In Model 2 organizations, managers act on information. They debate issues and respond to, and are prepared to, change. They learn from others. A virtuous circle emerges of learning and understanding. ‘Most organizations do quite well in single-loop learning but have great difficulties in double-loop learning’, concluded Argyris and Schön.

In addition, Argyris and Schön proposed a final form of learning which offered even greater challenges. This was ‘deutero-learning’, ‘inquiring into the learning system by which an organization detects and corrects its errors’.

While defensiveness has remained endemic, corporate fashions have moved Argyris’s way. With the return of learning to the corporate agenda in the early nineties, his work became slightly more fashionable. This did not temper the rigour of his output or of his arguments. The questions remained. ‘Any company that aspires to succeed in the tougher business

environment of the 1990s must first resolve a basic dilemma: success in the marketplace increasingly depends on learning, yet most people don't know how to learn. What's more, those members of the organization that many assume to be the best at learning are, in fact, not very good at it', he noted in a *Harvard Business Review* article.<sup>4</sup>

The challenge – and mystery – of learning remains profound. The riddle of human nature remains as intractable as ever; and Chris Argyris's curiosity appears undiminished. 'Many professionals have extremely brittle personalities. When suddenly faced with a situation they cannot immediately handle, they tend to fall apart', he says. 'There seems to be a universal human tendency to design one's actions consistently according to four basic values:

- 1 To remain in unilateral control;
- 2 To maximize *winning* and minimize *losing*;
- 3 To suppress negative feelings; and
- 4 To be as *rational* as possible – by which people mean defining clear objectives and evaluating their behaviour in terms of whether or not they have achieved them.'

In his most recent book *Flawed Advice and the Management Trap: How Managers Can Know When They're Getting Good Advice and When They're Not*, Argyris turns his attention towards the field of organizational change. He is clearly unimpressed with much of the current advice, opinion and commentary handed down by academics, consultants and commentators believing that it 'does not work . . . . It is simply too full of abstract claims, inconsistencies, and logical gaps to be useful as a concrete basis for concrete actions in concrete settings'. Never one to pull punches, he uses some of the better known books on the subject, books such as Stephen Covey's *Seven Habits of Highly Effective People* and John Kotter's *Leading Change*, in an attempt to demonstrate how many commentators fail to avoid discrepancies between principles espoused and courses of action advised. Naturally Argyris does not include himself among the offenders. He goes on to propose a solution for closing the gap between 'as I say and as I do' thinking.

## Notes

- 1 Kleiner, Art, *The Age of Heretics*, Nicholas Brealey, London, 1996.
- 2 Argyris, Chris, 'Teaching smart people how to learn', *Harvard Business Review* May-June 1991.

3 Schön is featured in the Appendix.

4 Argyris, Chris, 'Teaching smart people how to learn', *Harvard Business Review*, May-June 1991.