



THE PSYCHOLOGY OF STRATEGY

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Defining strategy

Many knowledgeable in the world of business strategy would sum it up to be all about winning, or achieving desired objectives. Strategy originates from the Greek word 'strategos', a military term referring to the art of the 'general' (or military leader). In modern times the metaphor for business strategy is less about war and more about the game of sports. So a modern-day description of strategy could be that it concerns how we go about 'winning the game', or making the right choices, given limited resources, in any operating environment where we choose to compete. Inherent in this definition is a process of prioritising and focus.

What makes strategy interesting, even ubiquitous, is that all of us as individuals need to apply the same basic principles in our everyday personal lives, no matter how wealthy or well resourced we may be. When we think about our resources more broadly, not just in terms of money, but also time and energy, we must recognise that by definition resources are limited, and therefore choices and trade-offs need to be made. We really can't have everything all of the time. Consciously or just intuitively, we go about our lives prioritising and making choices to get what we most want. Of course, we sometimes don't do this as well as we may hope to. Perhaps a greater appreciation of the psychology of strategy could help, both for us as individuals, and for the organisations within which we work.

Strategic lenses

It is interesting to note that much of business strategy focuses on the use of business analysis to drive strategic choices rather than an in-depth understanding of human behaviour. There appears to be a generic preference in organisation decision-making for quantitative parameters. The business case is a case in point, relied upon because it supposedly offers a measure of certainty to decision-making about some future position that is inherently uncertain. But could we get more reliable results from a deeper understanding

of human behaviour, by learning more about the personalities and behaviour preferences of those who are integral to organisational success and the key influencers of strategic decision-making, both the people within the organisation itself, and our customers and other stakeholders external to the organisation in the operating environment?

When behaviour is considered in the context of business strategy, priority is given to cognitive psychology, a study of the mind, which considers the process and challenges of problem solving, using algorithms or heuristics. Business theorists such as Henry Mintzberg (1973) and Daniel Isenberg (1984), in studying the strategic decision-making of senior managers, describe how they apply thinking and intuition to deal with unpredictable situations. What is striking about these studies is that the focus on decision-making is far more about thinking than it is about the other primary behavioural modality that can be used to come to a conclusion, namely, feeling.

John Kotter's (1996) prolific writing on leading change offers a contrasting insight, one that emphasises the power of bringing about desired change by addressing how people may be feeling, with even greater weight than how they may be thinking about the new behaviours expected of them. In Kotter's words, it is about tuning in to the 'hearts and minds', in that order. By aiming to change how people feel, and role model desired behaviour, he suggests that we will be even more effective in making change happen than if we rely on applying our analysis and logic in an attempt to persuade others to think and therefore behave differently.

Behavioural models

When we start to consider business strategy through the lenses of human behaviour, where we explore the sensibilities of others through both the hearts and minds, and try to understand how people may feel as much as

how they may think, a new realm of behavioural tools become available to us for strategic thinking, planning and execution.

Two principal areas of focus in examining the influence of human behaviour on strategy involve considering, within any organisational system or environment, the characteristics of **personality** of the key individuals within the system, and the nature or **culture** of the various groups or teams that exist within the organisational environment, both internal and external to the organisation.

Personality and strategy

We know all too well from our experience of life how personal preference defines our choices. It is sobering to note that along with every preference lurks a potential blind spot. Without a cultivated awareness, we may not see what other truths or options are available to us because they are shrouded by our less preferred behavioural modalities, which we are inclined to avoid. Since people, usually business leaders, make strategic decisions in organisations, we must accept that these decisions may be, consciously or unconsciously, influenced by personality and preference. We therefore cannot afford to avoid or ignore the influence of personality on the formulation and implementation of business strategy.

A compelling way of thinking about how much of ourselves we share with others, and how much others see of us that we do not see ourselves, is provided by the Johari Window, designed by Joseph Luft and Harrington Ingham in 1955. It is a simple tool that can also prove to be as useful for strategy assessment as it is for personal development. Pictured in Figure 1, below, the key questions presented by the Johari Window revolve around four windowpanes. They are questions that can be used for reflection by organisations and individuals alike. What is the optimal size of the Arena (that which we know about that we choose to share with others)? How do we best

address the obvious need to shrink the size of our Blind Spot? How much of our activity should be hidden in the Façade? And how do we best go about reducing the Unknown on a journey towards our vision?

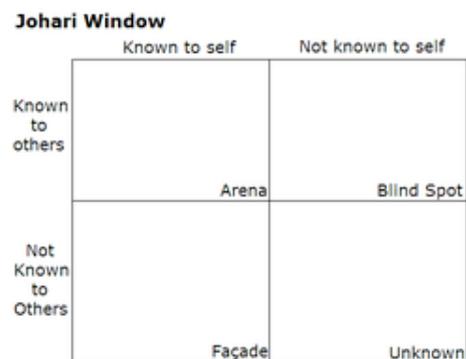


Figure 1

Psychologist Carl Jung is credited with what many consider to be the most comprehensive theory of personality available to modern-day psychology. The essential elements of this theory of personality have been codified into a widely applied personality inventory tool, called the Myers-Briggs Type Indicator (after the mother-daughter team, Katherine Briggs and Isabel Briggs-Myers respectively, who developed it). It is a psychometric tool with high reliability and validity, which assesses four dimensions of personality preference.

Of these, the two central dimensions, concerning how we derive meaning from the world (through sensing versus intuition), and how we make decisions (thinking versus feeling), are called process dimensions. They define the core engine of personality. An awareness of our preferences around these two dimensions is particularly important for strategic decision making, to help us avoid our blind spots. For example, we may naturally apply our preference for thinking and logic to making a strategic decision about people, when this decision may be better made with additional consideration being given to feeling and empathy.

Culture and strategy

What is interesting about the process dimensions of personality, deriving meaning from the world, and making decisions, is that they can also be applied to deepen our understanding of the dominant behaviour preferences of a group of people. In strategy terms, we are interested in diagnosing and influencing the behaviour of many different groups, such as customers, suppliers, staff and other stakeholders, in order to optimise alignment.

To appreciate how we can apply these personality dimensions from Jung's theory to derive new insight into the behaviour and culture dynamics of a group, it is useful to draw upon the theory of Kim Cameron and Robert Quinn (1999). They suggest that the culture, or dominant preference, of a group of people can be determined by answering two simple questions, namely:

- 1) What influences the group more? That is, what is going on internally within the group, or what is going on externally in the operating environment?
- 2) How are decisions made within the group? That is, with flexibility and discretion, or through a hierarchical system of stability and control?

When the answers to these questions are displayed on a two by two matrix, four group cultures emerge, as is displayed in Figure 2, below.

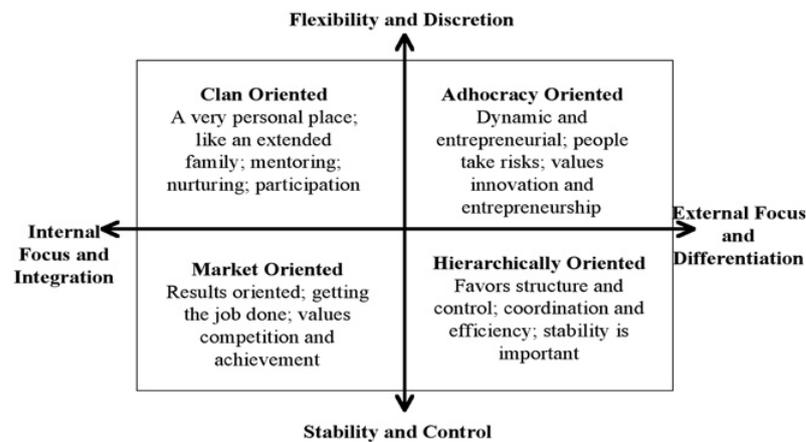


Figure 2

Cameron and Quinn's group culture matrix offers a neat mapping onto the process dimensions of Jung's theory of personality. Each process dimension has two opposite poles, as follows:

- 1) Deriving meaning: sensing versus intuition
- 2) Making decisions: thinking versus feeling

These four poles can be described in terms of group behaviour preferences with different words, such as:

- Sensing = accuracy and detail
- Intuition = innovation, development and new ideas
- Thinking = logic, focus, action and results
- Feeling = integration, consultation and consensus

When we map the four poles from Jung's process dimensions of personality onto Cameron & Quinn's four group cultures, we find:

- ❖ A Clan Orientated group having a preference for Feeling
- ❖ An Adhocracy Orientated group having a preference for Intuition
- ❖ A Market Orientated group having a preference for Thinking
- ❖ A Hierarchically Oriented group having a preference for Sensing

In strategy terms, when we seek to optimise strategic alignment, if our customer group is adhocracy orientated, having a preference for intuition, innovation, development and new ideas, then it is important that the team serving these customers is valued for demonstrating these preferences and behaviours, in order to increase the likelihood of them being able to address the needs of this customer group. Also, the operational strategy will need to be defined in similar terms, to strengthen alignment with the staff and customer groups. An example of such alignment in play can be found at Apple, where the dominant logic for customers and staff can be described in terms of innovation and development, and the operational strategy is similarly aligned.

The convergence of personality, culture and strategy

It is organisation leaders as individuals who have the greatest influence over organisation culture and strategy. To optimise strategic alignment in an ever-changing world, the leader must be ready to adapt personal emphasis and style in order to ensure that the dominant culture and the current strategy are in alignment with each other and with the demands of the market place.

Philosopher Charles Handy (1999) helps us think about the dynamic nature of the market by coining the term 'the sigmoid curve', and elaborating upon the the life-cycle curve, which maps potential over time. Also known as the s-curve, it provides a powerful reference point for the dynamic nature of organisational systems. In this article, it is suggested that new insights can be derived from this curve by viewing it as a strategy-positioning map that also links to human behaviour, and by identifying the leadership personality attributes and the dominant organisational culture requirements most needed at each point on the curve. Both the process dimensions of personality (thinking versus feeling, sensing versus intuition) of Jung, and the culture orientations (clan, adhocracy, market and hierarchical) of Cameron & Quinn

can be located within the different phases of the life-cycle curve, as is illustrated in Figure 3, below.

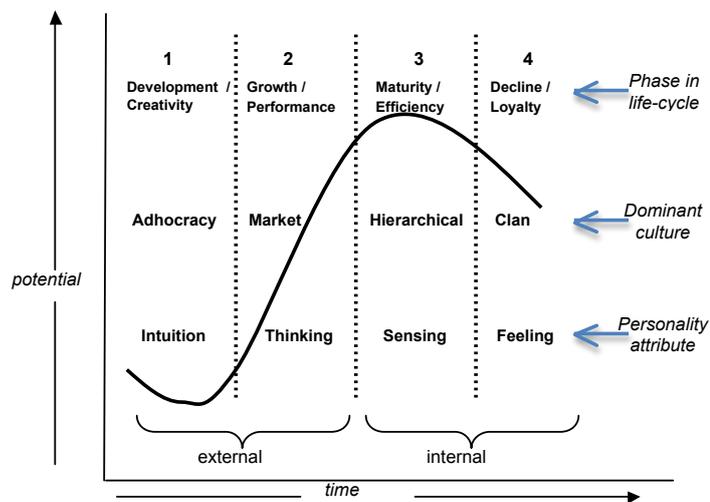


Figure 3: Extrapolated life-cycle (or 'sigmoid') curve

The implication for strategic leaders is that they need to know their personality preferences and be ready to use a less preferred preference when necessary to optimise the alignment of the organisation and its culture at each point on the life-cycle curve. So a detail-orientated leader, most comfortable when the organisation is in phase 3 of the life-cycle, may need to use a less preferred leadership style with a more intuitive, big-picture approach in phase 1, and encourage the development of an adhocracy culture. This leader will also need to be ready to change focus to a more thinking, results orientation, and encourage a market culture in phase 2. Neither approach may sit naturally with this detail-orientated leader, who may therefore choose to delegate to others in the leadership team in the other phases. However, it is important for the leader to know what style and culture best suit the needs of the organisational and operating environments at any point in time.

Applying business strategy to enhance personal effectiveness

Many traditional strategy tools, designed for application to organisations, can be equally applied to ourselves as individuals, and provide new and

interesting insights into our personal positioning and behaviour, particularly in the context of the organisation with which we are associated. Consider Michael Porter's (1979) Five Forces Analysis, for example. There are five forces in the external operating environment which impact on an organisation's viability, namely, the bargaining power of buyers, the bargaining power of suppliers, the threat of new entrants, the threat of substitutes, and the level of competitive rivalry.

If we reflect on these five forces in personal terms, the questions we ask may offer a new relevance. How is the bargaining power of others with whom you wish to engage changing? What about those who provide you with help and assistance? What do you perceive to be the current threats of new talent ('new entrants') in the organisation to your current position and status? Are there other ways in which things can be accomplished rather than how you typically do things? How do you personally experience competitive rivalry within the organisation?

Indeed, we can apply many strategy models and tools to personal behaviour, just as we apply them in organisations, to help us filter information for relevance, in order to make choices about direction, so that we can achieve desired organisation objectives. Of course, it is also important for our own success and wellbeing to be able to filter, prioritise, focus and make choices to achieve personal goals.

Conclusion

This article only begins to uncover the complex relationships that exist between the disciplines of strategy and psychology. The practice of both disciplines is surely enhanced through a greater awareness of what each may bring to the other.

The article also aims to underline the importance for organisation leaders to understand their own personality preferences, as well as the behavioural dynamics of groups of people associated with their organisations, in order to be able to lead strategically in a complex and changing world.

About the author

Dr Grant Sieff is CEO of the IC Growth Group, a research, strategy and leadership development consultancy. He teaches at leading business schools as a visiting professor and senior lecturer. Grant has worked as a vice-president for Citibank in Australia and a partner for Accenture. He consults to leaders at the top levels of organisations across African continent and abroad.

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