

# Five paradoxes of strategy

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## 1. *Strategy that is not strategic*

A standard definition of strategy is ‘a plan of action to achieve a goal’. We add to this definition in the following way:

*Strategy is an information dependent plan of action that takes into account the internal and external environment in order to achieve a particular goal, in the best manner possible.*

The definition has been expanded in this way in order to include the essential elements of ‘strategic thinking.’ We claim that it is invalid to identify various practices as strategies just because they aim to a goal if they do not really incorporate strategic thinking. For example we often hear of ‘strategies’ that are ‘inflexible’. Should a strategy be inflexible if it has been conceived strategically? Isn’t there something more to strategy, than a mere plan of goal attainment?

The first and foremost paradox of strategy is that many strategies in place in the corporate world and politics at large are not very strategic. They are actually a-strategies, mere habitual, routinised procedures that regularly fail to employ strategic thinking of the like outlined above. Most strategies do not make decisions dependent on information. Many do not take into account the internal and external environment. Needless to say, many so-called strategies do not formulate precise goals nor achieve them in the best way possible.

There is a clear and important difference between strategy and the strategic. Doesn’t the idea of the strategic suggest that strategy should work on itself, become a better strategy, optimise itself? If all the particular strategies we formulate were optimised, worked on and perfected as strategies, the two issues we would then be concerned with are: the best forms of strategic thinking and the economy of operation of strategy. Yet how far does this distance ourselves from the particular environment and goal we were meant to be dealing with?

The economy of strategy is important because it reflects the necessity of the critically reflexive moment in the formulation of good strategy. The reason most operations fail to be very strategic is not because the instigators or operators are dullards. Many would explain that the strategus is confined by real world time constraints, imperfect situations that force decision-making. But this is not really a good answer. It is precisely because of those factors that a strategic plan was necessary. Clearly good strategy has to incorporate consideration of the economy of strategic thought. If this were done, if the definition of good strategy were followed, environmental and other constraints might never be used as an apology for bad strategy.

Similarly there is the mistaken notion that because information is never total, time never infinite, the future never known, the risk ever incalculable, a perfect strategy is impossible. Once more this reflects a faulty understanding of strategy. Rather these elements must be incorporated into the essence of strategic planning. Throughout the scope and period of strategic thinking, the situation, environment and goals must be considered to be an open totality. At the point of decision however, the totality is closed. A mistake is often made at this point which helps identify the second paradox.

## *2. Forgetting what you don't know or retaining an absence*

Individuals revel in thinking about risks, opportunities, the future and chance. In this respect humans tend to think strategically about their lives, ambitions and projects. We are skilled information hunters and gatherers. In contrast, most of that which we do is formulaic, mechanical and routine. Although it is to note that whilst this is true, it does not mean that reflexive thinking is not going on during this activity, in fact it suggests an origin for it. Hence the tension between the routine and the strategic often gets played out in spontaneity, whether conformity or dissent. We dream of the stars but surrender ourselves to the mundane. We tend to accept that, given our environment, we must act purely in a procedural manner in order to get to a point in the future where we will be in an improved position.

What we have described is the open totality. In political discourses critical of the industrial capitalism or consumer society, it is often assumed that this is a one-dimensional, closed totality only opened up at the moment of decision; consider the Schmittian formulation: "sovereign is he who decides the exception". This is the crucial difference between strategy and politics. At the point of decision the strategist's reality becomes a closed totality, what follows after the decision is a new tactical reality, one brought about by the weight of one's own action and thus determinate, actualised, inevitable.

At the moment of decision, the actor blinds himself to that which is unknown, verily flying into the face of it. At this point however, when the totality closes, the strategist must gather all the unknown elements into the empire of the known. The fatal flaw of many strategies is that that which is unknown is excluded; the unknown is denied an existence, whereas the unknown should be known in a hypothetical form as best as is possible. The point of decision, of closure, ought not be considered as 'taking the plunge' so to speak, an embarkment, but as a subsumption into the framework of the empire of the known, retaining as many of its absences as is possible. What this means in practice is that strategic realities can remain open, and are prevented from becoming mechanical practices.

It cannot be objected here that decisions are always already embedded and the time of decision and its interactions with other decisions do not follow an ordered path. This ought to be included in the consideration of strategic reality and regulated by the economy of strategic thought. As we have seen, the decision forces each given strategic action into a totality that includes the unknown factors which ought never to have been considered as external to it.

## *3. One-sided objectivity and multi-sided singularity*

Many of the complications of the strategic practice we are identifying here are due to the embeddedness of the strategist in his environment, and the fact that the planner is also the decision maker. This inevitable imperfectness of operation comes out of the susceptibility and fallibility of humans. Yet authority, esteem and inclinations are part of the strategic reality and modify goals and methods.

The tension that this produces is that the strategist must be as disinterested in his or her situation as he or she is interested. They must be as distant as they are embedded and as near as they are far. That motivation for goal-attainment is a precondition for strategy in the first place, means that there is a tendency to exaggerate the power of enthusiasm itself and fail to qualify it with lessons from experience or science. That the strategist must be objective in their consideration of the real state of things goes without saying. They must have the power to penetrate through their own point of view and bear in mind propensities that limit objective assessment. Yet the neutrality of judgment that this requires always sits at odds with the one-sidedness of intention and motivation, which drives the mind

to see opportunity before limits, to effectively try to lift limits. This dynamism always works against neutral assessment and towards partisan allegiance; it is right and proper that it is so, or closure would never come, but again, as with the known and unknown, the possibility of the victory of the other must compose an inner rather than an outer boundary of action. The other is not external to the strategic reality, but its very inner truth.

It is not really valid to claim that a strategy failed because the decision maker was too embroiled in his tasks, only that the strategist failed to distance themselves in the right way from his or her situation. Without distance, the critical separation from the environment, there is no strategy. And unless the strategist can penetrate through their own point of view, there is no objectivity.

The suggestions we are making seem to point to how far strategy really is from ethics, and that strategy tends to undermine moral and political imperatives in action and relegate them to the position of goals. Strategy is in the business of constraints, that is its operative environment. Nonetheless, strategy necessarily strives towards expediency and thus to the re-evaluation of limits. That the possibility of having a strategy is premised on being able to take a distance from events, being able to escape from their immediacy, is in turn premised on the immediacy of the event and the necessity of a longer term plan.

#### *4. The mechanics of non-mechanical thinking*

Because strategists are concerned with optimising goal attainment within a set of constraints, there is an inner tendency for strategy to work upon itself. This is a clear matter of economy. If principles of engagement, rules of procedure, and programmatic responses can be formulated that apply universally to all situations, or if particular strategic rules can be made to correspond to particular situations then strategists can be more efficient in developing solutions and thus more effective, freeing up surplus time, optimising the process.

Thus there is a tendency in strategy to move away from the analysis of every strategic reality in its own terms, to follow the information dependent analysis outlined, and rather, to find formulae and principles of operation that can be readily employed. Once again this demonstrates how strategies tend to separate themselves from strategic thought. Off-the-shelf solutions are implemented from outside of the strategic reality. Strategic planning tends to become mechanical.

Yet the essence of strategy is to go beyond mechanical thinking and retain as much of the fluidity of actual worldly relationships within the plan itself. A strategic reality is never mechanical and yet strategic practice always tends to insert itself as a mechanics within it. True strategic thought then is non-mechanical thinking in the context of mechanical thinking, and good strategic practice the imposition of a plan that is able to change in pace with, or in fact ahead of, other agents and factors in the strategic reality.

For this reason, strategic planning must always involve questions of the ‘what if?’ variety, questions that probe actual reality with hypotheses. Far from only dealing with concrete facts about situations, the strategist is occupied with the unknown possibilities of things. Given this, it is absolutely fatal to formulate strategic plans by producing a mechanical operation based upon what is known. For this reason, in those places where sophisticated strategic conflict is at its zenith, hedging is most active. Hedging, as the management of risk, is not about value creation, but about the construal of a strategic reality that allows for winners and losers, distilling real world fortunes into a manageable game of calculation and chance. But hedging also suffers from the paradox at the heart of strategic reason. As soon as principles of operation become generalised, we are once more faced with a mechanical reality

in so far as the economy of strategic operation determines that the balance between risk and uncertainty be decided by a calculation of probable outcomes.

##### *5. Strategy against organisation*

The ultimate paradox of strategy within organisations then is that the organisation is a relatively inflexible structure which is forced to perform a flexible role. The organisation is a barrier to its own success, and its supersession or revision its goal. The quicker the exchange of information, increase or decrease in demand, the change in the operative environment, the more the structure needs to hire and fire to keep up with it; the more an organisation must meet the needs of environments, the more likely it is to have to adapt to the environment.

One way of describing the fourth and fifth paradox is to compare them to Marxian theories of crisis based upon the organic composition of capital and the law of diminishing rates of returns. The strategic organisation must always try and escape the connection between its constant capital – its intellectual and moral resources – and the variable element that produces those resources. It must increase what it holds but only by increasingly dissociating itself from those that produce what it holds. In the same way that Marx saw the industrialist's capital tied up with machines and ultimately inoperable, the strategist is tied down to an organisation of resources – moral, human, informational or otherwise – which becomes an impediment to his or her desired action. This is the tension between free-market and institutional economics and its strategic significance is once more that it forces either to become closed spaces of operation as opposed to free fields of mobility, thus subverting the very core of strategic reason which is to think and act non-mechanically in a world of possibility rather than mechanically in a fixed trajectory.