
Part III

Strategy
frameworks
for tomorrow's
CEOs

Strategy In 1,000 Words
— *with Roger Martin*

A conversation between Roger Martin
and ReD partners Iago Storgaard and Filip Lau

RED ASSOCIATES

Strategy creation is becoming a lost art, claims world-leading strategy thinker Roger Martin. Business schools educate technocrats while management consultancies have stopped producing relevant strategy frameworks in favour of project management work. So whose job is it to create the next wave of strategy frameworks for tomorrow's CEOs?

ROGER MARTIN

Professor Roger Martin is a writer, strategy advisor and in 2017 was named the #1 management thinker in the world. He is also former Dean and Institute Director of the Martin Prosperity Institute at the Rotman School of Management at the University of Toronto in Canada.

RED ASSOCIATES

ReD helps leaders create original strategies for the worlds of tomorrow. ReD Associates is a humanities and social science-based strategy consultancy. Since 2005, ReD has worked with global companies and foundations, C-suite, and boards to create meaningful change in corporate strategy, growth initiatives, product, sales, marketing and R&D.

ReD ASSOCIATES *In the 1960s and 70s, there were a set of firms called "strategy consulting firms" whose core business was creating strategy concepts. Why isn't that happening today?*

ROGER MARTIN The business schools of today put out technocrats. They are more inclined to teach strategy tools that are analytical tools, as if analysis will get you a good strategy. It will not. But it can be a component to the creative process of putting together a strategy. We have now had a couple of generations worth of business school students coming out into the world not having been trained in strategy in a useful way. In the 1960s and 70s, and even into the 80s, there were a set of firms called "strategy consulting firms" that, through their practice, created strategy concepts. Boston Consulting Group created the strategy consulting industry in 1963 and came up with many tools that are helpful to strategy. But those firms have all figured out that there are many businesses that are far bigger than strategy: post-merger integration, overhead cost reduction, salesforce reorganisation, all of those things. And so the firms that used to be leading in the production of useful techniques to help

people do strategy, don't do much strategy anymore, but do project management more than anything. So there just isn't the production, there is no natural place anymore where strategists get produced. They don't get produced in business schools, planners get produced in business schools. They don't get produced by the strategy consulting firms to nearly the extent they used to, so it is a bit of a perplexing dilemma for me; where are these people going to come from?

ReD *Do you think these non-strategy activities are more valuable than strategy creation? And is that why they are now the majority of the business in the consulting world?*

ROGER They are not more valuable, they are more sellable. You phone up one of the usual suspects among management consultancies and they will say, "Yes, we can plan that post-merger integration for you. We can plan how you will take two IT departments and put them together, the two legal departments and put them together," and so on. That is super straightforward work. If you have done 25 of these before, you would just say, "These are the 17 task forces you need, this is the time needed, these are the charters for each of the task forces." So it is just easier to sell, bigger, super straightforward, and it fits perfectly with technocratic excellence. In some sense, there is a really important strategic question to be asked whether these two companies should merge in the first place and what they should try to accomplish when they have merged. That is a tricky strategy question and 70% of the time they should not have merged, because it is a disaster. But that tends to be ignored. Then after that decision has been made, you have a bunch of

technocrats running the post-merger integration. For the sake of argument, if you are thinking about two companies, you could do a strategy for the merged companies for ten million dollars, and the post-merger integration will cost two hundred million dollars. Which business would you rather be in if you are a giant consulting firm that has a giant pyramid of people that you need to deploy to be profitable? I think the answer is straightforward and easy for them, and that is where they have all gone.

ReD *This covers it from the economic and from the supply of consulting services side. Is this also connected to changes in society, in culture?*

ROGER I think the job of strategy has probably, if anything, become more complicated. There are things that any company is compelled to think about these days that it might not have thought about at all. I would say 20 years ago, not many companies in their strategy would have thought about their targeted carbon footprint: “If we were to head in this strategic direction, could we do it without worsening our carbon footprint?” Very few thought about that 20 years ago.

ReD *The development of the practice of strategy, strategy creation, strategy development and thought – where’s that happening these days?*

ROGER I am very worried about it. I think it’s becoming a lost art. I do not see lots of places where useful conversation, useful idea development in that domain takes place. To make a silly comparison, if your passion in life is pottery and all the pottery schools closed down, or if we were running out of clay or something – you’d be depressed, right? Because the thing you love is going away. I unfortunately feel that about strategy. I unfortunately have very little confidence in the strategy academy. I think it is headed in unhelpful kinds of theoretical directions. And there is this classic thing that is happening in the modern world where tribes are being created, and unless you pledge fealty to a tribe you are excluded. In the strategy academy you now have to pledge fealty to one conceptual framework for strategy, or you cannot get a job in that field. It is a closed shop and unfortunately, in my view, it is a supremely unhelpful closed shop. As long as that shop remains closed, you are only going to have professors from that tribe, and they are going to be training people in that tribe.

In the old days the strategy consulting firms were real leaders in creating useful strategy concepts, because they were strategy firms. So we used to get lots of great stuff out of the academy. Michael Porter is a great example. My book *Playing to Win*, that qualifies as coming out of the strategy consulting firm world as well, because it all happened before I became an academic. Pretty much all of it was created while I was at Monitor between 1987 and 1995. So you have things that turn out to be valuable coming out of the academy and coming out of the strategy consulting firms in the 1980s and 90s. That has weakened and that is why strategy is becoming a lost art.

ReD *We have a lot of social and political scientists employed here. And I often see that they come out with a strategic mindset of sorts, but not necessarily a business mindset. Do you think that strategy creation is confined or destined to come out of business schools and strategy firms?*

ROGER I think having a background in ethnography, sociology, political science are as likely to produce a strategist. I like the humanities

as a background. I think a philosopher is as likely to be good at strategy as a business trained person. The role of creativity in strategy creation is essential. Aristotle said you must do two things: you must A, imagine possibilities, and B, choose the one for which the most compelling argument can be made. You have a possibility, and I have a possibility. What needs to be taught in strategy classes is that your job is to imagine possibilities and choose the one for which the most compelling argument can be made, not the one for which there’s most data to prove. You have to imagine possibilities, and then you have to say “What would have to be true for that to be a good idea?” Different ideas compete on which things have to be true to be chosen. That’s a creative act. Is any of that taught in business school? No.

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