Shaping Conversations:

Making Strategy, Managing Change

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The making of strategy today is inextricably linked with, and in large part really about, the management of change. The strategy-making process is, in fact, the cognitive component of the change process.

Change begins in the mind, with new ways of thinking that are later translated into and shaped by new ways of behaving. This new reality calls for a fundamental re-conceptualization of the traditional Balkanized strategy frame that draws boundaries between organizations and their environments, senior managers and subordinates, mindsets and skillsets, and strategy content and process.

The cornerstone of this concept of strategy is the widespread diffusion of strategy-making capabilities in individuals throughout the organization. This relies upon a combination of strategic thinking abilities and the empowerment to act. These must be coupled with a capacity for strategic conversation, or dialogue, at the organizational level that draws together these individual conversations and that shapes and is shaped by them into a coherent institutional intent. Taken together, these local and organizational processes create a capability for continuous adaptation that has significant value in a time of on-going change.

Much thinking and writing about strategy has remained situated in a world of hierarchy and stability. While willing to embrace new concepts like “strategic intent” and “competing on capabilities” as promising alternatives in theory, we have stopped far short of re-examining what these actually mean for

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the strategy-making process in practice, beyond a general sense that strategic thinking deserves more attention.

When we adopted a view of organizations as living organisms rather than machines, we located the strategy-making process as the "brain" inside the "head" that was senior management. That metaphor, we argue, is no longer useful for thinking about the process of making strategy. Gareth Morgan offers an alternative metaphor for the organization as brain and argues that this view forces a focus on two factors that we consider central to sustaining success in changing environments: the ability to process information in a way that fosters learning, and to encode the whole in all of the pieces. In this article, we add the metaphor of strategy making as conversation. Taken together, the metaphors of organization as brain and strategy making as conversation create a capacity for a broader range of sophisticated responses to the challenges faced by today's organizations.

The Centrality Of Strategic Intent

In strategy thinking, there has been a shift from a belief that we could predict the future of our industries to a widespread acknowledgment that "the future," as a single point estimate, is not predictable. Many of our most serious management errors have occurred when we tied strategies and plans rigidly to a set of assumptions about the future that later proved to be wrong. The critical vulnerability has been our overconfidence in our projections, not our inability to anticipate the need for change. This lack of ability to predict has had an important effect on the way we think about how a firm achieves and sustains competitive advantage. Strategic approaches aimed only at orchestrating an ever tighter "fit" between an organization's environment and its internal competencies become less useful. The pace of change, coupled with the inability to predict, produces reactive responses that leave an organization highly vulnerable to more creative, proactive competitors. To balance this concept of fit, strategists today talk increasingly of the value of "strategic intent," represented by the presence of a highly visible vision of the future. Though the specific strategic behaviors may look incremental and opportunistic, they occur within the context of this powerful "intent."

This new focus on strategic intent has had a number of important effects. First, it has changed our conception of who has a role in formulating strategy. As a recent article noted: "Once considered the exclusive province of senior management, strategy is now becoming everybody's business." While senior management continues to play a crucial role in strategy making, its responsibilities lie largely with formulating, communicating, and supporting the vision that the organization pursues. The pace of change makes the creation of too precise a vision risky. Thus, the broad institutional vision must not only be executed locally, it must be shaped and defined in an iterative and on-going way using local knowledge. Choices around the intermediate strategies through which this
larger vision is attained now fall within the domain of the managers in the field, using a kind of opportunistic approach that relies on local knowledge. In this view, decision-making authority must be shared in order to encourage and support entrepreneurial initiative taking.\textsuperscript{5}

\textbf{Linking Intent and Learning}

A second impact of the focus on intent has been to emphasize that what institutions are good at today may not be critical factors in determining tomorrow's success. Not only is overconfidence in our ability to predict the future unwarranted; overconfidence in the adequacy of the current composition of our skills and values is equally dangerous. Enter the “continuous improvement” mindset, so dominant in discussions of high performance, and the need to experiment to achieve it. We no longer expect to “get it right” on the first try; we expect to experiment, take risks, and make mistakes.

How do we fully leverage the value of these experiments taking place throughout our decentralized organizations? Continuous improvement in a decentralized environment achieves its maximum impact only through a process that disseminates local innovations throughout the larger system. As a result, we have begun to pay serious attention to the topic of organizational learning and the potential represented by “learning organizations.”\textsuperscript{6}

\textbf{Disintegrating Boundaries}

This new focus on organizational learning has taken place within the context of a third consequence of the new business environment—a shift in the focus of strategic thinking from products and markets to capabilities.\textsuperscript{7} The pace and unpredictability of change have rendered strategies based on narrowly focussed definitions of products and markets inflexible and vulnerable. Sustaining competitive advantage relies upon the development a broad-based, hard-to-imitate set of capabilities that are transportable across products and markets.

Capabilities analysis is complicated by the rapid disintegration of the traditional industry boundaries that formed the foundation of lines of business in many firms. Some leading strategic thinkers have announced “the end of industry” as we have known it.\textsuperscript{8} Consider the case of financial services, where the collapse of barriers between the previously distinct banking, insurance, and securities businesses is reshaping the competitive landscape. Similarly, the new realm that we have come to call “multi-media” (forming out of the convergence of telecommunications, computers, cable, and entertainment) is developing with astonishing speed.

In this new world, innovation is increasingly seen as the key to value creation. But the capability to innovate often necessitates bringing together sets of capabilities that no single firm, or industry, possesses. Thus, we are often talking about a new kind of innovation that is as much concerned with the redesign of the larger value system, both within and between firms, as it is
about particular new products and services. This redesign of value systems is
the driver of the accelerating capacity to produce innovative new offerings.
This newfound interest in cooperative ventures does not, however, alter an old
reality—that capturing value in the form of profits, for a given firm, remains a
positioning issue based on the bargaining power of the respective players.
Increasingly, however, the strategic issue relates to positioning within the larger
value system, not about positioning within an industry. Much of the most interest-
ing new thinking in the field of strategy addresses how to manage this competi-
tive/cooperative tension.\textsuperscript{9}

\section*{The New Questions}

\subsection*{Creating and Disrupting Alignment}

What implications do these themes—the emergence of strategic intent, its
link with learning and collaboration, and the dismantling of barriers—have for
the adequacy of our traditional ways of thinking about strategy? A view of the
strategy-making process, introduced by Ken Andrews, has been one of the cor-
nerstones of the strategy field.\textsuperscript{10} In this model, strategy emerges from a top man-
ger’s consideration of factors both external and internal to the organization,
and in response to four questions:

\begin{itemize}
  \item What might an institution do?
  \item What can an institution do?
  \item What do people within an institution want to do? and
  \item What ought an institution do, from the perspective of society?
\end{itemize}

Figure 1 illustrates this approach.

\subsection*{The Linkage Between Andrews’s Model and Strategic Intent}

One way to characterize Andrews’s four questions is around their shared
focus on creating alignment by closing the gaps between external demands and
internal capabilities. However, achieving significant change is about disrupting
alignment and opening gaps—cognitive gaps in the minds of change recipients
between current reality and some future vision.\textsuperscript{11} This is the logic behind Hamel
and Prahalad’s view of the articulation of strategic intent as the catalyst of the
strategy-making processes. Also, the creative tension caused by the desire to
close the gap is what drives learning. This argues for a new set of questions that
seek to open new gaps, as well as close old ones.

Closing the gap, correcting the lack of alignment, is necessary for increas-
ing stability and efficiency and fostering high performance. Yet we know that
disequilibrium is the driver of learning and innovation. When we reduce vari-
ation, we increase the performance of the system in the short term. In the long
term, we deprive the system of the new information that it needs to move
forward. This is the “adaptation paradox”—or as Karl Weick explains it, the observation that “adaptation precludes adaptability.”

**Intended and Emergent Strategy**

This raises the relationship between the strategic intent perspective and Mintzberg’s notions of emergent and intended strategies. Intended, or planned, strategy inhibits learning, Mintzberg argues. Emergent strategy, where “action drives thinking,” fosters it. Yet others have noted the loss of focus and dilution of limited resources that autonomous or “grassroots” strategy formulation risks. Strategic intent, Hamel and Prahalad argue, incorporates both strategy-as-designed and strategy-as-incremental. But must opportunism always be incremental? Strategic intent argues for a vision of strategy as providing “stretch” rather than constraint, yet the stretch relates to means rather than ends. It would not appear to accommodate the kind of autonomous experiments that fall outside of the umbrella of corporate intent; experiments that Burgelman describes as central to Intel’s culture. In the call for “entrepreneurial behaviors,” the question arises as to what extent top management chooses to bound the entrepreneurial instincts of their employees. As one disgruntled middle manager recently commented to us: “They only want me out of my box so I can climb into theirs.”

Burgelman makes a convincing argument that successful firms adapt through “renewal”—where major strategic change is preceded by internal
experimentation that leverages learning—rather than through "reorientation"— in which significant strategic shifts undo cumulative learning in a way that "bets the organization."

In this view, strategy making is ideally a process of continuous adaptation that straddles the tension between offering too much or too little direction; between relying too heavily on or disrupting too precipitously the status quo; between collaborating to create new value systems and competing for a larger piece of the system's profits; and between reaping the benefits of autonomy and losing the benefits of scale and scope.

In order to reflect these new realities, a new set of questions is called for—questions that bring with them an emphasis on shaping and participating that move beyond Andrews's emphasis on fitting and implementing. Our new questions collapse the boundaries between the industry environment and other stakeholders on the one hand and the boundaries between capabilities and values on the other (see Figure 2).

How can we shape tomorrow's value system to create new possibilities, in partnership with other stakeholders?

We reframe and combine Andrews's previously separate external questions to make a point. As boundaries collapse, the old industry categories of competitor, supplier, and customer are increasingly indistinguishable from each other. Is Intel a supplier or a competitor of Compaq's these days? Though
Compaq is the largest single purchaser of Intel's microprocessors and Intel does not produce a branded box that competes against Compaq's at the retail level, the story unfolding as they jockey to control the value system that they share is instructive of the new complexities of managing these relationships. Regardless of what we label them in relation to each other, both are making investments in some vision of a future, and the uncertainty in their environment increases the urgency to create and coordinate complementary investments. The important question is not so much in what category we place the firm but rather the extent to which its interests align, or can be brought into alignment, in the future.

Because firms co-create the future with all of their stakeholders, the critical focus for attention becomes not just an individual firm's strategic intent, but how that intent aligns with the intent of other powerful players, and what that aligned intent makes possible for all stakeholders.

What new capabilities are we committed to developing and to learning to care about?

Again, we have chosen to overlap the separate categories of capabilities and values, believing the issues of mindsets and skillsets to be inseparable. In an environment of change, we ask people to learn new skills and to care about different things, and the interaction of making strategy and managing its execution becomes critical. As Peter Senge has pointed out, we learn about what we care about—what matters to us out of a personal vision that we hold. Learning and caring about new things becomes possible when something new becomes personally important.

Senge's observation highlights why the traditional formulation/implementation dichotomy has been so problematic. Renewal at the organizational level begins with opening up a gap between today's reality and tomorrow's intent; change at the individual level begins with dissatisfaction with the status quo, coupled with sense of a better way for the future. The two are inseparable because corporate intent, in the absence of individual behavioral change, is meaningless. Yet, for the individual to change willingly, the gain must be significant enough that it makes up for losing the comfort of a familiar way of doing things. Like all learning, this gap is more powerfully self-discovered than pronounced from on high. Participation in the making of strategy, then, invites individuals into a learning process in which they come to discover a new set of possibilities that they can shape in a way that creates personal commitments worth investing in.

The Metaphor of Strategic Conversation

We like the metaphor of conversation as a way of thinking about how organizations address our external and internal questions. It conveys an inclusive "give and take" image and allows us to look at the different players and processes important to strategy making. At their foundation, conversations are
between individuals and their local environments. They occur simultaneously throughout the organization on an on-going basis.

These individual conversations with unique circumstances must somehow be aggregated at the institutional level; that is, we must organize the conversation that these distributed individuals have with each other if a coherent pattern is to emerge. The existence of such a pattern has been argued to constitute the test of whether a "strategy" really exists at all. This institutional-level conversation acts to reshape and redefine corporate intent, based on the knowledge gained in the local conversation. It also serves to build cohesion and commitment at the level of the whole. Together, these two kinds of conversations—one occurring with local environments across the organization and the other occurring centrally with each other within the organization—constitute the strategy-making process. These individual and organizational conversations are neither sequential nor independent of each other. Each shapes the other and like the functioning of a brain, they flow back and forth in iterative and unpredictable ways as they respond to stimuli and activate motor mechanisms. These "strategic conversations" are the interactions through which choices at all levels get made, tested, and the rationales behind them developed.

Frances Westley argues that we have paid far too much attention to "strategic choices" in the strategy field, and too little attention to these strategic conversations, and that the tradition in strategy formulation has been to exclude all but senior managers from these conversations. Because it is through conversation that we come to co-create the shared meaning behind the strategy, managers deprived of these conversations lack the context in which to understand the strategic choices made and are confused and "de-energized." Implementing new strategies requires enormous amounts of what Csikszentmihalyi has called "psychic energy." Confusion disrupts and dissipates the flow of energy needed to accomplish change.

It is not enough to merely be told of the rationale, because different groups of managers have different cognitive frames that process what they are told through the filters of their past experiences and current expectations. Senior managers, research has shown, consistently underestimate the difficulty of change because they overestimate the extent to which subordinates share their view of the world. Managers must be able to sort through the paradoxes raised by interpreting decisions through their frames, rather than those of senior managers. This frame adjustment process works far more smoothly when they are included in the conversation. The result of such inclusion—being both talked with and listened to—is energizing.

Wider participation also potentially enhances the quality of the strategic choices themselves, not just their execution. Managers who do not share the same frames are more likely to question the assumptions underlying others' frames—assumptions which are often invisible to their holders. This questioning of assumptions is a critical step in the kind of dialogue processes that are essential to generating better, more innovative solutions. Innovation is enhanced
when participants who are skilled at managing conversations bring diverse perspectives and backgrounds to bear on shared challenges. Thus, the strategy that is co-invented within a more inclusive conversation reflects a more complex and multi-faceted view of reality. As Burgelman notes:

An atmosphere in which strategic ideas can be freely championed and fully contested by anyone with relevant information or insight may be a key factor in developing internal selection processes that maximize the probability of generating viable organizational strategies. Such processes generate strategic change that is neither too slow nor too fast.

The argument against such inclusion rests with the fear that individuals who bring narrow parochial views into strategic conversations are far more likely to retard, rather than enhance, the process. There is also the fear that groups unskilled at talking across differences will polarize and sub-optimize, rather than produce better solutions. This recognition has led to the premium now placed on producing a high quality of “strategic thinking” at all levels in the organization, and on the skillset to manage conflict productively. Thus, building a widely distributed strategy-making process requires strategic thinking at the individual level as well as the ability to use this as input into a larger conversation whose outcome is coherent at the organizational level. Strategy making that operates at these two levels creates what we will call a “meta-capability” that enhances the ability of a business to remain competitive over time. Meta-capabilities facilitate the on-going creation of particular business-specific capabilities.

*Developing “Meta-Capabilities”*

Researchers in the strategy field have argued that strategically valuable capabilities have three properties:

- they create superior value for customers,
- they are hard to imitate, and
- they make the organization more adaptable to change.

The first two qualities—value creation and inimitability—have been well-recognized in the strategy literature. Yet, any particular set of skills that are valuable and hard to imitate will also be at great risk for being difficult to change, once alignment has been reached. This has been called the “adaptability paradox” and the “failure of success.” In stories from IBM to General Motors, we have seen how the drivers of past success can lead to complacency and failure to adapt in the face of environmental change. The third quality of continuous adaptation requires the creation of a set of *meta-capabilities*. Meta-capabilities contribute the kinds of skills and knowledge that underlie the process of capability-building itself.

These meta-capabilities are composed of a set of distinct, yet inter-related, skills. Learning is one. In fact, the ability to learn new sets of skills on an ongoing basis has been argued by some to represent the *only* sustainable source of advantage for the future. Collaboration is another contributor to the meta-
capability cluster. Collaboration allows organizations to converse, learn, and work across the silos that have characterized organizational structures—to “link and leverage across entrepreneurial units” in Ghoshal and Bartlett’s terms. The ability to redesign processes is yet a third. The recent interest in total quality management, learning, and teamwork suggests an increasing recognition of the inherent value of these underlying process capabilities, across very different organizational contexts and strategies. A widely distributed capacity for strategy making constitutes another dimension of the meta-capability cluster. Only by coupling the meta-capabilities with a particular set of business-specific capabilities, can all three conditions—value creation, inimitability, adaptability—be satisfied.

Although the ability to learn, to collaborate, to redesign processes, and to facilitate strategic conversations are each theoretically differentiable, they are largely inseparable in practice. Each relies, at a fundamental level, on the ability of individuals throughout the organization to think at a systems level, to see their role as embedded within a larger system, and to be willing to experiment and search for better solutions through a process of trial and error. Unfortunately, a hierarchical approach to strategy making—with grand strategy envisioned by senior management alone and controlled through planning and budgeting systems—is more likely to encourage managers to crave clarity and certainty in an ambiguous world and to think narrowly and parochially within complex systems.

Thus, our new questions—while largely in keeping with Andrews’s original views of the content of strategy—have now fundamentally altered the nature of the strategy-making process. The concept of strategy in a world of change includes a notion of strategic intent that goes beyond the firm to encompass both the larger end-to-end system of value creation and the development of a set of meta-capabilities for learning, collaborating, redesigning, and strategy making. These, in turn, depend upon an inclusive set of strategic conversations at all levels in the organization, aimed at both furthering the intended strategy and at recognizing opportunities for emergent strategies. All four meta-capabilities rely on a widely distributed capacity for strategic thinking. Yet, what it means to think strategically in practice—and the techniques available to leverage this into a meta-capability at the organizational level—remain far from clear. We begin our exploration of these two facets of strategy making with a focus on individual strategic thinking.

**Strategy Thinking as a Process of Design**

In The Reflective Practitioner: How Professionals Think in Action, Donald Schon describes the design studios in which young architects learn their craft. His description of the practice of architecture is quite relevant to the practice of strategic thinking. Schon describes design as a “reflective conversation with a situation,” in which the complexity of the situation drives unintended
consequences that must be attended to. Thus, design becomes a “shaping process” in which the situation “talks back” continually and “each move is a local experiment which contributes to the global experiment of reframing the problem.” Thus, the process is one in which the designer begins with a generative conversation that explores an array of “what ifs” before settling on a particularly promising one for further inquiry. This is succeeded by an evaluative conversation, comprised of “if-then” sequences, in which the logical implications of the particular avenue are explored and tested. Throughout the process, the designer calls up his or her past experiences and uses these to inform, but not to constrain, the choices. The designer then moves between intense immersion with the nuances of the particulars and a more distanced appraisal of the whole as it is shaped by them. Schon describes this “reflection-in-action” as practiced by Quist, his senior architect:

Quist spins out a web of moves, subjecting each cluster of moves to multiple evaluations drawn from his repertoire of design domains. As he does so, he shifts from embracing freedom of choice to acceptance of implications, from involvement in local units to a distanced consideration of the resulting whole, and from a stance of tentative exploration to one of commitment. He discovers in the situation’s back-talk a whole new idea which generates a system of implications for further moves. His global experiment is also a reflective conversation with the situation.31

Schon’s description of Quist’s mental processes resonates with many of the themes prevalent in writing about strategy today. Perhaps the most tangible link is with Mintzberg’s notions of strategy as “crafted” in a process similar to the potter’s shaping of his or her clay.32 It is grounded in an intuitive “feel” for the business and emerges over time in a way that is creative and responsive, as well as analytical and intended. It also reflects the themes in Senge’s work on learning organizations, with its emphasis on inquiry, reflection, and systemic thinking.33 The questioning stance toward current reality, the surfacing and testing of embedded assumptions and mental models, the focus on the whole and the connectedness of the parts that it comprises all seemed consistent with a view of strategy as design.

Conceptualizing strategy as a design process, at the individual level, brings the full scope of strategy making into the picture, capturing three distinct aspects of management that Leavitt describes as problem solving, problem finding, and problem creating (which he termed “pathfinding”).34 These are three different kinds of strategic thinking, which span the gap-opening/gap-closing continuum.

Problem solving begins with an identified problem, for which we search for solutions. It is a gap-closing process, tied to Andrews’s original questions, whose aim is to move the factors in a system into better alignment with each other. For example, thinking about how to create new compensation and information systems that support strategic intent are important problem-solving activities.

Problem finding begins with a defined solution, for which we search for a new set of problems that it is capable of solving. Long-term success clearly relies
heavily on problem finding, in a process that strategists would call leveraging core competencies. Michael Eisner's Disney is a great example of an organization skilled at problem finding, as they extend Disney's ability to entertain the whole family from its historic base in films and theme parks to cruise ships, sports teams, and Broadway shows. Another problem finder of special note is the UPS employee who saw in the situation of the sick whale from the movie "Free Willy," who needed to get from Mexico to the Pacific Northwest, a problem that UPS was equipped to solve.

In problem creating, we define new problems for which no current solution exists. Strategic intent begins with problem creating that opens the gap between resources and ambitions. Walt Disney, like most visionaries, was a problem creator in the field of animation, as were Akio Morita of Sony in electronics, Ed Land of Polaroid in instant photography, and Ray Kroc of McDonalds in fast food. All asked their associates to do the nearly impossible—make animation perfectly lifelike, build a transistor radio to fit in the palm your hand, produce a photo instantly, feed a family at a price that everyone could afford. All succeeded in creating new industries. Significant change is driven by people who create new problems that only breakthrough thinking can solve.

All three kinds of strategic thinking are critical for long-term success. All rely on both analysis and creativity. All three can occur at all levels of an organization. It is the scope of the problems and solutions that are bounded in different ways at different levels, not the ways of thinking. The design metaphor helps us to better understand each of these, and the way they relate to each other in the iterative "what if/if then" conversations that characterize it.

The intersection here with Nadler's work on organizational architecture is also compelling. The traditional strategy-structure debate has not seemed helpful in aiding our understanding of the relationship between the abstract concepts and what happens at a transactional level in the marketplace. As designers, strategy makers are asked to conjure—to call forth the "felt paths" of those customers, suppliers, and other stakeholders who would inhabit the spaces that they created. Thus, it is strategy as design that forces the translation of strategy from abstract vision to the concrete level, where the organization transacts with its customers, suppliers, employees, and communities. The need to conjure also creates a role for imaginative leadership and compelling purpose.

Yet, in the design metaphor, stages of intense involvement are always interspersed with a pulling back to evaluate the consequences of any particular choice. There is no need to abandon the "big picture." Instead, the design metaphor makes these pictures more dynamic and complex and thus calls upon a broader array of thinking processes.

In choosing the design metaphor as a window into a better understanding of strategic thinking at an individual level, we make no claim that managers need only design skills. In our view, the manager is sometimes architect and sometimes builder, sometimes repairman, and sometimes all simultaneously.
There is a flow in the practice of management that evokes different roles over time and circumstance. Design skills are, however, distinct and without them, managers are likely to be short-sighted builders and symptom-driven repairmen. Conversely, as they learn to build and repair more effectively, they evolve into better designers.

The metaphor of strategic thinking as an individual’s conversation with his or her local environment about designing a future argues for a model of strategic thinking that is both iterative and interactive, both planned and opportunistic, both creative and analytic. It recognizes the value of both stability and disequilibrium, and experiments in hypothesis-generating (“what-if”) and hypothesis-testing (“if-then”) cycles. It does all of the above within a systems perspective that traces the whole system through the path traveled by the customer, and pays particular attention to the interdependencies among individuals, functions, units, and firms that determine that path.

This capacity for individual-level thinking must obviously be complemented with a capacity for acting, with the provision of the decision scope and resources needed to conduct the on-going entrepreneurial experiments at the local level. It must also be combined with a capacity for thinking together at an institutional level.

**Achieving a Coherent Institutional Intent**

Having embedded this strategy-making capability at local levels throughout the organization, how can it be pulled back together into a coherent institutional intent? How do we design the larger conversation at the organizational level? Strategic planning processes ought to be focused around creating strategic conversations—both within the organization and with other stakeholders (e.g., customers, suppliers, regulators, the financial community)—about current challenges, new ideas, old assumptions, and, most importantly, the kinds of ideal futures that they might create together.

This view finds the traditional bifurcation between the “process” and “content” aspects of strategy making as dangerous as the formulation/implementation dichotomy discussed earlier. If the content of strategy increasingly involves the design and redesign of new value systems or constellations, the process of strategy must involve all relevant stakeholders in a process of co-invention. The critical task in accomplishing this involves how to create and sustain a dialogue across numerous individuals with diverse perspectives.

Peter Senge defines dialogue as “the capacity of a team to suspend assumptions and enter into a genuine ‘thinking together.’” To the Greeks dialogos meant a free flow of meaning through a group, allowing the group to discover insights not attainable individually.”\[16\] Senge distinguishes dialogue from the more debate-oriented discussions that characterize decision making in most organizations, where the emphasis is on advocating particular choices without
examining their underlying assumptions. The most valuable techniques available for thinking about strategy today are those that recognize this and that combine new concepts with dialogue-based processes in a way that systematically accomplishes the "real time mining of middle managers insights" so critical to strategy success. Discussions of these types of processes have received little attention to date, yet they hold promise for bridging the impasse that exists between the need for greater strategic thinking and the current reality of the state of strategic planning. Two such processes—one largely undiscussed and one well recognized—are future-search conferences and scenario planning.

**Future-Search Conferences**

The organizational-level conversation is primarily concerned with the shaping and defining of institutional strategic intent. The original conception of intent remains the role of senior management. We think of this as the hypothesized intent. This hypothesized intent is then tested, refined, and reshaped with the local knowledge bought into the larger strategic conversation by players at all levels of the organization. While the absence of articulated intent may allow for emergent strategies at the local level, it does not facilitate either the development of coherence at the institutional level or the ability to develop and leverage organization-wide competencies. The lack of intent also precludes intelligent opportunism. This intent, or image of an ideal future, must be shared at the organizational level to create a coherence that will protect against the dilution of resources. It must also, however, be a personally compelling future in order to engage the commitment of those who must make it work. One central dilemma faced here, and one that has plagued our ability to implement a less hierarchical vision of strategy, is the issue of how to design and facilitate the conversation itself. How can a large number of people come together to create a shared vision, emerging out of their personal visions, without the process becoming so cumbersome that it collapses under its own weight? Proponents of one technique—the future-search conference—argue that their approach improves on "traditional change strategies that start at the top and waterfall slowly downward" in a way that "takes too long in today's competitive climate."

The future-search methodology was developed out of Fred Emery's work with Eric Trist on sociotechnical systems at the Tavistock Institute. As consultants, they held the first search conference in 1960 for the newly merged Bristol/Siddeley Aircraft Engine Company. Popularized in the United States by Marvin Weisbord, a search conference is an event that seeks to "put the whole system in the room." In groups ranging from thirty to several hundred, meeting over several days, stakeholders convene to review their history and current challenges, to design ideal futures, and to map out action plans to accomplish them. The result is that the individuals learn to align around common ground in a way that increases ownership and commitment and hastens implementation. The future search has been heralded as a new "social innovation" in the field of managing large scale organizational change.
The future-search conference, however, has received very limited recognition to-date in the strategy field, despite its long history. Yet it offers a model far more consistent with our notions of a participative conversation than traditional planning processes.

**Scenario Planning**

Scenario planning, pioneered by Shell and well recognized in the strategy field, is a more familiar technique that is also holds promise for creating a shared strategic dialogue. At one level, scenario planning seeks to test any particular strategy against a range of possible outcomes to determine how “robust” it is. At a more fundamental level, however, scenario planning is a strategic thinking exercise that asks people to test their assumptions and broaden their cognitive boundaries by “thinking the unthinkable.” In doing so, it makes potentially important forces more visible to decision makers and allows them to develop a mental set of “early warning indicators.”

Taken alone, scenario planning may appear reactionary; combined with strategic intent, it serves an important role as “reality check.” The risk of creating a strategic intent that fails to intersect with future marketplace realities is a critical vulnerability of that approach to strategy making. All aspects of the future are not shapable—assessing what can be shaped and preparing for what cannot are both essential activities. Scenario planning allows us to play the “what-if/ if-then” game in a double-loop learning cycle.

Building scenarios at both local and institutional levels is critical. At the local levels, the ability to detect “weak signals” that herald potentially significant events is critical for intelligent opportunistic behavior. At the institutional level, the creation of scenarios in dialogue-based processes creates new views of the future that can be critical motivators for change.

**Concluding Thoughts**

The quality of an organization’s future is determined, in important ways, by the ability of its members at all levels to think together, with important stakeholders, about the kinds of futures that they want to co-create. The ability to do this supports meta-capabilities that increase the likelihood of ongoing success in an environment of change. This view calls for a reconceptualization of the strategy-making process as one of designing and facilitating multi-level strategic conversations. These conversations occur at both local and institutional levels, and they rely upon both individual strategic thinking skills and a capacity for organizational dialogue. A key role for senior executives, then, is the initiation of, and support for, this dialogue. This, in turn, draws a distinction between an executive’s own ability to think strategically as an individual, and his or her ability to lead a broader strategic conversation. As educators, researchers, and practitioners in the strategy field, this view presents a new series of challenges for us—how do we learn to be better designers of conversations about design?
Notes

20. Senge, op. cit.
29. Ghoshal and Bartlett, op. cit.
33. Senge, op. cit.