Dear Prudence:
An Essay On Practical Wisdom In Strategy Making

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Abstract

If we presume an organizational ontology of emergence, then what role remains for strategic intent? If managerial action is said to consist of adaptive responsiveness, then what are the foundations of value on the basis of which principled decisions can be made? In this essay, we respond to these questions and extend the existing strategy process literature by turning to the Aristotelian concept of prudence, or practical wisdom. According to Aristotle, practical wisdom involves the virtuous capacity to make decisions and take actions that promote the 'good life' for the 'polis'. We explore contemporary interpretations of this concept in literature streams adjacent to strategy and determine that practical wisdom can be developed by engaging in interpretative dialogue and aesthetically-rich experience. With these elements in view, we re-frame strategy processes as occasions to develop the human capacity for practical wisdom.

Introduction

Over the last decade, researchers have increasingly sought to describe and understand organizational strategy processes based on a dynamic ontology. This orientation has yielded a variety of new theories about the nature of strategy itself, e.g., strategy as revolution (Hamel, 1996); strategy as a pattern (Mintzberg and Waters, 1985); strategy as creativity (Stacey, 1996); and strategy as ecological adaptation (De Geus, 1997) to name a few. And, as economic indicators continue to reflect volatile, dynamic change in the business landscape, strategy practitioners appear to be increasingly compelled by theories that do not presume a static model of organizational reality. Indeed, the concept of 'strategy as a plan' that arose out of the paradigm of scientific management appears increasingly inadequate to the needs of today's strategy-makers. And yet, this recent turn in strategy theory and practice away from static ontologies has left open and unresolved a series of questions about the nature of intentional action. If we presume an organizational ontology of emergence, then what role, if any, remains for strategic intent? If effective managerial action is said to consist of adaptive responsiveness, then what are the foundations of ethical value, if any should exist, on the basis of which certain actions should be taken and others should not? If strategy is a pattern of behavior that appears only in hindsight, then how, if at all, can successful patterns be intentionally perpetuated?

In response to such questions, this essay begins by examining the strategy literature that theoretically assumes a dynamic ontology, placing emphasis on the various conceptualisations of intentional action. Then we introduce the Aristotelian concept

of practical wisdom in the context of the strategy process literature, and focus on the relevance of the distinctions Aristotle draws between scientific knowledge, cunning intelligence and practical wisdom. We then explore following Aristotle how practical wisdom can be acquired, and in this regard, we examine the pedagogical importance of interpretative, dialogical processes and aesthetically-rich experiences. We then re-cast the importance of strategy processes as *an occasion to develop the practical wisdom required to take appropriate action in situations when decision factors are clouded by ambiguity and uncertainty.* We close by offering an anecdote to illustrate how frequently leaders facing crisis default to the creation (and implementation) of scientific knowledge when in fact only practical knowledge can help them make strategy more effectively.

1. Ontology, intentionality and strategy-making

In this section of the essay, we explore the relationship between organizational ontology and intentional action. We provide a brief account of the origins and current state of strategy process theory in an effort to demonstrate how certain unexamined assumptions regarding the nature of organizations (and the people who manage them) leave the importance of strategy processes open to serious question.

As is well known, modern theories of strategy first took shape within the paradigm of scientific management. At a fundamental level, this paradigm assumed that organizations undergo change only in accordance with certain immutable laws and principles. In turn, the challenge addressed subsequently by organizational theory involved the discovery, testing and application of such laws and principles. More

specifically, the challenge addressed by theories of strategy involved the creation of scientifically-grounded systems that enable the effective management of diversified enterprises (cf. Ansoff, 1965; Hofer & Schendel, 1978; Porter, 1980). As a result, notwithstanding the decline of scientific positivism as an organizing epistemology, the task of the strategy practitioner continues to be broadly characterized today as an effort to secure competitive advantage for the organization by planning in accordance with the scientifically-grounded facts, laws and systems.

In this light, a wide range of strategy theories, process models and practice recommendations appear to retain certain fundamentally positivist assumptions regarding the agency of the practicing manager.[1] Strategists are encouraged to pursue knowledge about the environment and the organization, to make decisions and formulate strategies based on this knowledge, and to implement structures and processes that serve effectively to produce competitive advantage, and in turn, financial success.[2] In essence, the role of the strategist involves seeking to control the future by whatever means appear most effective, and thus a kind of efficient causality is ascribed to intentionality. In those unfortunate (if inevitable) cases where events or circumstances arise that disrupt the practical operation of this efficient

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[1] Here, we are not referring just to agency theory (cf. Eisenhardt, 1989), but additionally, in a more speculative, philosophical frame, to human volition as such and the relationship between desire and its objects. In this regard we are inspired both by the analytical tradition, including von Wright (1971). Searle (1983) and Anscombe (1963) as well as the continental tradition, including Deleuze (1994), Butler (1999), Irigaray (1985), Foucault (1980).

causality, fault is typically attributed to a lack of sufficient knowledge, to inadequate decision mechanisms, or most commonly, to a lack of effective implementation. However, the basic conception of the relationship between organizational ontology and intentional action is rarely questioned. In this light, we find that the proliferation of analytic techniques and rational strategic decision-making tools (cf. 5 forces, business systems, balanced scorecards, mind maps, growth-share matrices, etc.) exhibits an uneasy acknowledgement of the complexity of the business environment and a correspondingly desperate attempt to discern those performance-critical process variables that can in practice of fact be controlled to enable consistently successful performance.[3]

In the last decade or so, strategy theorists have begun to embrace the complexity of the business environment and relinquish the notion of human intentionality that assumes efficient causality and control. Abandoning the focus on static, predictable objects of scientific knowledge, alternative organizational ontologies have been

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[2] Perhaps the most extensive (and indeed, expensive) contemporary efforts of this kind involve data warehousing.

[3] An objection may well arise on this point that, irrespective of the positivist epistemology (not to mention the realist ontology) that guides the analysis of strategically-important dynamics in the firm and its context, the practicing manager deploys such tools and techniques with a pragmatic spirit. In other words, we may anticipate that the strategist will recognize the limitations of predictive knowledge in the face of emergent change and concede, as per one of the most well-worn adages of strategy (attributed to von Clausewitz) that 'no plan survives contact with the enemy'. This objection however only defers our critique, splitting the issue into a debate, on one side, about the sources and functions of power, and on the other side, about the strategic importance of initial conditions and other context factors. In either case however, we find that practicing managers (no less than military generals) are quite unwilling to let go of the fantastic notion that certain intentional actions lead necessarily to certain material results.

developed that characterize strategy content and processes as emergent forms or patterns of strategically responsive activity. Notable examples of the various streams of theory that orient themselves in this fashion include those which characterize strategy as a revolution, (cf. Hamel, 1996); as a pattern, (e.g., Mintzberg 1998); as creativity, (cf. Stacey, 1996); as ecological adaptation (e.g. Aldrich 1979; De Geus, 1997); as organizational learning (e.g. Cohen & Leventhal, 1990; Nonaka & Takeuchi, 1995; Argyris & Schön, 1995); and as sensemaking (cf. Weick, 1995). Some theorists go so far as to cast certain planning processes as public relations (Mintzberg, 1994), and characterize 'strategic intent' (Prahalad & Hamel, 1989) as a post-hoc rationalization that is invoked by managers either a) to present the appearance of rationality in order to assign responsibility for success or failure, or b) to obscure the uncertainty of attaining any particular outcome in the future, and thereby, to perpetuate the illusion of strategic management control.

While such arguments are certainly provocative, they leave largely unanswered a series of questions about the relationship between organizational ontology and intentional action, questions that are of the utmost importance to the practicing manager. For example, if we need "to concern ourselves with process *and* content, statics *and* dynamics, constraint *and* inspiration, the cognitive *and* the collective, the planned *and* the learned, the economic *and* the political" (Mintzberg, 1998: 373), then in what frame should managers undertake the making of strategy? If "strategy is something you *do* rather than something you *have*…and this doing actually constitutes learning, not steering (de Geus, 1997: 184, 189), then how can certain forms of strategic action be evaluated? Finally, if in fact "you can't see the end from

the beginning" (Hamel, 1996: 81), then with what objectives can strategy-making activities legitimately be undertaken at all?

2. Practical Wisdom

In this essay, we do not conduct a comprehensive review of how the questions raised above are dealt with in the strategy literature. We hope that it suffices in passing to acknowledge that a range of answers and prescriptions are offered by different schools of thought (for an excellent summary account, cf. Mintzberg, 1998). Our task in this section is rather to demonstrate that some of the key ontological distinctions that appear in the strategy literature have been outlined by Aristotle almost 2,500 years ago. In this regard, we present the basis for an Aristotelian solution to the problem of how strategists might act intentionally in the face of uncertain or ambiguous circumstances.

In the interest of extending the existing strategy literature, we turn directly to the *Nicomachean Ethics* (1962 edition). Aristotle's discussion of practical wisdom arises out of a need to differentiate the intellectual capacities for scientific knowledge and clever responsiveness from the capacity to make judgments and take actions that promote what he calls the 'good life'. *On one hand*, Aristotle is ultimately interested, as a philosopher, in *sophia*, or what we in our contemporary milieu might recognize as scientific knowledge of necessary truths. Maintaining that the universe contains things which are more divine than human beings, Aristotle reserves a special place for philosophical knowledge of the natural world (the *Physics*) and the principles behind it (the *Metaphysics*). Whether we understand and accept the ancient

cosmology or not, it should be noted that Aristotle's analysis of this form of intelligence (*sophia*) functions as the classical foundation for all modern scientific inquiry, specifically including the paradigm of scientific management and its modern-day instantiations.

At the same time however, Aristotle recognizes that the world of human affairs includes many things which cannot be known or predicted using the scientific logics and methods of deductive inquiry that are appropriate to the disciplines of physics and metaphysics as he understands them. Thus *on the other hand,* Aristotle directs his attention to a form of knowledge that was much prized in Ancient Greece and referred to as cunning intelligence or cleverness, *metis.* The crafty, wily figure of Odysseus exemplifies *metis* in the Greek literary tradition. For our present purposes, it is important to note that Aristotle found cunning intelligence most relevant to those dimensions of human life which change most unpredictably and resist most resolutely the uniform application of abstract principles, namely: military strategy, politics and medicine (Detienne and Vernant, 1978). On closer examination, Aristotle finds that the intelligence of military generals, politicians and doctors appears to be comprised of two primary elements. First, there is the quick-wittedness (*agchinoia*), alertness or perspicuity that is required to understand dynamically changing circumstances. Second, there is the 'good eye' (*eustochia*), or ability to take aim accurately for a specific target or goal. Thus the practical, cunning intelligence necessary for sustaining strategic advantage, leadership and physical well-being depends on both an awareness of change and on the capacity to respond adaptively to it.

Now, inasmuch as these goals do not necessarily involve 'truth' but rather 'advantage' or 'survival', the cultivation of metic intelligence is also associated by Aristotle with the sophistical practice of making the weaker argument seem stronger. Such rhetorical practices, while certainly useful in the domain of politics, cannot be formalized as ethical principles of action, and thus they are deemed inappropriate for an orderly society by Plato and Aristotle (and following Detienne and Vernant's suggestion, by the subsequent Western intellectual tradition). Thus whereas Aristotle's concept of scientific knowledge (*sophia*) seems directly to inform the positivist paradigm of strategy theory, the concept of cleverness or cunning intelligence (*metis*) seems to correspond to the ontology which casts 'strategy as a pattern'. This correspondence between cunning and contemporary organizations has recently been addressed in the management literature as an extension of Polanyi's concept of tacit knowledge (see for example Baumard, 1999). And without pursuing it further here, it seems clear that a more extensive and critical analysis of *metis* may well contribute to our understanding of the epistemological dimensions of organizations as complex adaptive systems (see for example de Certeau's claim that metis is "an operational logic whose models may go as far back as the age-old ruses of fishes and insects that disguise or transform themselves in order to survive," (1984: xi)).

But the purpose of Aristotle's analysis in the *Nicomachean Ethics* is to move beyond scientific knowledge and cunning intelligence in the domain of human affairs. Just as he recognizes that scientific knowledge is not appropriate for the domain of human affairs (and thus, implicitly rejects the unreflexive, positivist search for formal, a priori

content and process variables pertaining to strategy), he also recognizes that cleverness and cunning are not capable alone of promoting the 'good life' (and thus, implicitly rejects the unchecked pursuit of competitive advantage by whatever means are necessary). Directly in view of the tension between rational efficiency and practical expediency, Aristotle identifies prudence (*phronesis*) as that form of knowledge which is capable, in the face of ambiguous or uncertain circumstances, to guide actions that will be *good* for the *polis*. Examining the logic of this claim more carefully, we find four distinct elements (following MacIntyre, 1981: 161-162). Practical wisdom involves first and foremost the goals and desires of the individual who seeks to make a judgment and take action. Secondly, there is the implicit affirmation that actions such as the one in question are valuable for the community of stakeholders. Third, there is the explicit claim that, based on available information and perceptions, the specific action in question will provide an instantiation of that ethical value. And finally, because Aristotle is unwilling to concede that anyone could truly know the good without doing the good, practical wisdom necessarily involves the action itself.

This brief analysis appears to hold the following preliminary implications for the strategy process literature. First, following Aristotle, the intention to create scientifically grounded systems of strategic control for organizations cannot be fulfilled due to the unpredictability of human social life. At the same time, also following Aristotle, if strategy makers completely abandon such intentions and embrace instead the situationally-specific, cunning tactic of seeking competitive advantage without regard for the consequences, then the 'good life' cannot be

attained.   Thus, in response to the questions raised above concerning the relationship between organizational ontology and intentional action, Aristotle encourages strategy makers to acknowledge the reality of complexity without giving up completely on the notion that specific forms of action may be associated with certain desirable results in practice.   However, the question then becomes: how can we differentiate either in theory or in the practice of strategy making those actions that exhibit prudence from those that do not?

3. Education, Interpretation and the Ethical Good

The theoretical problem of identifying examples of practical wisdom is without a doubt one of the most frequently and intensely debated issues in the Western philosophical tradition.   And even though the problem lies at the heart of strategy itself, the strategy literature has scarcely addressed it in the terms laid out by Aristotle.   Thus in order to describe how prudent strategy making might appear, we must explore contemporary literature streams that are distinct from, yet adjacent to the strategy literature.   Building on an exploration of philosophy of education, hermeneutics and social and political philosophy, this section of the essay focuses on the simultaneity of cognitive and moral education and emphasizes the ethical value of participating in open, dialogical processes of interpretation.

Philosophy of education

The relevance of *phronesis* to the philosophy of education is grounded in Aristotle's observation that the exercise of practical wisdom is the mark of a fine education (cited in Thiele 2000: 588).   More substantively, philosophy of education deals with

the problems of how first to identify, and then deliberately to inculcate those habits of thought and behavior that might otherwise only emerge in the individual following years of experience, if at all. Recent research follows Aristotle's own argument to suggest that the pedagogy of practical wisdom must address not merely the capacity for syllogistic reasoning or purely cognitive functioning, but also the capacity to make moral choices (Noel, 1999: 274). A stream of related research extends this model of practical wisdom to include a series of distinct elements, including situational perception, discernment of fine distinctions, and imaginative insight (Noel, 1999) With the intent to establish how exactly prudence might be taught, theorists have begun to deduce methods or forms of educational practice based on such criteria. And while additional research is required to refine the appropriate pedagogical methods and correlate them with specific outcomes, the existing literature on organizational learning suggests that such research may be fruitful with respect to the practice of strategy (Argyris, 1992; Edmondson & Moingeon, 1996). For now, let it suffice to note that the educational literature stream suggests that strategists who are interested in balancing scientific knowledge with adaptive responsivity should focus on learning processes that integrate both cognitive and moral reasoning.

Hermeneutics

A venerable practice with roots in theology and philology, hermeneutics has been recently referred to as a mode of interpretative inquiry that focuses on the construction of meaning through communicative action (Heracleous & Barrett, 2001). In this stream of literature, the construction of meaning itself is considered to be an essential component of practical wisdom. Moreover, in line with the philosophy of

education literature, hermeneuticists link our capacity to construct meaning and engage in dialogue directly to the faculty of the imagination (e.g., Gadamer 1982; Ricoeur, 1991). In this light, the imagination should not be confused with mere fantasy. To be sure, people (as well as strategists) imagine things and events which cannot be considered intersubjectively 'real.' However, it is precisely this capacity to imagine new possibilities for action that allows us to respond to unfamiliar and surprising circumstances or information. Furthermore, based on the significant importance assigned to the imagination, scholars working in this paradigm have argued that moral knowledge and factual knowledge can never be fully isolated from each other. It is suggested that the form of practical wisdom presented by Aristotle relies on an inseparable relationship between theory and practice (cf. Maguire, 1997: 1416). And in this light, "to act on good judgment, in other words, is to be willing to participate in our collective vision of a good life" (ibid, 1416).

Additional research suggests that hermeneutics provides a model for organizational theory that addresses the narrative and discursive aspects of organizations *in situ* (e.g., Heracleous & Barrett, 2001; Addleson, 1996; Mugerauer, 1996; Hatch, 1996). Hermeutics also appears to provide a model for organizational practices that encourage the creation and connection of meaningful narratives (Balfour & Mesaros, 1994; Czarniawska, 1997; Denning, 2000). As we turn to consider the implications of the hermeneutics literature stream for theories of strategy, it should be taken into account that "*phronesis* does not lend itself to meta-narratives. It does not attempt to legitimise a particular discourse, position, or paradigm. *Phronesis* is not a super-discourse or a set of universal rules, but a sub-discourse that can only have a place

within and between every language-game and conversation…" (Gallagher, 1993). Thus with respect to the questions concerning organizational ontology and intentional action raised above, the hermeneutics literature appears to encourage strategists who are interested in acting prudently in the face of ambiguity to focus on the dialogical processes through which they might make meaning and take localized creative action.

Social and political theory

Together with the concomitance of cognitive and moral learning, the creative and dialogical aspects of practical wisdom have inspired much debate among social and political theorists. With regard to our guiding question concerning the ontological grounds for intentional action, it is important first to take note of the fact that the concept of *phronesis* has been developed most extensively by those contemporary thinkers who have struggled directly with the problem of defining the role of ethics in a postmodern world. Critical theorists have gone so far as to identify the 'normative content of modernity' as "the fallibilism, universalism and subjectivism that undermine the force and concrete shape of any given particularity" (Habermas, 1987: 365). Thus, in a postmodern situation where the dominant authority of reason has collapsed, theorists have sought to develop notions of the ethical good that are oriented toward processes of dialogue. The value of dialogical processes has been analysed in terms of discourse ethics (following Habermas, 1987), communication ethics (e.g., Jaska & Pritchard, 1994), dialogical ethics (following Buber, 1970), respons-ability (following Levinas, 1989), answerability (following Bakhtin, 1990), fidelity (Badiou, 2001) and a variety of corollary terms. Our intent is not here to gloss

over the distinctions that separate these various discourses, but rather to emphasize the extent to which practical wisdom has been broadly understood in terms of the ethical importance of dialogue.

Additional research suggests that notions of the ethical good that are oriented toward dialogical processes may hold transformative power for organizations. Indeed, even emphasizing the theoretical connection between cognitive and moral reasoning may raise serious questions about "the ways in which market arrangements or principles of business practice undermine organizational commitment to social responsibility" (Maguire, 1997: 1417). Beyond this, researchers have focused on the ethical value of dialogical (rather than monological) strategic communications campaigns (Botan, 1997), while the importance of dialogue for generating commitment among organizational stakeholders has been widely accepted by international development strategists and dispute resolution experts (e.g., Burgoyne, 1994; Selener, 1997). Thus the overall upshot of the social and political theory literature stream appears to be that if strategists seek practical wisdom (whether as an end in itself, or indeed as a means to competitive advantage), they should affirm the ethical importance of dialogical processes. And furthermore, following this line of argument strategists should not mistake dialogue as merely a means toward the end of organizational performance. Instead, dialogue should be seen as a process-oriented characterization of the good for the community, without which performance cannot be sustained at all.

So then, in response to our guiding question concerning the relationship between organizational ontology and intentional action, contemporary interpretations of Aristotle's notion of practical wisdom yield the following insights. Strategists who seek to act prudently in the face of ambiguity should 1) develop learning processes that involve both logical and moral reasoning, 2) orient themselves toward dialogical activities through which people make meaning and take creative action, and 3) frame such dialogical activities in terms of a process-oriented notion of the ethical good. The question then becomes: what are the actual practices through which the capacity for such activities might be developed?

4. "Dear Prudence, Won't You Come Out to Play?"

To recapitulate: practical wisdom is not science because it deals with unpredictable, dynamic aspects of human social life. On the other hand, it is does not refer to the kind of clever intelligence that enables people to survive or achieve advantage through cunning. Instead, it refers to the capacity to make judgments and take actions that are *good*. Following the arguments outlined above, a process-oriented notion of the ethical 'good' appears necessarily to involve creative processes of dialogue and interpretation. With this definition of the 'good' in mind, our guiding question concerning ontology and intentionality leads us to inquire how practial wisdom might be developed among strategists. Interestingly, our answer to this question is one that has been offered throughout the Western tradition, but which has surfaced only recently and somewhat on the margins of the mainstream strategy literature. In this section of the essay, we explore aesthetically-rich experience as a category of activity through which strategists may become more practically wise.

Plato famously advocated music and gymnastic as the activities through which the virtues appropriate for statesmen might be cultivated. Aristotle in turn focused on the emotionally cathartic power of dramatic tragedy in ancient Greek society. This pattern of affirmations extends to include an extremely wide range of attempts (especially during the 19th and 20th centuries) to establish the humanities as a necessary and relevant part of a balanced education. Indeed, the perhaps familiar university curriculum that juxtaposes the 'sciences' with the 'arts' does so precisely because people are recognized to develop a capacity for practical wisdom by engaging in, and dialogically interpreting, aesthetically-rich experience. At this level of consideration, beyond the sheer enjoyment of art for art's sake, it appears that the pedagogical value of the arts may be legitimately characterized as an occasion (a challenge, even) to reflect critically on familiar forms of representation, discourse and thought.

Several significant streams of research indicate that aesthetically-rich experiences can have value for organizations. Beyond the use of art as a metaphor for different aspects of organizational life (typified for strategists by *The Art of War*), participation in and (interpretation of) artistic practices has been advocated by theorists and practitioners in a variety of contexts. Most widely known are the analyses of improvisation (Hatch, 1999; Weick 1993; Crossan, 1998; Moorman & Miner, 1998a; ibid. 1998b), innovation (Harris, 1999) and organizational learning (Barrett, 1998; also, for comprehensive analyses of aesthetics in organizations, see Strati (1999) and Linstead & Höpfl (2000)). Most compellingly, Sandelands and Buckner (1989)

have developed a set of criteria that they refer to as the "sine qua nons of aesthetic experience": definite boundaries, dynamic tensions, record of growth and unresolved possibility. To be sure, even in view of the long tradition of interpreting the narrative, musical, plastic and visual arts as a way to combine cognitive and moral education, it may still be difficult for strategists to justify spending an afternoon in the Louvre in the interest of competitive advantage. The significant advancement achieved in the work of Sandelands and Buckner has been the establishment of aesthetic experience as a part of everyday organizational life. And based on this assertion, it has been possible to develop a complex analysis of aesthetically-rich experiences as a source of potential value for organizations (1999).

Distinct from, yet adjacent to the organizational literature focused on the arts as such is a stream of literature that picks up on Plato's interest in music and gymnastic and focuses on play as an effective way to develop practical wisdom. To venture a composite definition, play can be thought of as an activity in which people imagine a reality that is distinct and different from the normal, everyday reality, agree to respect certain rules which both regulate and constitute the parameters of that reality, and pursue the activity out of sheer enjoyment (Huizenga, 1950; Caillois, 1961; Bateson 1987; Sutton-Smith, 1997). The deep affinity between art and play thus appears to consist of the fact that both terms refer to creative actions that serve as ends in themselves ('autotelic' following Csikszentmihalyi, 2000). However, like art, it appears that play may be embraced in pedagogical terms as an aesthetically-rich way to develop individual and group capacites for practical wisdom. Even without reference to Aristotle's explanatory framework, play activities have been deployed in

organizations for a variety of purposes. Most widely practiced are the play-based techniques designed to assist creativity (DeBono, 1992), to develop cognitive capacities (following Piaget, 1958), to enable the formation and adaptation of effective social relationships (following Vygostky, 1978), to provide a safe context for emotional expression (following Erikson, 1964) and to cultivate a capacity for adaptive responsivity (following Sutton-Smith, 1997). Moreover, initial research has suggested that play-based activities can contribute directly to managerial strategy processes (Roos & Victor 1999) to the extent that participants are encouraged to focus on organizational identity, to be mindful of the organizational landscape (Oliver & Roos, 2000) and to create ethically grounded principles to guide actions in the face of the unexpected (Oliver & Roos, under review).

In light of these various contemporary scholarly pursuits, it seems quite legitimate to follow Aristotle's suggestion and consider aesthetically-rich experience as an appropriate and effective way to inculcate those habits that give rise to judgments and actions that are practically wise. Most broadly, aesthetically-rich experiences such as art and play appear to provide a context within which participants may engage in interpretative dialogue, turning critically toward those dominant logics that inhibit strategic innovation (following Bettis & Prahalad, 1995; von Krogh & Roos, 1996), and calling existing characterizations of value into question. At this point then, the question becomes: what might the impact of such experiences have on the lived experience of strategy processes in organizations?

5. So what? Re-framing the importance of strategy processes

This essay began by identifying a problem that confronts strategy theorists as well as practitioners. As the paradigm of scientific management has increasingly been called into question, the organizational context for strategy-making has increasingly been characterized in terms of a dynamic, unpredictable ontology. And while this theoretical innovation has yielded a variety of compelling new characterizations of the function and meaning of strategy processes, it has lead to considerable speculation about the limits of what strategists can intentionally accomplish. In short, if organizational reality is emergent, then what remains of human volition, rational agency or strategic intent? What is the importance of strategy processes, and what can they legitimately be expected to achieve?

We sought to extend the existing strategy process literature by introducing an Aristotelian conceptual framework. Following Aristotle's analysis, the proper role of the strategist does not merely involve obtaining scientific knowledge of static laws and principles and designing organizational systems that function in accordance with those laws in such a way as necessarily to produce desired results. Neither does the proper role of the strategist merely involve seeking advantage purely for its own sake through cunning and cleverness. Instead, Aristotle develops the notion of practical wisdom to describe a form of intelligence that serves in the face of ambiguous or uncertain circumstances to guide actions that are good for the polis. In this light, we should not fatalistically resign ourselves to a characterization of strategy as a post-hoc rationalization, but neither should we mistakenly believe that strategy can predict events or prescribe correct actions a priori. Instead, *we should embrace strategy as the organizational practice that involves taking action even when decision factors are*

clouded by ambiguity and uncertainty. And furthermore, *we should embrace strategy as a mode of taking action that involves seeking consciously and intentionally to produce the good for the entire organization as well as the community that sustains it.*

Defined as such, strategy appears to be an activity that may be legitimately undertaken by anyone in the organization at any time. In this regard, the recently developed notions of 'continuous strategizing' undertaken in 'real time' by an 'intelligent organization' appear to hold considerable promise. And yet in view of such ideals, we cannot ignore the extent to which strategy-making typically involves only particular individuals – namely, strategists whose responsibility it is to make strategy on behalf of everyone else in the organization. It is with respect for the challenges facing those practitioners that we have undertaken this essay. In that regard, we hope to have established the conceptual basis for an understanding of *strategy processes as occasions to develop the capacity for practical wisdom.* The concepts we have analyzed here indicate quite clearly that leaders stand a better chance of developing practical wisdom as an organizational capacity if their strategy processes involve: 1) the integration of cognitive and moral reasoning, 2) intepretative processes of dialogue, and 3) aesthetically-rich experiences that engage the imagination and encourage critical reflection on existing assumptions about the organization as such.

Thus, if we now return to the questions raised above, we can formulate some fairly provocative answers. If in fact we need "to concern ourselves with process *and*

content, statics *and* dynamics, constraint *and* inspiration, the cognitive *and* the collective, the planned *and* the learned, the economic *and* the political" (Mintzberg, 1998: 373), then the formulation of strategy can best be undertaken *in the frame of aesthetically-rich experiences.* If in fact "strategy is something you *do* rather than something you *have*…and this doing actually constitutes learning, not steering (de Geus, 1997: 184, 189), then specific and distinct forms of strategic action can best be comparatively evaluated *in ethical terms.* Finally, if in fact "you can't see the end from the beginning" (Hamel, 1996: 81), then strategy process can only be undertaken with the objective of producing *the good for the community.*

Of course, we have here only begun to speculate about the forms of aesthetic experience that may be most appropriate for strategists in organizations. Similarly, we have taken only a first step toward the identification of the ethical issues that may confront practitioners who seek to develop practical wisdom. In fact, we have only gone so far as to raise 'the good of the polis' as a question that merits further discussion among strategy researchers. However, we believe that this question may open up an entirely new arena for organizational and strategic research. In this regard, we are inspired by the few recent attempts to consider the potential of Aristotle's contributions for organizational studies (e.g., Tsoukas & Cummings, 1997; Flyvberg, 2001; Fontodrona & Mélé, 2002), and we suggest furthermore in view of recent leadership scandals and crises (e.g., Enron) that such considerations could not be more timely.

6. A tragic flaw: The hubris of 'strategic intent'

In closing, we would like to offer a short anecdote in order to frame the foregoing theoretical reflections in terms of the lived experience of strategy-making in organizations. This anecdote is based on a real business case, though the identifying details have been disguised.

A multinational manufacturing company was nearing the end of its planning cycle. On the encouragement of a board member, the CEO had arranged for an innovative series of aesthetically-rich, play-based experiences for the worldwide management team to take place in conjunction with the upcoming period of planning meetings. These experiences had been designed to provide the team with an opportunity to enhance their understanding of the organization's identity by engaging in interpretative dialogue, and the CEO was assured that corollary benefits such as team building and commitment to the next phase of strategy development would also emerge through the course of the experience. One month before the event was to have taken place, preliminary performance reports began to come in from the firm's various divisions and regions. The picture did not look good. Not only had sales suffered from increased competition in some markets and decreased demand in others, but operational efficiency had actually declined across the board and a series of unexpected costs had plagued a rationalization measure, severely diminishing the anticipated savings.

On closer inspection of the reports, it became clear to the CEO that the plan which had been formulated had not been implemented. He became

concerned that the management team had engaged in the strategy process without understanding the vision that he had set for the organization. As he considered this possibility, he remembered the axiom of strategy-making which states that "95% of strategy is implementation" and cursed himself for not putting in place the performance objectives that would have required his team to submit their resignations along with their bleak reports. Determined not to let people off the hook so easily this time around, he composed an email announcing that instead of participating in the aesthetically rich, play-based experiences together, his team would be required to spend that time preparing detailed analyses of the factors that had contributed to their poor performance. The CEO resolved to kick off the upcoming strategy process with a forceful presentation of his vision for the firm and a detailed outline of the objectives for which each and every team member would be held accountable. As he sent off the email he felt satisfaction that the team members as well as the board would respect his take-no-prisoners commitment to success.

In our experience, the CEO depicted here is not alone in his assumption that strategy development begins with a vision and continues with a process through which that vision is translated into a series of analytically-grounded goals and objectives. Interestingly, he is also not alone to the extent that he is willing to grant that, under certain conditions, strategy development can benefit from non-traditional methods and inputs. He even appears willing in principle to accept the ontology that is increasingly espoused by theorists which states that in a complex business landscape, strategists must continuously heed change and adapt appropriately in

response. But in the face of an emergent crisis, this CEO like so many others falls back on the theory in use which states that failure usually results from a lack of effective implementation. The vision was fine, he assumes, but the vision faded when it left his office. Based on this assumption, he continues to see the firm's strategy as a fact-based message that *needs to be communicated and understood as such.*

We accept that communication and understanding are a part of any strategy process. However, we follow Aristotle's lead and contend that one-way communication does not develop practical wisdom as readily as dialogical processes of interpretation. Furthermore, we suggest following Aristotle that the form of scientific knowledge that is appropriate to the natural world cannot be applied directly to the unpredictable domain of human society. And yet at the same time, we do not believe that this unpredictability is reason enough to abandon the project of management itself. Instead, we suggest that effective strategic leadership involves working from the best possible scientific information as well as empowering individuals to respond adaptively to changing circumstances. *And yet additionally, we contend that effective strategic leadership involves developing the practical wisdom necessary to make judgments and take actions that serve the good of the community even in the face of ambiguous or uncertain circumstances.* In this light, we believe that by rejecting the aesthetically rich, play-based experiences, the CEO above has exhibited a lack of practical wisdom, and furthermore denied his team the opportunity to develop practical wisdom themselves. More poignantly, we believe this deficiency of prudence may be attributed to *hubris.* Whereas Oedipus believed he legitimately

deserved to be the king, in the context of strategic leadership, the classical tragic flaw appears as the belief in the efficient causality of strategic intent. Thus, rather than embracing the notion of practical wisdom that we have outlined here, our CEO assumes that his own vision carries the necessity of law. And rather than engaging in dialogue to interpret the crisis confronting the firm, he punishes others for not sticking to the plan as it was formulated.

While this CEO's arrogance may one day lead him toward a 'perp walk' of his own unwitting design, we have presented this anecdote with the hope of providing other strategists with some measure of catharsis. And yet, we hope that our basic questions remain open for consideration and dialogue: In the sometimes violent confrontation between the global and the local, who constitutes the polis? In the precarious imbalance of short-term profit maximization and long-term, sustainable community development, what is the good? And perhaps most poignantly, what might today's business leaders do in order to become more practically wise?

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