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Practicing what they Preach: How Business Schools Approach Strategy

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The exact beginning of strategy education in academia is difficult to pinpoint. Some mark the beginning in the 1920s, when Harvard Business School developed the Harvard Policy Model for strategic decisions (Carter, 1999). Others mark the beginning in 1965, with the publication of the textbook *Business Policy: Text and Cases* (Learned, Christensen, Andrews, & Guth, 1965). In the half-decade since, the field of strategy has grown drastically beyond the design school taught in Business Policy to include ten distinct schools of thought surrounding the development and teaching of strategy (Mintzberg, Ahlstrand & Lampel, 1998). At first glance, this expansion of literature and course material surrounding strategy appears to have little impact on the world around it, as only 10 percent of formal strategic plans are ever implemented by the organization that developed them. If the business school graduates who go on to lead organizations are having difficulty with and experiencing confusion around strategy, then one begins to wonder if business schools themselves are adequately engaging in strategy. In short, are they practicing what they preach?

This article seeks to discover if those organizations engaged in teaching strategy are experiencing a similar learning and implementation gap as other organizations. This article reviews the current literature surrounding strategic thinking, strategic planning, and strategy development before interviewing leaders from three separate universities to examine whether or not such a disconnect exists and provide discussion and recommendations for business school leaders.

What the Literature Says

The term strategy occurs often within organizational literature. Despite this frequency, theorists have failed to establish a single, universally accepted definition of strategy, strategic thinking or strategic planning. Authors of literature on strategy appear to use these terms as they see fit (Rucco & Proctor, 1994). These semantic difficulties can create conceptual misunderstandings among theorists and practitioners (Hussey, 1994). These growing misunderstandings have led some to assert that practitioners should abandon formal strategic planning altogether (French, 2009). Some authors have gone so far as to discredit strategic planning, arguing that any attempt at planning is merely guessing (Fried and Heinemeir Hansson 2010).

The core of the disconnect among strategy authors appears to be the various distinctions between strategic thinking and strategic planning. Graetz (2002) attempts to smooth out these various distinctions by asserting that strategic planning, or the deliberate, intentional making of a strategy and strategic thinking, or the emergent, conceptual scanning for strategy lie at opposite ends of a continuum of strategy. Mintzberg, Ahlstrand and Lampel (1998) establish the differing points on the strategy continuum as ten separate schools of strategy. The authors believe that strategic planning and strategic thinking within two different schools of strategy because they require different thought processes: planning requires analysis while thinking requires synthesis.

Just as strategic thinking and strategic planning require to different thought processes, so the stages of strategy development differ depending on whether one is using strategic thinking or strategic planning.

Perhaps the best representation of this difference can be seen when comparing the work of Hughes and Beatty (2005) with Porter (1980). Hughes and Beatty (2005) see strategy development as a learning process with five, cyclical stages: (1) assessing where we are, (2) understanding who we are and where we want to go, (3) learning how to get there, (4) making the journey (5) checking our progress. This process is labeled as cyclical because undertaking stage five inevitably leads right back to stage one. In contrast, Porter (1980) argues for a highly analytical approach to strategy development. Strategies are specific, value-chain configurations or market positions that can not easily be overtaken by competitors (Heracleous, 1998). Strategy development, then, involves analysis to determine the desired position and objective setting to bring the organization to the desired position.

What Practitioners Are Saying

The drastic disagreements about strategy and the differing schools of thought between strategic thinking and strategic planning can create questions among organizational leaders seeking to practice strategy. Are strategic thinking and strategic planning separate disciplines, or are they viewed as two elements of the discipline of strategy? Perhaps scholarly-practitioners, those involved with the teaching of strategy and other business concepts, have a clearer picture of strategy and a clearer approach to strategy than business leaders outside academia. To answer these queries, a series of interview questions was developed to investigate surveyed organizations perspective on strategy and the methods and tools organizations use to develop a strategic plan. These questions covered two main areas of interest: perspectives on strategy and strategy development. The perspectives of strategy section contained questions designed to uncover the leaders' and organizations' ideas about strategic planning, strategic thinking and what methods the organization uses to engage in strategy. The strategic development section contained questions designed to uncover the organizations' formal strategic planning methods, what techniques are used to develop the formal strategic plan and what tools are used to track implementation. The question in their entirety can be viewed in Appendix A.

The intent of this research was to examine universities of various sizes with varying focus (traditional, adult education, etc). To accomplish this, three interviewees from three separate universities were chosen: Dr. Anne Ghost Bear (Southern Nazarene University), Dr. Bruce Bell (Liberty University) and Dr. Steve Greene (Oral Roberts University). Dr. Anne Ghost Bear is the Director of Adult and Professional Studies at the Tulsa Campus of Southern Nazarene University, which includes graduate and undergraduate business programs, and serves on the strategic leadership committee. Southern Nazarene educates approximately 2,000 students, half of whom are working adults in accelerated programs. Dr. Bruce Bell is the Dean of the School of Business at Liberty University and is responsible for all residential undergraduate business programs. Liberty University educates 12,000 on campus students and over 60,000 online students. Dr. Steve Greene is the Dean of the School of Business at Oral Roberts University, which offer graduate and undergraduate business programs. Oral Roberts University educates approximately 3,000 students, with approximately 500 students within the school of business.

Each interview began with the interviewer providing a brief overview of the purpose and background of the interview and article it would be included in. The interviews were unstructured, meaning that while the same questions guided each interview, freedom for follow-up questions and expansion was allotted. The following two sections contain the results and analysis of each interview.

Perspectives on Strategy

The leaders of all three business schools seemed to agree that strategy was important to their organization. Dr. Ghost Bear says that strategy is “strongly emphasized, even more so in recent years,” as SNU has recently begun a formal strategic planning process. Dr. Bell believes that strategy is critical to Liberty University’s success because “it allows you to know where you are going and if you don’t know where you’re going, you’re never going to get there.” Dr. Greene believes that strategy is very important to Oral Roberts University because “the more you plan the more you achieve.” He asserts that strategy concerns discovering and leveraging the competitive advantage of the university compared to other geographically and spiritually similar universities. His chief concern is on developing strategies to better serve current students. While the interviewees agree on the importance of strategy, there is very little agreement about much else.

In regards to the difference between strategic thinking and strategic planning, each interviewee gave different definitions and opinions on which was more important also differed. Dr. Ghost Bear describes strategic thinking as anecdotal, taking the anecdotal thoughts of individuals about what they want to develop and then making a plan around it. She is concerned that only those who are in power get their strategic thinking implemented. A recent shift at Southern Nazarene to a formalized strategic planning process should allow the strategic thinking of more than just top-level executives to be included and implemented. Bell believes that strategic thinking is constantly scanning the environment and generating new ideas about the organization’s future. Bell asserts that leaders need to be thinking strategically at all times. Bell believes that strategic planning contrasts with strategic thinking as a more formal exercise in developing a written plan. However, Bell cautions not to put too much emphasis on the final document asserting, “A strategic plan means almost nothing, strategic planning means everything,” because the process of planning involves strategic thinking. Dr. Greene believes that strategic thinking answers the question, “What do we need to think about?” while strategic planning decides, “What needs to be done?” He believes this difference is also the difference between leadership and management, asserting that strategic thinking is the job of leaders, who create the initiatives and strategic planning is the role of managers, who create and execute the actions behind the initiatives. While Bell and Greene appear to share similar perspectives, their perspectives differ with Ghost Bear greatly.

While definitions of strategic thinking and strategic planning differed, all interviewees were in agreement about the role of mission and vision in strategy. Ghost Bear believes that every line of their strategic plan is tied back to the mission and vision of Southern Nazarene. Every strategic goal and major initiative must incorporate some element of the mission and/or vision as stated on the first page of the written strategic plan. In this way, SNU can ensure that they are “being true to who we are.” The mission and vision of Liberty University is always very public, it is included in the front of the strategic plan and in several places on the university’s website. The entire strategy of Oral Roberts University’s business school is tied to the university’s mission. According to Dr. Greene, the mission of ORU is to train students to go into every person’s world, “Our goal is to train students to enter and lead within the business world.”

Despite their similarities about the importance of strategy and the role of mission in strategy, each interviewee gave conflicting answers about the difference between strategic thinking and strategic planning. This implies that the scholars are struggling with the same differentiation issues that appear in the literature. Perhaps because they are even closer to the literature than practitioners are. Future

research on whether scholars and practitioners share the same amount of variance would enhance understanding of this issue.

Strategy Development

When comparing the results of the interviews, it became clear immediately that there is no unified theory of how to develop strategy. Each university has a different method and sometimes the even method is in the process of changing. In 2007, Southern Nazarene reorganized their process and divided their strategic leadership team into three separate subcommittees (“vision & values,” “planning & scanning,” and “key performance indicators”). These teams act simultaneously to develop their sections of the strategic plan. Their efforts are then combined to create the formal strategic plan. Liberty University has a relatively formal process for developing strategy. Their strategic planning committee includes faculty, staff and mid-level administrators (student life, spiritual life, financial aid, admissions). These various staff areas input their divisions’ strategies and goals before the strategic plan is sent to the chancellor and ultimately the Board of Trustees for final review and approval. Bell cautions that in universities with strong leadership, strategic planning sometimes suffers because top-level leadership decides whether strategic plans move forward or not. There is no formal method for developing a strategic plan at Oral Roberts University. The deans of the various schools within the university are charged with developing and implementing their own strategies. Within the School of Business, Dr. Greene sees most strategic planning initiatives as using Porter’s positioning model and rejects use of this model in favor of creating the optimal program to develop current students.

Each university also appears to differ in the level of detail contained in the strategy. The end product of Southern Nazarene’s strategic planning process, the strategic plan, is a detailed document outlining the mission, vision and core values of the organization followed by the strategic goals, a three year strategic plan and a final section with major initiatives for the academic year. The strategic plan at Liberty University is detailed at the macro-level, with broad views of the strategic goals and major initiatives of the university. Individual planning for different schools are not included in the university’s written strategic plan. Because Oral Roberts University doesn’t utilize a formal strategic planning process, it’s difficult to determine how detailed their strategies are. While the two universities appear to be engaged in deliberate strategy, Oral Roberts University appears to be utilizing an emergent method of strategy, figuring out its strengths and letting its new initiatives emerge from self-discovery.

The universities also differed in their time horizon for strategic planning. Southern Nazarene’s formal strategic plan is released approximately every three years and covers a three-year time frame (the organization may begin releasing the written plan every year). Southern Nazarene also has a long-range plan of roughly 10 years, but this is included solely in accreditation reports. The subcommittees at Southern Nazarene meet every three months to revisit their previous work and decide where they want to proceed next. In this way, strategy is continuously evolving and constantly reviewed. Liberty University’s strategic plan covers a five-year time frame. Bell believes that if the time frame were longer, then the predictions would be too much like a guess and if the time frame were shorter, then the plan would be more tactical and less strategic. Liberty’s strategic plan is updated not less than every five years, however it is reviewed on an ongoing basis. In addition, Bell believes that the university’s strategy is part of the DNA of the university and is constantly running in the back of his mind. Even though Oral Roberts University lacks a written strategic plan, Dr. Greene is focused on short-term and long-term strategic outcomes; exact timeframes were not specified. Because there is not a written

strategic plan at Oral Roberts University, there is also not a formal review. However, since the focus for Dr. Greene is on creating an optimal learning experience for current students, progress is reviewed every time scores are released.

Despite their disagreements in defining terms related to strategy and developing strategic plans, there was considerable agreement about the use and importance of tools and techniques to scan their environments. Much of the information obtained in the strategic plan at Southern Nazarene is obtained by the “planning & scanning” subcommittee. This subcommittee makes use of SWOT analyses. Information for each section of the SWOT is obtained largely through internal surveying of faculty, staff and students, but also through reports and evaluations from the Higher Learning Commission. At Liberty University, a SWOT analysis for the strategic plan is done at a macro-level, however on a micro-level strategic thinking exercises such as scanning are utilized continuously. The strategic planning committee also reviews major accomplishments, major objectives and the organization’s progress. They also conduct an environmental scan looking at goals and objectives within the university and at other universities for potential benchmarks. Oral Roberts University uses various assessment tools to obtain information. They utilize faculty assessments and student scores as well as outside assessment from “a watchdog community” of accrediting bodies including the Higher Learning Commission and the Association of Collegiate Business Schools and Programs. Dr. Greene leans heavily on these outside assessments, feeling that third-party assessment is more valuable than self-assessment.

Similar to the tools used to obtain information, universities appear to concur about the use of tools and methods to track progress toward strategic initiatives. Southern Nazarene uses a program called TrackDat to follow the progress of strategic initiatives. Once goals and metrics are established and entered into TrackDat, individuals from various levels within the organization input the data they’re responsible for. This data is compiled through TrackDat and, in this way, progress toward and achievement of objectives can be followed. Liberty University tracks the progress of academic initiatives using software called WeaveOnline. Every academic department is allowed to input its goals and the metrics they used to measure progress toward these goals. By continuously updating data into the software, progress toward goals and changes over time can be analyzed. Oral Roberts University does not use any tracking software. Instead, all tracking is done by reviewing the scores of assessments tied to their short- and long-term outcomes goals. In the short-term, they have recurring one-year goals of improving scores of national field tests, job placement rates, and the numbers of companies who come on campus to recruit. Dr. Greene is developing a long-term panel survey that tracks students for 20 years of their career after graduation to determine whether students are developing into business leaders.

While the process of developing strategy appears to differ at each university, it is interesting to note that there is agreement about the tools used to scan the environment to obtain information for strategy and also about the importance of tracking initiatives after implementation. The most interesting differentiation, however, is the contrast between formal, deliberate strategic methods used by Southern Nazarene and Liberty University and the emergent method used by Oral Roberts University. Further research into which methodology produced more optimal results within the organization would enhance our understanding of which school of thought is more effective for developing strategy within a business school setting.

Conclusion

There appears to be confusion about the definitions and development of strategy among organizations. This confusion raises questions about whether the definition and development of strategy at business schools is uniform or just as misaligned as in business organizations. The results of research imply that business schools are experiencing just as much disagreement as business leaders. Scholars appear to be struggling with the same differentiation issues that appear in the literature. Their methods of developing strategy differ as well. While some business schools use a deliberate method of strategy, others engage in an emergent method. Overall, the results of research imply that business school are practicing what they preach, but are preaching different testaments of strategy.

Appendix A

Interview Questions

Perspectives on Strategy

1. How important is strategic planning to your organization?
2. What do you see as the difference between strategic thinking and strategic planning?
3. How do you include your vision and mission into strategy?

Strategy Development

1. What is your organization's method for developing strategy?
2. How detailed is your strategic plan?
3. How far into the future does your strategic plan cover?
4. How often do you review your strategic plan?
5. What techniques or tools do you use to obtain information for your plan?
6. What systems do you use to track implementation of the strategic plan?

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