

# Chapter 1

## Strategy as Action: From Porter to Anti-Porter

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### ABSTRACT

*In the post-crisis era, new concepts are emerging, while some old and dysfunctional ones are being discarded. Strategy is about making series of decisions that drive corporate action under specific coupling with company's environment and context. Because decisions are actions, the strategy itself is action, not just a description of action. In the world of traditional strategy, descriptions (information) have replaced action (knowledge), and talk has replaced walk. We start from the premise that strategy is what company does, and what company does is its strategy. One cannot run a company just on descriptions and framed mission statements. The role of customers is crucial: the customer shapes strategy and triggers corporate action. Without respecting the customer, there is no viable strategy. This is why we label the action-based strategic thinking as "Anti-Porter": consumers do not want tradeoffs and thus truly effective strategy cannot be rooted in Porter's tradeoffs.*

### 1 INTRODUCTION<sup>1</sup>

*Our customer, our master.  
Tomas Bata*

Current economic crisis has finally brought home a long-festering memorandum: it is self-defeating

to run a company without placing customer first, second and third, allowing him shape and frame company's strategic action. Customer is the final judge and arbiter of effective strategy. Customers, not corporate executives, determine if products and services add value, provide quality, are innovative or offer tradeoffs-free satisfaction.

It is close to remarkable how traditional corporate strategists of large companies (GM, Chrysler,

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etc.) could bring their corporations to such a total disconnect from their customers. It is only partially their own incompetence or arrogance - inadequate strategic skills, based on dysfunctional theories and concepts dominate their failures. They were taught the *talk* about visions and missions, the arcane vocabulary of codified descriptions of insider *cognoscenti* elites, hammering out statements and declarations for the consumption of stockholders, ignoring or forgetting their stakeholders and customers. They have not learned yet how to *walk their talk*—and already they should learn *walking their walk*. How do we eliminate talk and focus on the walk, i.e. how do we move not only from description to action, but mainly from action to better action—that is the purpose of this paper.

In the end, it does not matter what they say (or frame), the only thing that matters is what they do. That is true for both the producers and their customers. Strategy is what a company does, and what a company does *is* its strategy. Every company has a strategy (good or bad) as long as it is doing *something*.

A politician can talk until the entire country is seduced into admiring his “strategy” and voting for him. Yet, his actual strategy is what he does. An executive can describe what he intends to do at corporate meetings and strategic management conferences or panels, yet only what he does is his actual strategy. *Action* and *description of action* are two very different domains and only rarely the two meet. Assorted corporate mission and vision statements are *not* strategy and have little to do with strategy. They are just declarations of intentions, desires and plans—just words substituted for action. This gap between *knowing* what to do and actually *doing* it can be excruciatingly real—and it has been widening and getting worse even since the onset of the information era.

## 2 DECLARATION-BASED STRATEGIES

The old strategists of the pre-information era were so effective precisely because they did not have the means and space for venerating just talking. They had to deliver: engage in action and deliver the goods. One can also admire the action-based strategies in the animal world. Observing a pride of lions in action teaches us more about strategy through mutual coordination and action readjustment than any flashy PowerPoint presentation of symbolic descriptions.

In Figure 1 we sketch the traditional declaration-based strategy paradigm. This is actually still pursued in some companies. Such institutions spend precious years hammering out their mission and vision statements, defining, testing and measuring the goals—before encountering the ‘Cloud Line’ and the insurmountable problem of “*implementation*”.

*Mission statements are among the most blatant and common means that organizations use to substitute talk for action.* (Pfeffer & Sutton, 2000)

### Why is it so?

The ‘Cloud Line’ of Figure 1 is real: those above do not see below, those below do not see above. Any such declarative strategy is hard to implement because it is not understood. Everything above the Cloud Line is just *symbolic descriptions* of the intended action. Everything below the Cloud Line is *pure action*, no descriptions. These are two distinct domains: descriptions of action and action itself.

One example of the gap between talking and doing is the now chic notion of sustainability. Many companies engage in what has become known as “greenwashing”—that is, focusing more on publicizing and communicating green efforts than on the efforts themselves. Letting consumers think you are *green* has become more important than being *green*. Greenwashing

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