

## **Scenario Planning, Strategic Practice and Top Management Team Hyperopia**

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#### **Summary:**

Hyperopia – or long-sightedness – describes a capacity to focus with acuity on that which is far off whilst experiencing deficiencies in interpreting and acting on that which is close at hand. We surface insights into the under-researched topic of hyperopic top management team (TMT) strategic practice and seek to better understand influences on and between hyperopia and TMT scenario planning approaches. We present empirical findings from a contemporary case where scenario planning practices are used extensively by the TMT. We also critically review an analogous historical case of hyperopic TMT strategic practice in a comparable sectoral context. Our findings suggest that the business impacts of hyperopia might be masked by munificent institutional conditions but as these conditions evolve, damaging effects of hyperopic strategic practice might be experienced. We also argue that further research is required to elaborate the relationship between TMT hyperopia and an over-reliance on scenario planning practices.

## **Introduction**

Much has been written about the consequences for the making and managing of strategy of leadership myopia – “being unable to look into the future with clarity” (Rumelt, 1995:106). Arguably, as an “aid to the imagination” (Kahn and Weiner, 1967: 143), scenario planning activity may represent a valuable counter-measure to leadership myopia (Wright et al, 2004). But what are the implications for strategic practice of leadership hyperopia? The direct opposite of myopia, hyperopia, or long-sightedness, refers to the condition of being able to focus with acuity on that which is far off whilst experiencing difficulty in interpreting and comprehending that which is close at hand (Chikudate, 2009). Given that scenario planning aims to help strategic leaders adopt speculative approaches to “think the unthinkable” (Kahn, 1962) about the future, might hyperopia be a by-product of an over-reliance on scenario planning approaches?

We explore both the influences on and implications of ‘hyperopic’ strategic practice of a top management team (TMT) within a UK based engineering services organization “Defenserve” (a pseudonym). It is a recent period in Defenserve’s history, from May 2010 until November 2011, which informs the core of our research. Drawing on a strategy-as-practice (S-as-P) perspective, we examine macro, meso and micro level influences on TMT strategizing practices within a single site (c. 1200 employees) in the Defenserve organisation. By paying attention to strategizing- the ongoing stream of activity involved in the making and managing of strategy (Whittington, 2006) - we are able to examine a range of impacts that different strategic practices – including scenario planning - have on what is achieved within the organisation.

We generate insights from a “thick” multi-method qualitative data set (Miles and Huberman, 1994) gathered over 18 months in which we led, participated in or observed scenario planning workshops, causal mapping sessions, strategy planning and implementation meetings, organizational communication events and staff interviews with the organization. Through these interactions, we were able to collect and assemble data about the strategic management perceptions, decisions, habits and actions of the top management team. We were also able to gather perceptions, activities and reactions from a range of organizational stakeholders including operational staff, trade union representatives, front line managers, middle managers and customers. Furthermore, we were able to gather a large volume of data profiling many aspects of the organization’s historical TMT practices and influences.

In our examined case, the TMT have great clarity of, optimism about and aspirations for the long term strategic future of the organization. Simultaneously, they display a lack of awareness of and interest in the realities of the daily operation, and an inability to gain commitment in the wider organization to strategic change. We refer to this condition as leadership hyperopia.

We use our case data to examine the potential origins of leadership hyperopia in the organization, structuring our findings in a multi-level way using a strategy-as-practice praxis framework as deployed by Johnson et al (2008) and Jarzabkowski and Spee (2009). We also examine the implications of leadership hyperopia for strategizing activity, practitioners and

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practice within the organization. Our discussion is informed by Montgomery's (1995:257) view that when those strategizing exhibit excessively optimistic tendencies in their conduct, they can become "dangerously removed from reality". To highlight longer term implications of hyperopic leadership, we critically review the historical case of British Aluminium. This case suggests that leadership hyperopia might be a phenomenon that has played out before in similar conditions to those identified in the Defenserve case, to drastic consequences for the organisation.

Our aim in this research is not to offer a normative framework of leadership hyperopia, nor to build conclusive links between hyperopia and scenario planning. Instead, we aim to surface aspects of an as yet under-researched phenomenon based on data from a specific case, and pose questions about a potential 'dark side' to scenario planning activities. Our intention by doing so is to stimulate a debate about scenario planning, strategic practice and leadership hyperopia which might advance our understanding of the strategic practice of top management teams.

### **Literature**

To frame our case findings, we first offer a brief interpretation of the literature on scenario planning and the Strategy as Practice concepts which inform our data analysis.

### **Scenario Planning**

Scenario planning is widely considered to have its roots in the work of Kahn (1962) and Kahn and Weiner (1967). Where a scenario represents a "hypothetical sequence of events constructed for the purpose of focussing attention on causal processes and decision points" (Kahn and Weiner, 1967:6), scenario planning as a strategic practice is intended to help decision makers "think the unthinkable". Of high relevance to this study, Kahn and Weiner originally intended to use scenario planning as a mechanism to rejuvenate and open up military policy, introducing speculative approaches and thus divergent thinking to military planning. From these origins, the value of scenario planning as an improver of strategic planning was increasingly recognized by business from the 1970s onwards (Wilson, 1973).

This practical value can be unpacked by exploring the characteristics of scenario planning as a strategic activity in relation to forecasting. Where forecasting assumes away environmental uncertainty, scenario planning embraces it, considering systems, structures and driving forces which shape the organisation's future in an uncertain way (Wack, 1985a; Wack, 1985b; van der Heijden, 2005). By considering the robustness of strategic options across different scenarios, those making strategy might 'manage' uncertainty and reduce risk by selecting options which are envisaged to have a greater chance of future success – an impossibility under the simplifying assumptions of forecasting practice (Wright and Goodwin, 2009).

Further facets of scenario planning enhance its appeal as a strategic management practice. Scenario planning can incorporate organizational and practitioner experiential learning when projecting future paths, enabling practitioners to incorporate their wisdom into visions of the future (Wack, 1985a; Wack, 1985b). Scenario planning can be multi-dimensional, combining uncertainties about future environmental states, their impact on the organisation and the

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effectiveness of the organisation's strategic responses. These uncertainties challenge managers to probe their assumptions about strategy and causal relationships which might impact their organisation. Recently, a sensemaking perspective, emanating from practice movements within the strategy literature have offered renewed 'dynamic' interpretations of key scenario planning practices. This sensemaking approach views scenario planning as an ongoing activity, reflecting the constantly unfolding nature of organisational life, situated in an equally evolving external environment (Burt and van der Heijden, 2008). This emphasises the role of strategic leaders – through their individual and social actions and interactions – staying attuned to the viability and attractiveness of future strategic options as they rise and fall away in the face of ever shifting scenarios (Chia, 2000).

### **Strategy as Practice**

A SaP perspective advocates that strategy should be conceived of as “something that people do” rather than “something organizations have” (Johnson et al, 2008, p3). From this position, the principle focus for the SaP perspective is to make sense of the messy, complex and situated strategic activity as it is enacted in organisational and institutional life by fallible practitioners (Jarzabkowski et al, 2007). Applying a SaP perspective therefore places an emphasis on using methods and building understanding of what people do in relation to strategy in an organisation.

From a SaP perspective further specific research foci exist – namely practitioners, practice and practices – where practitioner studies pay close attention to the characteristics of individuals acting strategically; practice studies explore the semi-permanent social structures which underpin activity ongoing and practices studies explore the nature of the shared tools and artefacts used by practitioners as activity is carried out (Jarzabkowski, 2005).

Practices are described as the established, shared ways of working within an organisational arrangement - “the habits, artefacts and socially-defined modes of acting through which the stream of strategic activity is constructed” (Jarzabkowski, 2003, p24). A focus on characterising the practices or “modes of acting” used by practitioners might deepen understanding of how specific, shared ways of working – such as TMT scenario planning practices- are enacted in an organization and the impacts – intended or not – that they have on the organization.

If practices are conceived of as “tools” for practitioners to use when thinking or acting in a purposeful way (Paroutis and Pettigrew, 2007), then examining their form and realised outcomes in specific situations may help explain any impacts of hyperopia on scenario planning practices, and vice versa. For example, Whittington et al's (2006) empirical investigation illustrates the importance of skilfully modifying how practices of “workshopping”, “project management” and the “creation of strategy artefacts” are enacted according to situational needs in order to achieve optimal strategic management outcomes.

As practices are historically and socially situated (Johnson et al, 2008), they arguably provide continuity in 'how things are done' whilst mediating contestations as the organisational situation changes and adapts (Jarzabkowski and Spee, 2009). Applied to strategic planning in

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an organisation, exploring how strategic practices such as scenario planning provide both continuity and flexibility may contribute to explaining how intended and unintended outcomes of these practices persist in the face of an uncertain and evolving organisational context for TMT practitioners.

### **Case Context**

The case organization was originally part of a USA/UK industrial engineering products manufacturer but was de-merged from its American partner in the late 1970s. It was positioned to take advantage of emerging UK Government-related commercial opportunities, against the backdrop of the privatization of publicly owned state assets and services. Specifically, Defenserve focused on defence-related engineering support services.

For the following 30 years, Defenserve benefited from winning many defence-oriented service contracts which were long-term in nature, typically covering a 10-15 year period. As a consequence the organisation arguably *needed* to ‘see’ (Wack, 1985a; van der Heijden, 2005) and plan for long-term defence and industrial policy change to leverage its engineering service support position. As such scenario planning is a key strategic practice widely used in the TMT at Defenserve.

However, following a change of Government in the UK in May 2010 and the completion of an holistic review of national Defence operations later the same year (the SDSR - Strategic Defence and Security Review), the institutional context in which Defenserve was operating experienced a discontinuity (“The days of the Ministry of Defence writing blank cheques are over” as one board member from Defenserve ruefully described it in August 2011). Using Amit and Schoemaker’s (1993) terminology, the external strategic environment became significantly less munificent in a very short space of time for an institutional context typically associated with long term incremental change.

### **Methodology**

Our study is based on detailed qualitative data from a single site within the Defenserve organization. We commenced our research engagement with only the general intention of gathering a range of data relating to “strategizing” - the ongoing process of making and managing strategy as a situated, social activity (Whittington et al, 2006) - in the focal organization. Our motivation was to do research which might allow us to better understand the realities and implications of what practitioners actually did at and between organizational levels. We did not start out our research looking specifically for any particular form of TMT activity - the characterisation of TMT strategizing practice as ‘hyperopic’ emerged post hoc from our analysis of a large amount of case data.

To collect a ‘thick data set’ we adopted an intensive research design, deploying methods such as participant observation of individual agents and events in context, interactive interviews and qualitative analysis (Sayer, 1991; 2000). This focused approach reflects the exploratory nature of our research (Yin, 2003), driven in part by our intention to allow findings to emerge from analysis, and in part by a lack of prior multi-level empirical studies in the nascent S-as-P perspective which might have guided our approach (Jarzabkowski and Spee, 2009). Our

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researcher resource-intensive approach allowed us to develop deep, causal insights into the multi-level influences on and impacts of strategizing activity within the Defenserve site. Researcher bias was minimised by triangulating multiple methods, using multiple researchers and drawing from many complementary data sources (Yin, 2003). We were also able to seek feedback on a regular basis from a wide range of organizational actors as to the quality and representativeness of our data and findings (Stake, 1995). However, the trade-off for developing deep insights in a single case is that we cannot claim any form of statistical generalizability from our study, and our research findings would undoubtedly benefit from replication studies in further contexts.

### **Influences on TMT strategizing practices within our Defenserve case study site**

Table 1 on the following page summarizes a range of influences on TMT strategizing observed within the Defenserve case study site during our study. Influencing factors are arranged according to ‘praxis level’, where institutional, organisational and TMT level social structures and significant events appeared to have a bearing on the form and content of TMT strategizing activity. In describing the observed influences, *activity* is intended to refer to that which is done through the actions of individuals or groups of individuals (Johnson et al, 2008); *practices* refers to patterns of activity – the “habits, artefacts and socially-defined modes of acting” regularly used by those in the organization (Jarzabkowski, 2003, p24); and *practice* to refer to social structures emerging from and conditioning how activities are enacted in an organisation (Orlikowski, 2010).

Our data analysis suggests that the top management team, as individuals and a collective, have a demonstrated ability in strategic scenario planning and strong, clear views of a range of desirable long term future states for the organization (expressed in time frames ranging from 5 to 50 years in the future). The experience of winning large long-term services contracts at a corporate level based on abilities to sense the political currents has developed TMT envisioning and organizational insourcing capabilities. The insourcing capability was derived from repeated experience of transferring defence-support activities and staff to ‘Defenserve’ at different sites throughout the UK, which are subsequently rationalised and re-structured for operational efficiency gains. Apparent year-on-year operational efficiency gains resulted in an internal mantra of revenue and profit growth as a strategic priority. Members of the TMT emphasise the importance of their close relationships with Government, and their desire to maintain a “partnership approach that is based on commitment, consistency of behaviours, and a focus on smart delivery for the customer”. In reflecting on their capacity to do so, the self-belief and rhetoric of the role and power of the TMT is clear as, “our management team have the ability to re-configure national assets, remove waste, exploit synergies and create cash outflow avoidance for the customer”.

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Level	Influencing Factor	Observed Influence on TMT Strategizing
<b>Macro</b> – Institutional context in which the whole organization operates	Post-war UK government changing defence priorities & requirements to reflect UK's shifting geo-political position	UK government attitude to strategic defence priorities have been in slow transition for a generation. <b>TMT practitioners conditioned to expect on-going evolution of political landscape and to value routes to insight and favour from Government</b>
	30+ year history of UK government industrial policy leading to on-going transition of service management to private sector on long term (>10 year) contracts.	On-going privatization taken by TMT to imply higher level of competence of private sector service providers (than Government) to run effective and efficient service operations. <b>Much TMT activity devoted to maintaining &amp; leveraging a view of competent and trusted industrial partner with external stakeholders.</b>
	Response to financial crisis in the UK leads to government adopting stringent austerity measures and many aspects of UK defence sector which were previously thought untouchable (e.g. Air Force squadrons) facing swingeing cuts	TMT aware that lack of Government funds represents both a threat to existing business and also an opportunity to accumulate a greater portion of Defence service provision as Government seek to save money. <b>Majority of TMT activity directed towards making sense of, planning in response to, and benefiting from changing external conditions.</b>
<b>Meso</b> – organizational context in which the TMT of the case organization site operates (including the corporate centre)	Specialised division of multinational enterprise which floated on the stock exchange based on its track record of profitably exploiting government service contracts and ex-public acquisitions	Pressure on TMT to deliver financial performance to satisfy shareholders; share price and stock market valuation. <b>TMT focus of strategizing activity on “hitting the numbers” expected by external stakeholders (shared view of having to “start with the numbers” and work backwards to make plans)</b>
	Previous success in re-structuring a number of “privatised” government operations upon award of contract	<b>Belief in the TMT in their potential to deliver major cost-savings</b> from improved efficiencies as such results have been delivered elsewhere in the organisation in recent decades
	Organisation at all levels has established history of being close to government, and the military in particular	Dominant organisational style is “militaristic” – autocratic in decision making and hierarchical in structure. <b>Expectation from TMT that their positions carry significant power on the case study site and that it is their right and role to deploy strategic decisions</b>
	Unionised workforce with established history, many ex-military personnel, high technical content of operational tasks and lack of enforced change in last decade	<b>TMT have shared espoused view of workforce being resistant to change, “scamming the system” and as a potential source of cost cutting results delivery</b> through re-organisation and renegotiation of contracts; underpinning TMT strategic decision making rationale
	Organisational culture of senior management “exceptionalism” in comparison to general workforce, as reflected in material rewards and social recognition	TMT have a strong sense of entitlement with regards to material recognition (bonus & salary) and also access to preferential recognition mechanisms (such as invites to executive retreats, funded educational development, premium office space etc). <b>This sense of the TMT being exceptional individuals reinforces a willingness to externalise blame and engage in politicking activity</b>
Table 1– Influences on TMT strategizing practices		

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Micro- individual and group factors relating to members of the TMT which shape their interactions and strategizing activity	Half the TMT personnel have career histories with armed services	Not used to cultural resistance to direct commands and unfamiliar with how to manage on a daily basis with anything other than an autocratic style. <b>Many TMT personnel used to management fiat being sufficient to receive accurate info and make things happen.</b>
	Half the TMT personnel have career histories with private/public sector organisations in contexts characterised by long term investments and stability of demand (e.g. transport infrastructure, nuclear industry)	Significant practice and success in commercial management and delivering long term (>3 year), large capital (>£10M) projects in low turbulence industries has honed individual abilities to 'envision'. It has also deprived individuals of practice in engaging a workforce in the 'daily' delivery of the detail of strategic plans whilst it strives to fulfil a complex service operation with fluctuating demand. <b>TMT have tacit know how in leading 'stable' long term projects and lack know how in strategic implementation in less stable service provision environment</b>
	TMT appear to have a shared characteristic of being status oriented and thus above concerns regarding the daily operation	Ego related to status means collective lack of willingness to engage with the workforce – interface only through senior managers and high level business information. <b>TMT not interested in knowing detail of operation; interested in being seen as visionaries.</b>
	TMT role demands have traditionally been highly client focused (where client is both internal corporate centre and external government)	New members of the TMT – rotation occurs every 2 to 3 years – quickly reproduce the traditional behaviours of previous TMT members. <b>TMT strategizing practices formed over the last thirty years transcend individual members and are not diminished by change in the actual personnel of the TMT</b>
Table 1 continued– Influences on TMT strategizing practices		

Our findings also suggest that for the top management team comprehension of present performance and causality of current strategic issues is highly limited. They are quick to seek long term business opportunities after the strategic defence and security review without paying detailed attention to the impact of government cutbacks on the operations they are currently managing, or the operational targets to which they are already committed. Their autocratic, disengaged operations and strategic change management practices mean that little understanding of the direct operation is fed into TMT strategic decision making from the bottom up. Rhetoric and commonly espoused beliefs in the TMT are largely ahistorical, frequently being contradicted by large volumes of experiential data from the firm's recent past which suggest their envisioned future states are unrealistic or unachievable. Personal characteristics of the TMT – their career histories and cognitive frames of the value of operational staff and the entitlement of TMT members – appear to make them unwilling to engage with the direct operation; neither socially, managerially nor to learn.

With well-developed, apparently effective TMT practices in envisioning and scenario planning (against advised approaches such as those described by van der Heijden et al (2002) and Burt and van der Heijden (2008)), and deficient TMT practices for connecting with and



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managing the daily operation, we characterise the TMT strategizing practice as hyperopic. Our case data reveals a range of impacts of this TMT practice on others within the organisation as well as business results delivered, as summarised in table 2 below.

Direct Consequences	Impact on business results and internal practitioners strategizing activities
Inadequate resource commitment by TMT to strategic project delivery in the short term (<1 year)	<ul style="list-style-type: none"> <li>- High levels of strategic initiative failure (&gt;80%) in the last decade</li> <li>- Inferior business results (estimated 25% over-budget on staffing costs); strategic issues enduring year on year without progress in resolution</li> <li>- Workforce initiative weary and increasingly inertial towards new initiatives</li> </ul>
Variation in strategic communication clarity and content to 'subordinate' staff across TMT members	<ul style="list-style-type: none"> <li>- Lack of co-ordinated effort in the organisation in delivery of strategic change</li> <li>- Apparent negative synergy of strategic delivery (i.e. capacity to deliver change is less than the sum of the parts)</li> <li>- Lack of consistent top leadership direction flowing down through the organisation</li> <li>- General silo-culture, lack of collaboration and inefficient and unreliable cross-departmental business processes underpinning service operation</li> </ul>
Lack of engagement of TMT with staff at all but senior management levels	<ul style="list-style-type: none"> <li>- Lack of visible, felt leadership in the organisation</li> <li>- Workforce disenfranchised from strategy and organisational identity</li> <li>- Many improvement ideas not reaching TMT – either not communicated at all or filtered out by senior management aspiring to TMT positions</li> <li>- TMT practices and decision making rationale re-inforced by lack of experiential insight into the daily realities of the organization</li> <li>- Lack of trust in and respect for TMT and senior management from the rest of the organisation</li> </ul>
Lack of consensus in leadership team of <2 year strategic goals	<ul style="list-style-type: none"> <li>- Departmental and operational unit strategic objectives unclear and constantly changing</li> <li>- Staff lack willingness to commit effort into delivering strategic projects as history tells them that they are likely to change</li> <li>- An underlying sense of stress and anxiety in the workforce about the future... Why do plans keep changing? What is just around the corner?</li> </ul>
To external stakeholders, organization 'committed' to long term deliverables (10 year targets) without any sense of feasibility or plan for delivering	<ul style="list-style-type: none"> <li>- TMT have the appearance of making decisions in a manner characterised by hubris</li> <li>- Criticism of decision making process, lack of buy-in to suggestions and scepticism about leadership competence from non-senior management staff (c. 98% of organization)</li> <li>- Generally held view in staff that the organisation may be jeopardising its own chances of survival in the long term</li> </ul>
Table 2- Impacts of TMT hyperopic strategizing practice	

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In short, TMT strategizing practice, with a focus on long-sightedness, appears to be having a negative impact on both the business results achieved by the organization and the strategizing activities of others within the organisation. As the leaders on the site, the TMT have a disproportionate influence on that which is done. Overcommitting to too many strategic initiatives resulted in resource pressures on the direct operation, and a lack of TMT cohesion about priorities translated into confusion and initiative exhaustion in lower hierarchical levels, akin to the bullwhip effect in supply chain theory (where those furthest from the source of a change in control signal in a system experience the greatest magnitude of disruption to their activity) (Chase et al, 2004). There was a lack of overall project co-ordination of strategic activity, resulting in domain protection and collaborative shutdown practices. There was also a real human cost; our data suggested that there existed a broadly dissatisfied workforce unsettled by the apparently inept TMT response to livelihood threatening environmental changes, and a lack of connection to disengaged organisational leaders, ever changing aims and plans and ineffective business systems.

### **Reflective Discussion – The Case of BACo**

As the takeover of our case site happened over ten years ago, how have these circumstances been able to persist for so long (which the case data suggests they have)? Arguably in munificent conditions, hyperopic TMT practice had less impact as the costs of any ineffective practices were met by a benevolent customer. It is too early to determine the future impact of TMT hyperopia after the recent change in customer attitude but we can draw on lessons from a case with similar circumstances.

‘Collective hyperopia’, specifically the ‘good distance vision’, founded on ‘ignoring the reality of internal, immediate and concrete contexts’ (Cikudate, 2009: 174), has been discernible amongst businesses with a tradition of working in close proximity to government.

A number of historical studies have identified the deleterious effect that the close relationship between a number of ‘approved’ British armaments manufacturers and the state could have on their strategic outlook (Higham 1965; Barnstable 2004). More recently, work by Perchard (2012a, b) and MacKenzie (2012) on the aluminium industry has revealed the legacy of ‘myopia’ and ‘collective hyperopia’ that this cultivated in the leading British producers, the British Aluminium Company Ltd. (BACo). Aluminium became recognised as a key strategic raw material during the First World War, when the virtues of its lightness and durability became recognised, especially in relation to the manufacture of military aircraft. The pre-eminent historian of the European aluminium industry has argued that the metal became the ‘material of national independence’, with companies enjoying ‘a special relationship with the state’ (Grinberg, 1996: 18-19).

Similarly in North America, the industry worked in close proximity to government (Smith, 1988; Ingulstad 2012; Perchard 2012). In this respect, BACo was little different from its international counterparts. Even with the growth in ‘spin-offs’ from military uses of the metal during the interwar period of 1919-1939, the industry remained reliant on government support. This bred within the company a culture of dependence, further compounded by the selection of a board of directors many of whom were drawn from branches of the military,

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government, as well as from the landed gentry with strong political ties. For example, BACo's board included: Lt. General Sir Ronald Charles (a former Commandant of the Royal Military Arsenal, Director of Military Operations and Intelligence, and Master-General of Ordnance, between 1924-1934, making him one of the most influential figures in the British military in the inter-war period); Lord Portal (Chief of Royal Air Force staff during WWII, and later post-war controller of Britain's nuclear programme from 1957-51); and Lord Plowden (chief executive of the government Air Supply Council, and subsequently Chief Planning Officer and Chairman of the Economic Planning Board before moving to become the first chair UK Atomic Energy Authority (UKAEA).

This inured a strong service culture within the company. The 'collective hyperopia' that this encouraged amongst the top management team in British Aluminium was illustrated by the mismatch between their sense of surety of a future in which they envisaged state sponsorship and the realities of that shifting relationship with government. They ignored successive warning signs. During the Second World War, they were offered far less favourable interest rates than their Canadian counterparts by the British government. In the post-war period, financially over-committed, they allowed themselves to be drawn into negotiations over the development of an aluminium smelter and hydro-electric scheme in the British colony of the Gold Coast (subsequently Ghana), which they neither needed nor could they afford, and ended up having to withdraw from incurring the ire of the government. This episode exposed their weakened financial structure to their competitors (Perchard, 2012a, c; Decker, 2011). In part, this resulted in them becoming the subject of a successful hostile takeover in the winter of 1958-9 by a US-UK partnership (Perchard 2012a).

In their failure to recognise the changing relationship with government, and Britain's transformed defence requirements (requiring smaller conventional forces) in light of decolonization and the nuclear age, BACo were exhibiting pointed signs of 'collective hyperopia' (Ibid; Butler 2008; Ball, 2007). Their takeover in 1959 by the US metals company Reynolds Metals and UK fabricator Tube Investments (TI), who for presentational reasons, arising out of political sensitivities over US takeovers, oversaw BACo's side of the business, neither altered the proximity to government nor did it change hyperopia at SMT level.

In a final tragic episode for the company, this was illustrated by negotiations with the British government over power contracts to supply their new Invergordon aluminium smelter in the north of Scotland. This was one of three new build smelters encouraged by Prime Minister Harold Wilson's administration to counteract the UK's reliance on imports of aluminium ingot (and the effects on the country's balance-of-trade deficit), as well as to showcase the apogee of the Wilsonian 'white heat of technology' rhetoric, the Advanced Gas-cooled Reactor (AGR) stations. BACo's historic strategic myopia where their dealings with government were concerned was compounded by the fact that their new chairman, Sir William Strath, along with Plowden (who had become chair of British Aluminium's active parent company, Tube Investments) and TI's life president, Sir Ivan Stedeford, had all served on the board of UKAEA and had long careers working closely with the state. So that despite an intimate knowledge of the shortcomings of the UK's civil nuclear programme, BACo

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conceded to a ‘gentleman’s agreement’ over power contracts – based on optimistic projections of unit cost and generating capacity of the new AGR station at Hunterston in the south of Scotland – to supply the Invergordon smelter. Hunterston B was significantly delayed, and BACo were shackled to debilitating power costs, which led to the closure of the Invergordon smelter after ten years in operation, almost bankrupting the company in the process. In 1982, they merged with Alcan Aluminium UK.

By way of contrast, the two other companies associated with the Wilson smelter contracts, the Aluminium Company of Canada (Alcan) and Anglesey Aluminium Ltd. (a consortium involving Rio Tinto Zinc and the British Insulated Cables Company) were able to negotiate far more favourable terms with government and electricity generators (Perchard 2012a; MacKenzie 2012).

Kipping and Cailluet (2010) sought to explain Alcan’s far more successful strategy in Europe by arguing that it was born of their embracing of ‘emergent strategy’, and the fact that they were ‘born global’. What is clear from BACo’s case was that the TMT understanding of the company’s performance (and the institutional factors affecting that, specifically the relationship with the UK government) was limited. This, in turn, bred a ‘collective hyperopia’, perpetuated by BACo’s organisational culture and the occupational backgrounds of the TMT. Given rigid, unrealistic expectations about institutional factors, TMT hyperopia permeated their strategizing activity, perpetuated by BACo’s organisational culture and the occupational backgrounds of the TMT. The subsequent demise of the organisation gives a stark illustration of the risks of visionary, optimistic strategic management approaches (Montgomery, 1995) which are neglect to give focus and direction to daily organisational life.

In reflecting on our findings from Defenserve and BACo’s case, it would appear that an over-reliance on either formal scenario planning practices or less formal, endemic fixations on the long term future by a TMT are related to hyperopia. What is unclear though is whether hyperopia, as a way of describing overly optimistic, future oriented biases, led TMT practitioners to select scenario planning as a comfortable preferred strategic practice, or whether an unintentional overuse of scenario planning fostered and enhanced hyperopia in the TMT. Our case data suggests that there is potentially a vicious cycle at work in both cases, where an over-reliance on formal or informal scenario-planning fosters hyperopia, which in turn emphasises scenario planning practices etc. Our case data also suggests that there are likely myriad institutional, organisational and individual factors in play in this cycle, and that further research is required to develop understanding of the relationship between hyperopia and scenario planning practice.

### **Business & academic implications**

We have reviewed current and historical cases of hyperopic TMT strategizing practice in a transitional military setting. What might be the implications for academics and practitioners of hyperopia in general? We nominate the following points for consideration and debate by colleagues.

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**Need to avoid hyperopia as an unintended consequence of over-reliance on scenario planning approaches.** For those involved in the process of scenario planning care is needed to ensure that there is some form of ‘devil’s advocate’ within the process (van der Heijden et al, 2002; van der Heijden, 2005). The devil’s advocate role can be introduced by bringing in outside knowledge to challenge the legitimacy of the dominant views. This step in the scenario planning process may be sufficient to break or negate the threat of a vicious cycle between hyperopia and an overreliance on scenario planning.

**In general, strategic managers need to ensure that they are critically aware of the limitations of any tools they employ.** To avoid a distorted/incomplete view of reality, a selection of strategic management tools with different temporal ranges could be used in combination to nurture balanced TMT strategizing practice – avoiding potentially harmful side effects of leadership hyperopia and myopia (Chikudate, 2009).

**Hyperopia as a lens for historical studies.** As we deepen our understanding of the social psychology of the TMT we have the advantage of looking back at their behaviour and developing a psychological pathology of strategic behaviour. From the pathology of strategic behaviour it is possible to make sense of decisions, relationships, outcomes that impact on performance, and in the case of BACo strategic failure. As such, this offers a valuable tool with which to explore the history of the firm, and a S-as-P perspective has potential to be connected to the business history literature in a novel way which might generate insights to the benefit of both academic communities.

**Hyperopia as an explanatory factor in ‘path dependency’ and ‘corporate political management’.** Alongside leadership myopia, this offers a vital new insight into ‘path dependency’ and ‘behavioral lock-in’ (Barnes et al. 2004). Crucially understanding of this may help to firms to ‘de-lock’ from path dependent strategies (Zeitlin 2003). This also offers insights into ‘corporate political management’, which have so frequently suffered from a lack of historical perspective (Oliver and Holzinger, 2009). As these cases illustrate, the companies involved were also subject to the changing defence priorities resulting from the UK’s shifting geo-political position after 1945 (and more recently dramatic cuts on defence spending) (Butler, 2002; Ball, 2007), and to the shortcomings of British industrial policy (Grant, 1991; Foreman-Peck and Hannah, 1999).

**Hubris, hyperopia and poor leadership performance.** In making commitment to long term strategic initiatives without detailed understanding of the organisation, hyperopic TMT strategizing may result in serious engagement/ implementation issues. For the TMT as leaders of the organisation, social capabilities must be at the fore. Deficiencies related to hyperopic strategizing will likely have broad negative impacts on organisational strategizing and business results delivered.

## **Conclusions**

We initially posed two questions – “what are the implications for strategic practice of leadership hyperopia?” and “might hyperopia be a by-product of an over-reliance on scenario planning approaches?” Leveraging S-as-P concepts, our review of the contemporary case of

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Defenserve and an historical review of British Aluminium's demise suggests that business impacts of hyperopia might be masked by munificent institutional conditions, but as these conditions evolve damaging economic and social effects of rigid hyperopic TMT strategizing practice might be experienced. Our studies also suggested that hyperopia and an over-reliance on scenario planning may be related issues, although the direction of causality of any relationship is not determined by our study. Furthermore, our review of Defenserve in particular highlights the wide range of idiosyncratic institutional, organisational and individual factors which shape and are shaped by strategizing activity in an organisation.

Reflecting on our general intention with this paper to stimulate a debate about scenario planning, strategic practice and leadership hyperopia, we hope that our initial study has provided food for critical thought. We look forward to an on-going dialogue with colleagues in relation to these matters as we seek to develop more comprehensive understanding of the limitations and practicalities of future oriented strategic practice.

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