

# The Seven M's of Strategy

*"Strategy as a pattern of thought and what it means on Monday."*

- Maurits JC de Jong | Rerun Strategy | Januari 2022 -

The difficulty to keep strategy simple and the ineptness of too many leaders and strategists to conceive and communicate a brief, clear and compelling outlook, creates an inspiring challenge to elucidate and operationalize the formulation, implementation and execution of the most important aspect of any business, its strategy. The aim of this paper is to provide practitioners, professionals and operatives with a composition of the interconnected facets and constituents as well as some holistic counsel with regards to the importance & application of key aspects of strategy.



MOURKOGIANNIS

MERLIN

MOSES

MICHAEL

MEDICI

MCGRATH

MOLTKE

*"Most executives cannot articulate the objective, scope and advantage of their business in a simple statement. If they can't, neither can anyone else." [David Collis & Michael Rukstad]*

Every year multiple lists<sup>1</sup> are published on which strategy book to read and how this will help you or your business to beat the competition or conquer the market. Tens of thousands of articles have filled the various business magazines since the concept of strategy became a subject of interest to business executives, management scholars and on business schools in the early 60's. In the footsteps<sup>2</sup> of Bruce Henderson, Bill Bain and Fred Gluck, legions of consultants, strategists and corporate experts aim to apply the accumulated wisdom and gained experience on organisations and their leaders. Yet still many people struggle with the concept and application. A survey done by Roger Martin<sup>3</sup> showed that 43% of interviewed managers did not know their own company's strategy. Two studies published in the Harvard Business Review have shown that only 8% of leaders is good at both strategy and execution while a staggering 35% is neutral at best, while another study indicates that approximately 70% of all strategies failed. A 2019 survey done by Strategy& shows that 37% of all executives that participated believed their company had a well-defined strategy and 35% believed that their company's strategy would lead to success<sup>4</sup>. And even though a downward trend can be seen in the various studies that have been evaluated<sup>5</sup>, the rate of failure is still astonishingly at 45%.

Having actively studied and responsibly practiced the art of strategy for more than 25 years<sup>6</sup> I have learned and experienced that there are 7 area's that are of interest and importance. I call them the seven M's of strategy. They cover most if not all the relevant aspects when it comes to strategic analysis, strategy formulation, implementation and last but surely not least execution. In order to shed some light on these main facets of strategy, why you should have a strategy, what the consequences are if you don't and show a comprehensive, amalgamated and integral approach, I intent to publish an essay on each of the subjects<sup>7</sup>. In these chapters I will dig a little bit deeper while linking the theory developed by mostly highly educated and

<sup>1</sup> I intent to publish my own list as well. Including useful articles on strategy and the ones discussed in these papers.

<sup>2</sup> Respectively Founder of the Boston Consulting Group, founder and president of Bain & Company and managing director of McKinsey. In the heydays of strategy the largest consultancy companies. See also The Lords of Strategy by Walter Kiechel.

<sup>3</sup> For more info see rogermartin.medium.com and rogerlmartin.com

<sup>4</sup> Sorenson & Carroll, Why good arguments make better strategy, MIT Sloan, 2021.

<sup>5</sup> Cândido et al., Strategy implementation: What is the failure rate? Journal of Management & Organization, Vol 21, p 237-262, 2015.

<sup>6</sup> For more info see my linkedin page or footnote 71 (page 7).

<sup>7</sup> The aim is to do this in the course of 2022.

intellectual people at prestigious universities to the real world that business operates in, run mostly by smart and intelligent people with hands-on approaches. Those who are ‘in the trenches’ every day, so to say. I will try to answer the question so pointedly raised by a former colleague<sup>8</sup>; ‘and what does this mean on Monday?’

The strategy’s 7 M’s are:

<u>Mourkogiannis</u>	Pursue purpose passionately while enabling energetic engagement.
<u>Merlin</u>	A vision of the future by looking back on possible and potential.
<u>Machiavelli &amp; Moses</u>	Leadership, trust, decision making and the role of people in strategy.
<u>Michael</u>	Analytics, drivers and frames as building blocks of assessment, acumen & awareness. Who are the customers, why and what are the cost & benefits.
<u>Medici</u>	Configuring for creativity, innovation and interactions through divergent thinking and encouragement of serendipity in culturally rich and diverse environments.
<u>McGrath</u>	Continuously creating relevant utilisable advantages by continually achieving a high fit of available capabilities, use-value for consumers and economic benefit.
<u>Moltke</u>	Applying the ‘auftragstaktik’ and learn/educate to think strategically. The involvement, requirements and importance of all actors/implementors.

In the following paragraphs you will find a short introduction to each of the 7 ‘chapters’ preceded by a brief intro on the subject of strategy itself.

### Introduction to strategy

Strategy originates from the field of military study which in many ways is unfortunate as it creates a mindset of battle, winning-losing and conquering<sup>9</sup>. This war-like, somewhat mechanical and rather inelastic thinking has influenced much of the strategy debate during the 20th century<sup>10</sup>. For an interesting overview of a century of strategy and management have a look at the articles from Walter Kiechel<sup>11</sup> and Pankaj Ghemawat<sup>12</sup>, a medium post by Daniel Good called Strategy: a brief history and a blog called The origin of strategy by Rich Horwath. Most interesting and insightful however is the well-researched and elaborate book on strategy by Lawrence Freedman<sup>13</sup>. But although originating in military vocabulary from ancient Greece, strategy should not be about winning<sup>14</sup>; strategy is making choices and being different while creating value for customers and consumers. Preferably for a long(er) period of time, thus requiring a reasonable return. Fortunately, various insights have been published during the last couple of decades that aren’t referencing to domination, corporate planning, battlefields or Chinese warriors. Biology, evolution, psychology, physics, exploration, theatre and music have entered the strategy discourses, academic research, management books and business school classrooms.

There are many definitions of what strategy is. There are plentiful strategy concepts<sup>15</sup>. Depending on the era and school of thought<sup>16</sup> there are angles and adaptations. As addendum to my seven chapters a brief overview will be added as an ‘eighth chapter’. Despite the slight differences in their approach all strategists agree that strategy is making choices. Judgement calls that have to be made in what is generally considered to be an

<sup>8</sup> A committed and to the point question from Lisa Tuzzino-Laske that should be asked more often. Not only when it comes to strategy.

<sup>9</sup> Stephen Cummings, Brief Case: The first strategists, Long Range Planning, Vol 23 #3, p 133-135, 1993 and Bruce Henderson, The origin of strategy, Harvard Business Review, 67. 139-143, 1989.

<sup>10</sup> Many papers, books and articles reference or quote people like Sun Tzu, von Clausewitz and Napoleon.

<sup>11</sup> Walter Kiechel, The Management Century, Harvard Business Review, 2012.

<sup>12</sup> Pankaj Ghemawat, Competition and Business Strategy in Historical Perspective, Business History Review 6, p 37-74, 2002.

<sup>13</sup> Lawrence Freedman, Strategy, A History, 2013.

<sup>14</sup> “Avoiding competition is a condition, or more precisely, a frame of mind that more should aspire to. Making strategy about competitors can be highly destructive.”, Walter Kiechel in The Lords of Strategy, 2010.

<sup>15</sup> See f.e. Martin Reeves et.al. Navigating the dozens of different strategy options, Harvard Business Review, 2015.

<sup>16</sup> For an overview see Henry Mintzberg et al., Strategy Safari, 1998.

increasingly VUCA<sup>17</sup> world and which in some cases might lead to paradoxes. Decisions that have far-reaching consequences often made with limited supportive data and within relative short time frames. Choices made by people at all levels of the organisation that should be guided by a clear framework, a realistic and executable strategy that has been well discussed, clearly communicated and largely understood as well as broadly accepted throughout the organisation. A strategy that has a clear and strong strategic intent that serves as the unattainable goal and could function as inspiration, guidance and ambition. A strategy that incorporates not only a clear understanding of the challenges and anticipated rewards but also includes the necessary actions, allocated resources, steps, milestones, responsibilities, identified knowledge gaps and risks which should all be an inevitable and undisputable part of any strategy worth that title. A strategy that provides answers to or a framework for the ‘what-does-it-mean-on-monday’ question for everyone involved.

Most strategies focus on monetary aspects, operational consequences, implications for the market, the competitive position and shareholders’ return. In the current day and age strategy should also address the socio-economic relevant topics of ESG, CSR and SDG<sup>18</sup>. The goal of strategy in a business environment is and remains however to increase the so-called customer delight, activate and stimulate the accessible potential of the organisation and advance the long-term possibilities of growth and progress. It also has to ensure that it will attract talented people who collectively can achieve the objectives of the organisation and find fulfilment of their personal ideals. It is therefore that strategy should address any aspect that has an impact on customers, employees and the environment it operates in or that it affects. Strategy is stakeholders management not predominantly shareholders<sup>19</sup> gratification.

The Seven M’s of strategy ... or how it can be articulated, might materialize and could be managed.

**Mourkogiannis :** In his book Purpose, the Greek American lawyer, management consultant, former lecturer at the Harvard Business School and writer, Nikos Mourkogiannis<sup>20</sup> makes a compelling and convincing argument that purpose is the most important aspect of any business and therefore an important subject of strategy and implementation. Whereas purpose would be the internal driver of why we do exist as an organisation, the strategic intent is more the expressed, concrete aim of what the organisation is trying to achieve in the long term. They do however go hand-in-hand. Purpose also taps into the motivators of Daniel Pink in his book Drive<sup>21</sup>. Dubbing it motivation 3.0, the author defines three elements that drives people to participate to the fullest; autonomy, the wish to direct our lives, mastery, the desire to become better at things that are relevant to us and purpose, the aspiration to do contribute to something larger than ourselves. Strategy is then the way the organisation aims to attain its purpose, involves and directs committed people, completes its mission (or what do we do) and accomplishes the strategic intent.

The chapter will cover subjects like purpose, mission, culture, the umwelt, ESG and strategic intent.

**Merlin :** The Welsh magician and counsellor to King Arthur. The wizard or druid who could tell what was going to happen in the future because, according to the legend,<sup>22</sup> Merlin was living backward through time. Born in the future Merlin lived his life in the opposite direction than everybody else and could therefore remember the future. Based on this mythical figure Charles Smith created the concept of The Merlin Factor<sup>23</sup>. The ability

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<sup>17</sup> VUCA is the acronym for volatility, uncertainty, complexity and ambiguity. See more in Bennet, Lemoine, What VUCA Really Means for You, Harvard Business Review, 2014 / Roger Martin, "Strategy in a VUCA world", Strategic Direction, Vol. 29 #10 p 32 - 34, 2013 / Bennet, Lemoine, What a difference a word makes. Business Horizons, 2014.

<sup>18</sup> ESG: Environmental, Social & Governance, CSR: Corporate Social Responsibility and SDG: Sustainability Development Goals as defined by the United Nations.

<sup>19</sup> Or analysts, as that would be even worse. For an interesting perspective see Michael Raynor, End shareholder value tyranny: put the corporation first, Strategy & Leadership, Vol 37 #1, p 4-11, 2009.

<sup>20</sup> For more info see nikos.com

<sup>21</sup> Daniel H. Pink, Drive: The surprising truth about what motivates us, 2009.

<sup>22</sup> See The once and future king and The book of Merlyn by T.H. White.

<sup>23</sup> Charles E. Smith, The Merlin Factor: Leadership and Strategic Intent, Business Strategy Review, Vol.5 #1, p 67-84, 1994.

to see the potential of the present from the point of view of the future. With the vision being where the company wishes to go, a strategic intent that shows which concrete aspiration the organisation aims to achieve, it is up to the leadership to paint an appealing picture of the future that involves employees as well as other stakeholders and motivates them to become part of the journey of co-invention, engagement and practice / implementation. The Merlin Exercise as introduced by Fulmer and Franklin<sup>24</sup> is then planning backward from this envisioned future to determine feasible and effective actions today and tomorrow. And while doing this avoiding what Amy Webb<sup>25</sup> calls the entropy of strategy that often plagues strategic processes where long-term challenges are being addressed with short term solutions. It is a leadership task to not only be the ambassador of this envisioned future but to make sure that everybody in the organisation sees and preferably believes the depicted possibilities and becomes involved and enthused in what his or her contribution could be on the path getting there. As we will see is this very much in line with the already mentioned strategic intent from Hamel & Prahalad<sup>26</sup> and is complementary to the strategic staircase from Hay & Williamson<sup>27</sup> that shares many similarities with the Merlin exercise.

Vision, future, imagination, unexplored potential and the path-to-purpose are covered in this chapter.

**Machiavelli / Moses :** It could also have been the M from management but that would sell it short as the third M stands for leadership and execution. Strategy is very much a subject that requires the active involved participation of the whole organisation and hence it is very much a matter of leadership. Although both Machiavelli and Moses might raise some eyebrows as the first is often incorrectly viewed as the evil instigator of the adage ‘the end justifies the means’ and the latter is sometimes thought of as a reluctant religious middleman who led his people<sup>28</sup> out of Egypt but into the desert for 40 years. Both however have contributed to the insights as to what it takes to be an effective and engaging leader that not only leads people with a clear purpose and direction but more importantly takes care of those that are in their care. As has been explored in countless studies and captured in an endless stream of books and articles, is it the execution done by all that effectuates the intent as laid out in a strategy. Trust, respect and psychological safety are then cornerstones of the culture and processes that should be supported by a ruthless consistency<sup>29</sup>, with a clear aim for autonomy based on mastery and well laid out authorities for decision making throughout the organisation that will drive implementation and cascading of the strategy.

Subjects in this chapter are leadership, people, decision making, ethics, rules, structure and trust.

**Michael :** When contemplating the crafting of strategy one cannot escape Michael Porter, Michael Raynor, Michael Mankins, Michael Rukstad, Michael Watkins, Michael Canic and Michael Hay. Hence the M from Michael. Obviously, there are a number of other experts worth mentioning when looking at strategy formulation. The already earlier mentioned Roger Martin from the Rotman School of Management. Donald Hambrick & James Fredrickson who developed the Strategy Diamond<sup>30</sup>, one of the best strategy tools available for strategy formulation<sup>31</sup>. Michael Hay and his co-author Peter Williamson wrote the article outlining the concept of the strategy staircase<sup>32</sup> which turned out to be a widely used and often quoted academic paper. Studying strategy without including Michael Porter, who is considered the ‘king of strategy’ is not an option.

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<sup>24</sup> Robert Fulmer & Stephen Franklin, The Merlin Exercise: Create your future through strategic anticipatory learning, Journal of Management Development Vol 13 #8, p38-43, 1994.

<sup>25</sup> Amy Webb, How to do strategic planning like a futurist, Harvard Business Review, 2019.

<sup>26</sup> Gary Hamel & C.K. Prahalad, Strategic Intent, Harvard Business Review, 1989.

<sup>27</sup> Michael Hay & Peter Williamson, Strategic Staircases: planning the capabilities required for success, Long Range Planning Vol 24 #4 p 36-43, 1991.

<sup>28</sup> According to various sources the number of people could have been between six hundred thousand and one million.

<sup>29</sup> Michael Canic, Ruthless Consistency, 2020.

<sup>30</sup> Donald C Hambrick & James W Fredrickson, Are you sure you have a strategy? The Academy of Management Executive, Vol 15 # 4, p 48-59, 2001.

<sup>31</sup> As their model also addresses some often overlooked but fundamental aspects of strategy; distribution and pricing.

<sup>32</sup> Michael Hay & Peter Williamson, Strategic Staircases: planning the capabilities required for success, Long Range Planning, Vol 24 #4, p 36-43, 1991.

As the ‘father’ of the positioning school, he has contributed greatly, especially in the area of analysis and industry context. Having been educated in the late 80’s and early 90’s myself; Michael Porter, Henry Mintzberg, Gareth Morgan, Igor Ansoff and Karl Weick were very much on the menu<sup>33</sup>. Luckily the scope has been widened and many great scholars now contribute to the conversation. As previously stated, Rita McGrath and Eric Beinhocker have widened the scope of the field. But also Prahalad, Hamel, Collis, van den Steen, Reeves, Haanaes, Bradley, Leinwand, Mainardi, Bet-David, Montgomery, Kaplan, Liedtka, Christensen, Sorensen, Markides, Kim & Mauborgne, Collins, Porras, Clark, Grove, Duggan and Bungay have all published valuable contributions on strategy formulation, strategic thinking and strategy execution<sup>34</sup>. With Porter for analysis<sup>35</sup>, Raynor for context and guidance<sup>36</sup>, Hambrick & Fredrickson as assistance when pinning down what your strategy is, Reeves, Haanaes and Sinha will be counselling with their Strategy Palette<sup>37</sup> that is useful while implementing and executing. This chapter could also have been called ‘money’ as strategy and finances should go hand in hand from begin to end. No, strategy is not the afterthought in a budget-meeting at the end of the year and the monetary aspect is not a stopgap that also has to be done when the strategy is finally put to paper. Finances have to be an integral part of the ideation and discussion<sup>38</sup>. Right from the start. Without the correct numbers, available (financial) resources and allocated budgets or without the bean counters on board, the strategy-ship will never sail.

Chapter content will focus on analysis, formulation, context and application of strategy, those for whom this is done and the money aspect from both a spending and receiving perspective.

**Medici** : The Medici’s, a wealthy family of bankers and merchants ruled Florence<sup>39</sup> between the 1434 and early 1700<sup>40</sup>. They are considered the fathers of the Renaissance as they brought people together from various fields of expertise making Florence the cultural centre of Europe. Lorenzo the Magnificent especially commissioned works to famous masters like Leonardo da Vinci, Botticelli and Michelangelo. It is the interdisciplinary interactions and cross-cultural stimulus which lead to not only divergent thinking<sup>41</sup> but also what is called serendipity<sup>42</sup>. It is what happened during the Renaissance in Florence under the rule of the Medici’s that inspired a book from Frans Johansson called ‘The Medici Effect’<sup>43</sup>. He shows that many innovations and revolutionary ideas have found their origin in combining concepts with new unrelated fields. When it comes to one of the important pillars of strategy, innovation, NPD and differentiation, we have to look at the Medici effect to guide the efforts in creativity, market research, R&D, innovation and product development while constituting valuable relevant advantages that not only realize a company’s purpose but also drives commitment, position and profitability. Strategy should not only facilitate a culture of creativity and innovation but actively drive, what Daniel Pink calls mastery and subsequently close the knowledge, effects and alignment gap as identified in the assessment of the current capabilities, actions as well as achievements and the strategic intent<sup>44</sup> while at the same time ensure the three horizons of growth<sup>45</sup> are being acknowledged and addressed.

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<sup>33</sup> Unfortunately, Alfred Chandler, Peter Drucker, Jack Trout and Kenichi Omhae did not get the attention they deserve.

<sup>34</sup> This excludes books and articles on military strategy, negotiation strategy and politics.

<sup>35</sup> Michael E. Porter, Competitive Strategy, 1998, and The five competitive forces that shape strategy, Harvard Business Review, p 137-145, 1979 and What is strategy? Harvard Business Review, p 61-78, 1996.

<sup>36</sup> Michael E. Raynor, The Three Rules, 2013 and The Strategy Paradox, 2007.

<sup>37</sup> Martin Reeves, Knut Haanaes and Janmejaya Sinha, Your Strategy Needs a Strategy, 2015.

<sup>38</sup> For interesting articles on pricing, strategy and the impact on company performance see Andreas Hinterhuber, Customer value-based pricing strategies: why companies resist, Journal of Business Strategy, Vol 29 #4, p 41-50, 2008 and The six pricing myth that kill profits, Business Horizons, 59, p 71-83, 2016 and with Stephan M. Liouzu, The confidence factor in pricing: driving firm performance, Journal of Business Strategy, Vol 34 #4, p 11-21, 2013.

<sup>39</sup> Cosimo de’ Medici [1389-1464] established the Medici-rule. His honorary title was Pater Patriae (‘Father of the Nation’).

<sup>40</sup> Except two intervals between 1494 - 1512 and 1527 - 1530.

<sup>41</sup> See for example Mark Carter, Tap into your creative genius, Harvard Business Review, 2021 and Thomas Malnight, Power of divergent thinking, IMD-article, 2019.

<sup>42</sup> See for example Dew, Serendipity in Entrepreneurship, 2009 / Van Andel, Serendipity: Expect also the Unexpected, 1992.

<sup>43</sup> Frans Johansson, The Medici Effect, 2004.

<sup>44</sup> Stephen F. Bungay, The Art of Action, 2010.

<sup>45</sup> Mehrdad Baghai, Stephen Coley & David White. The alchemy of growth, 1999. And also see mckinsey.com

Chapter subjects therefor are culture, innovation, intuition, creativity, divergent thinking and serendipity.

**McGrath** : Rita McGrath, the Columbia University professor<sup>46</sup> who states that transient advantages and paying attention to, what Andy Grove has coined inflection points<sup>47</sup> matter more today than the, previously so much heralded sustainable competitive advantages that are less sustainable in today's dynamic, uncertain and often globalised markets. Together with Eric Beinhocker<sup>48</sup> and Henry Mintzberg<sup>49</sup> she advocates a flexible and adaptive approach to strategy with a better understanding of and more importantly an involved acceptance of what she calls disengagement, the process of moving out of an exhausted opportunity<sup>50</sup>. Both looking for transient advantages and dealing with letting go requires knowledge. Individual learning as well as organisational learning<sup>51</sup>. It creates a state which Beinhocker calls a culture of restlessness and discomfort with the status quo. Learning is than not optional but a requisite for survival and more so for success. This also includes an often-difficult subject of dealing with the organisation's Cassandra. She was the Trojan priestess who could make accurate predictions about the future without ever being heard or acknowledged<sup>52</sup>. Strategists need to pay close attention to Cassandras as they can be a warning signal of impending trouble or turmoil. They often are also the ones who spot the trends and, to paraphrase McGrath, see around the corner. In the quest for differentiation while dealing with uncertainty one should also be aware of the paradox<sup>53</sup> that making a real choice and avoid the muddling through with a betting-on-everything-approach that many leaders end up choosing, could lead to big wins but also to big loses. Here also applies the assertion from Day & Fahey that one should value strategy, not (just) projects<sup>54</sup>. The aim and effort of achieving a worthwhile valuable and differentiated position is a daunting task that sometimes can be arduous but if attained also tremendously gratifying.

Takeaways from this chapter could be learning, creating of (transient) advantages for customers, the unceasing search for differentiation, positioning, the influence of timing<sup>55</sup> and new product development.

**Moltke** : The last M is originating from Helmuth von Moltke<sup>56</sup>, the Prussian field marshal who led his army to victory in the battle of Koniggratz in 1866 and in the Franco-Prussian war of 1870. He was chief of staff of the Prussian army<sup>57</sup> for 31 years and continues to influence military thinking of for example the German and American armed forces until today<sup>58</sup>. According to Peter Drucker 'The Prussian Army was as much a marvel for the world of the 1870's as Henry Ford's assembly line was for the 1920's.'<sup>59</sup> In a paper about the operational leadership of von Moltke, prepared for the Naval War College, Lieutenant Colonel Gary Ohls concludes that 'his greatness resulted primarily from superior management skills which he applied in a manner never surpassed before or since.<sup>60</sup> Von Moltke considered strategy to be a pattern of thought rather than a series of procedures<sup>61</sup>.

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<sup>46</sup> Rita McGrath, Seeing around corners, 2019 and The end of competitive advantage, 2013 See also ritamcgrath.com

<sup>47</sup> Andrew Grove, Navigating Strategic Inflection Points, Business Strategy Review, Vol 8 #3, p 11-18, 1997.

<sup>48</sup> Eric D. Beinhocker, Robust Adaptive Strategies, Sloan Management Review, 1999 and Strategy at the Edge of Chaos, McKinsey Quarterly, 1997.

<sup>49</sup> Henry Mintzberg, Of Strategies, Deliberate and Emergent, Strategic Management Journal, Vol 6, p 257-272, 1985.

<sup>50</sup> Howard Yu & Thomas Malnight, The best companies aren't afraid to replace their most profitable products, Harvard Business Review, 2016.

<sup>51</sup> Henry Mintzberg is the unofficial 'captain' of the learning school, putting people in the center as conceivers of evolving patterns.

<sup>52</sup> She warned against bringing the horse into the city, but nobody listened. With dire consequences for the Trojans.

<sup>53</sup> Michael E. Raynor, The strategy paradox, 2007.

<sup>54</sup> George Day & Liam Fahey, Valuing Market Strategies, Journal of Marketing Vol 52 p 45-47, 1988 / Rose Hollister & Michael Watkins, Too many projects, Harvard Business Review, p 64-71, 2018 / Clayton Christensen, Stephen Kaufman & Willy Shih, Innovation killers: how financial tools destroy your capacity to do new things, Harvard Business Review, p 98-105, 2008.

<sup>55</sup> Daniel H. Pink, When; the scientific secrets of perfect timing, 2018.

<sup>56</sup> Also called Helmuth von Moltke (the elder), [1800-1891], To differentiate him from his nephew Helmuth [1848-1916]

<sup>57</sup> Nearly one million men and according to Arden Bucholz the largest industrial workforce in the world at that time.

<sup>58</sup> Peter Paret et al., Makers of modern strategy, Chapter 11, 1986.

<sup>59</sup> Peter F. Drucker, Managing in a Time of Great Change, 1995.

<sup>60</sup> Lieutenant Colonel Gary Ohls, US Marine Corps Reserve, The operational leadership of Helmuth von Moltke, 1994.

<sup>61</sup> Daniel J. Hughes, Moltke on the Art of War; selected writings, 1995.

The so called ‘auftragstaktik’<sup>62</sup> made sure that staff and commanders understood the intent but were free to act based on the situation at hand. ‘No battle plan survives contact with the enemy’ was his often-quoted tenet. The established system of expedients advocates making advantageous choices in light of the intent that are opportune in the moment and under the then transpiring conditions<sup>63</sup>. Von Moltke’s adamant insistence on training in and education of strategic thinking, that he partly did himself for a period of time, not only brought the Prussian army numerous efficient<sup>64</sup> victories but is equally applicable in the context of a business strategy<sup>65</sup>. It prepares and emboldens people on the ground to deal with uncertainty<sup>66</sup> and make these calls, that sometimes can be deviations or improvisations, without too much hesitation and fear of reprimand. The psychological safety that according to Amy Edmondson<sup>67</sup> is so crucially important to maximize employee input and commitment, was accomplished by von Moltke through preparation, freedom to operate and confidence. Without forgetting to build in the necessary feedback loops he created a culture of experience, trust and a positive open mind. It is what Konosuke Matsushita<sup>68</sup>, founder and long-time leader of Panasonic calls ‘the Sunao Mind’. Von Moltke’s insights are also a valuable contribution in the process of strategy execution. Discourse is therein a valuable conduit as it will help to improve the arguments for and understanding of a strategy. In both formulation as well as in the execution<sup>69</sup>. Last but not least, von Moltke’s interest in and use of (new) technologies like the railroad or telegraph could be an example for many leaders and organisations. It created tremendous challenges, took considerable amounts of von Moltke’s time and involved making mistakes but surely has contributed significantly to many of the successes. It can’t be that big a surprise that in 1899 von Moltke was voted the to be the century’s greatest thinker by the readers of the Berliner Illustrierte Zeitung<sup>70</sup>. Not a small feat with Darwin, Kant, Schopenhauer and Nietzsche as contenders.

Matters that will be covered in the last chapter are the people who do the actual work, the role of luck, culture, values, strategic thinking, structure and the importance of aligned and informed execution.

#### *The seven M's recap*

With a purpose and vision under enabling and encouraging leadership composing a strategy that configures the capabilities of the organization for creative construction, continuously generating transient advantages that create customer value while applying the ‘auftragstaktik’ as a system of expedients to shape, qualify and prepare a capable, committed and caring organization that delivers sustainable success and reasonable returns.

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Image credits<sup>72</sup>

<sup>62</sup> For more info see auftragstaktik.eu

<sup>63</sup> For an interesting perspective on the consequences for the person in charge see The President’s Paradox by Carter F. Bales, 1977

<sup>64</sup> The Prussian and subsequent German army did a much better job than other countries. In a ratio of 1:4 where it involved death and casualties. This has been credited to the Auftragstaktik as proposed, promoted and implemented by von Moltke.

<sup>65</sup> Hans H. Hinterhuber & Wolfgang Popp, Are you a strategist or just a manager? Harvard Business Review, 1992.

<sup>66</sup> According to Eberhard Kessel, von Moltke ‘proved the perfect master of the calculable and the unpredictable.’

<sup>67</sup> Amy Edmondson, The role of psychological safety, Leader to Leader, Spring 2019 and Psychological safety and the critical role of leadership development, McKinsey Quarterly, 2021.

<sup>68</sup> Morgen Witzel, Key figures in management, 2003, and John Kotter, Matsushita Leadership, 1997 or panasonic.com

<sup>69</sup> See the Sloan article Why good arguments make better strategy and Making great strategy by Sorensen & Carroll, 2021.

<sup>70</sup> Arden Bucholz, Moltke and the German Wars 1864-1871, 2001.

<sup>71</sup> Maurits has a bachelor’s degree of the Technical University [HTS Rijswijk] and a master’s degree in business administration [Erasmus University Rotterdam]. Between 1994 and 2021 he was MD and responsible for strategy, product development and marketing & sales at a mid-size SME (200 FTE) with worldwide distribution and manufacturing facilities in Holland and the US.

<sup>72</sup> Images sources; Mourkogiannis: source = wikimedia/Vpan80 | Merlin: source = timelessmyths.com/Julek Heller 1990 | Moses: title = Moses Breaking the Tablets of the Law (1659) by Rembrandt, source = google arts/bpk | Michael: Michael E. Raynor, source = businessday.ng/Okefor Endurnce | McGrath: source = ritamcgrath.com/RMG Group | Medici: Cosimo de’ Medici, source = wikimedia/uffizi collection | Moltke: Helmuth von Moltke (the elder) source = wikimedia/hulton archives