



# What Can Hedgehogs Teach Us About Strategy?

Discover Who You Are

This article examines the distinction between strategic planning and strategic thinking by asserting that true strategic thinking involves a process of discovery. The article defines strategic planning as analysis and suggests that strategic thinking is the synthesis needed to complete analysis. Hughes and Beatty's strategic thinking model is explained with the distinction of *who we are* explored. Collin's *Hedgehog Concept* is presented as a method for discovering this important distinction.



The very word strategy offers up connotations of planning and images of executives in suits and ties sitting around a large table at an off-site meeting facility and laying down quarterly objectives. These executives pour over data regarding what products are profitable and unprofitable. They then examine estimates about what opportunities the future of the market holds for their current and future products. Finally, they emerge from their off-site cave with a step-by-step guide for the rest of the hierarchy to implement. While this scene is played out in organizations across all industries, it may not be the best way to develop a strategy. The key to developing a real, viable strategy may not be to craft a simple strategic plan, but to learn how to think strategically. To begin, leaders must learn how to think like a hedgehog.

## Strategic Planning

The introductory scene represents the commonly followed process of strategic planning. While numerous theorists and consulting agencies have developed different models of strategic planning, most methods of planning focus on the same essential elements: run a Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis, establish objectives, and create organized steps toward attainment. This model is typically adopted because its formal process fits neatly inside formal organizations. However, many criticisms of formal strategic planning have arisen over the years. Martin argues that valid strategy employs a creative synthesis of two contrasting logics (*where to play and how to win*), rather than one simple, linear analytic process. Mintzberg,





Ahlstrand and Lampel expand on this idea when they write “Because analysis is not synthesis, strategic planning has never been strategy making.” Strategic planning is merely analysis, and without a proper synthesis of various positions, estimates and objectives, there is no value in analysis alone.

### In Search of Synthesis

Hughes and Beatty explain that analysis is examining the component parts of a system while synthesis focuses on the combination of separate elements within their complex system. Consider the analogy of a play, individual parts can be broken down and lines memorized (analysis). However, it isn’t until the actors take the stage together that the audience can begin to see and appreciate the interaction of the various characters (synthesis). As mentioned above, in order to be of value, a strategy must engage analysis and synthesis. Strategic thinking provides this engagement.

Strategic thinking refers to the cognitive processes needed to collect information, interpret it and generate ideas that will help develop and sustain an organization’s competitive advantage. Strategic thinking (alongside strategic acting and influencing) has been identified as one of three core elements of strategic learning, or strategy as a learning process. Strategic learning provides organizations with more rounded and valuable strategy than planning alone.

The strategic learning process involves five fundamental steps:

- ◆ Assessing where we are. Collecting relevant information and interpreting the competitive environment.
- ◆ Understanding who we are and where we want to go. Developing an understanding of the organization’s identity and its aspirations.
- ◆ Learning how to get there. Determining the vital elements of strategy.

- ◆ Making the journey. Implementing the tactics of the strategy.
- ◆ Checking our progress. Reassessing performance and reevaluating aspirations.

At first glance, strategic learning may look similar to the standard planning process. However, there is one important difference. Where traditional planning concerns where we are and where we want to go. Strategic learning adds who we are to the equation. This addition creates the difference between a process of determination (planning) and a process of discovery (thinking and learning).

### Thinking Like a Hedgehog

The process of discovery is something many organizational leaders may be unfamiliar with. Leaders can begin by examining the organization and developing their own hedgehog concept. The hedgehog concept was first proposed by Jim Collins, who borrowed the term from historian Isaiah Berlin, who borrowed his inspiration for the title from the Greek poet Archilocus, who wrote “the fox knows many things, but the hedgehog one great thing.” The hedgehog concept is a solid, crystal-clear concept of the organization that drives all its efforts. Collins recommends that leaders discover their organization’s hedgehog concept by examining where the answers to three questions merge:

- ◆ **What can you be the best in the world at?**  
Beyond just core competencies, the answer to this question is what competencies the organization can do better than every other competitor (which may or may not be something the organization currently does).
- ◆ **What drives your economic engine?**  
A single denominator (profit per x) that drives the organization’s cash flow and profitability.
- ◆ **What are you deeply passionate about?**  
What activities ignite the passion of the organization enough to focus solely on if need be.

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Hughes and Beatty suggest that great strategic thinking is not birthed from a determination to achieve objectives, but rather a discovery of what objectives the organization is best suited to pursue. Collins makes the important distinction that a hedgehog concept is not a goal or a plan to be the best at something; rather, it is an understanding of where you are now and what that can lead you to. Regardless of the strategic process used by executives, it must begin from a strategic thought process rooted in an understanding of who we are. It is only after the discovery of a hedgehog concept, or who we are, that the organization can determine where we want to go and begin learning how to get there.

Consider now the infamous example of Jack Welch and General Electric. Welch developed and enforced a policy that required all GE businesses to be either

first or second in their field, or else the business would be sold off or closed. While this strategy was intended to leverage competitive advantage, it had the effect of forcing senior management to examine the company and determine, GE was what at best in the world. Jack Welch describes just how difficult some of these questions were to find answers to:

“Where we are not number one or number two, and don’t have or can’t see a route to a technological edge, we have got to ask ourselves (management theorist) Peter Drucker’s very tough question: ‘If you weren’t already in the business, would you enter it today?’ And if the answer is no, face into that second difficult question: ‘What are you going to do about it?’”

While these questions pre-date those described in Collins’ hedgehog concept, the parallels are apparent. Welch and his senior team were asking questions that

pertained to who we are in addition to where we are. They were engaged in a process of learning and discovery, not merely a process of planning.

### Conclusion

There is more to strategy than making forecasts and setting objectives for the future. In order to achieve and sustain a true competitive advantage, organizations must distinguish between strategic planning (analysis) and strategic thinking (synthesis). Organizational leaders can expand on analysis by pursuing synthesis and developing a hedgehog concept to discover an answer to who we are. By developing a hedgehog concept, leaders will have a solid foundation from which to determine a competitive advantage and a winning strategy. ☺

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