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What Makes Strategy Possible: An Illustration Using Paper and Scissors

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ABSTRACT

Exercises in experiential learning are designed to help the participant or learner “experience” a concept firsthand. These exercises should be designed to facilitate or add to the participant’s learning process. Furthermore, the more tangible the end result of the exercise, the greater the chances the person will be able to “take something” with them. This exercise is designed to illustrate concepts in strategy development and implementation. Given the changing nature of today’s competitive environment, it is important that we do three things in making strategy possible: exercise our imagination and our ability to think “out-of-the box”; be able to induce logic and begin to reason connections between factors that just a short time ago seemed unrelated, and finally to have a degree of understanding and comprehension if not only of the parts, but of their effect on the whole. The exercise should take place very early in the course so that the various aspects can be referred to as those concepts present themselves throughout the course.

INTRODUCTION

There are three things that make the development and implementation of strategy possible. These are imagination, logic, and understanding. They serve as an underlying basis of discussion of various how’s and why’s of strategy development, industry or external analysis, and internal analysis as well as of application to the exercise itself.

Crafting a strategy requires both synthesis and analysis, and therefore is as much an analytic as a creative act. (deKulyvor, 2000) Synthesis, as defined by Webster, is “the combining of separate elements or substances to form a coherent whole; the reasoning from the general to the particular; a logical deduction.” Analysis is also defined by Webster as, “the separation of an intellectual or substantial whole into constituents for individual study.” It is these vehicles, (synthesis and analysis) by which imagination, logic, and understanding contribute to strategy.

The remainder of this paper will attempt to illustrate the connection between various aspects of the exercise (Exhibit 1) and these components relative to strategy’s concepts.

METHODOLOGY

Abilities and Capabilities;

Imagination: The Ability to Think

Albert Einstein was quoted as saying, “Imagination is more important than knowledge, because knowledge is limited, whereas imagination embraces the entire world”. (Raudsepp, 1960) To that extent, imagination would necessarily require that the person would have the ability to think. There are two general types of thinking that can be associated with imagination; traditional or “In-the-Box” thinking and nontraditional or “Out-of-the-Box” thinking. “In-the-Box” thinking is thinking that may require little or no imagination. In this respect, we may do things through the normal course of action by which we have been accustomed, but not to go past what we already know or what we feel to be comfortable. This can be thought of in terms of doing things by rote, or second nature, where very little, if any, thought is given to the action. Risk associated with this type of thinking, in this sense, is minimized.

In the realm of strategy, “In-the-box-thinking” is analogous to keeping up with the competition and answering questions of: how do we maintain our competitive advantage with what we have currently? In essence, we eliminate the question of what can be... and concentrate on the what is..., and what has....?

Out-of-the-Box thinking, on the otherhand, may require considerably more (a higher degree of) thinking, at least quality-wise. “Out-of-the-box” thinking requires doing things not only better, but different than the competition, sometimes radically, and other times not. It also means that we are trying to create the environment where we want to exist, and the means by which we can make that a reality. This requires a degree of creativity. Creativity is a process of questioning assumptions and challenging beliefs, resulting in new or different ways of doing things. There are three types of creativity that can be associated with this type of thinking: (1) Creation – where a new thing comes into being, (2) Synthesis – where previously unrelated things are joined, and (3) Modification – a thing is improved or gains a new application. (<http://www.personal.psu.edu/users/h/x/hx1120/creat.html>).

The competitive environment in which we operate has an ever-increasing dynamism. The old rules by which we operated are quickly becoming no longer valid. “Out-of-the-box” thinking can allow or assist us in developing not only different strategies, but also better ones. Here,

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imagination plays a much larger role in that it requires one to begin to apply additional thought processes to the situation. These additional processes are the second factors of Logic (the ability to reason), and the third of Comprehension, (the ability to understand). This is not to say that these factors are not present during 'In-the-Box' thinking, but that their presence is greater felt when exhibiting "Out-of-the-Box" thinking.

In terms of the exercise, students were instructed to pick a piece of paper from a stack that was offered to them. The stack of paper was fan presented and contained many colors. There are far more pieces of paper than students in the class. They were then asked to fold the paper in half. No direction was given them as to how to fold it. They were asked to fold the paper in half again, and in half again. Participants either folded the paper length-wise or width-wise. "In-the-box" thinking can be exhibited at this point in one of two ways: first by folding the paper (along traditional lines) without asking how to fold it, thereby doing things by rote; secondly, by asking how to fold the paper. When the latter occurs, some structure of "In-the-box" thinking is present by their mere asking.

There is, however, a third way in that a piece of paper can be folded in half. To fold in this manner would have the person taking diagonal corners and matching them. The result would be an irregular shape, but one of halves, nonetheless. This third type represents "Out-of-the-Box" thinking and carries with it a greater degree of risk than the traditional method. When you fold the paper in half again an interesting situation arises. Although there are no overlapping corners, we do find that all four parts are now no longer of equal size. Of the four parts that now exist, there are two pairs of equal parts. It is here that we find both illusion and illustration.

The illusion is that even though the situation would appear normal from the outside, or what can be seen with the naked eye, what is not noticeable is where the real risk is involved. The risk you may encounter is present and hidden, and you can be limiting yourself in ways that you had not thought about or can readily see. The assumption that is made is that you would have segments of equal size so long as the edges would line up. The reasoning behind this is that because of the nature of the folds, you can limit yourself in the options that you present as a consequence of this action and many times not being conscious of the results. It would take an astute person to realize this, to look beyond what is seen, to question, and to consider the second factor, Logic: The Ability to Reason.

After folding the paper in half three times, the students are then asked to cut off any two corners. Again, no direction is given as to how much to cut or which corners to cut. They are then asked to unfold their pieces of paper and to hold them so others may see what they have done.

Logic: The Ability to Reason

Reasoning is the ability to see how something is constructed, to be able to put the pieces together borne by

one's imagination and ability to think into some semblance of order. Logic, in this sense, helps us to see these events and the order of these events as a whole.

When looking at their pieces of paper, the students were asked to consider two issues. The first concerns itself with the shapes that emerged, and secondly, the order or justification on how they arrived at that shape. The students are asked to think about the series or order of events (i.e., why the paper was folded the way it was and in the cutting of the two corners) that helped them construct the final shape or event.

There are eight possible paths that one can take in folding the paper before cutting the corners. (Table 1) A major question for consideration in arriving at the final event is: was the same pattern of folding followed throughout or did you switch methods of folding for the second and third fold? The logic and reasoning (order) that we exhibited will be a major determinant of the strategy we construct and of the world (future) in which we envision. For example, if we fold the paper in the same manner each time, does that infer that we prefer things to be predictable and uniform (patterns 1 and 5). Likewise patterns 3 and 7 would be one who exhibits a greater degree of risk.

Looking at the various shapes when grouped by shape, consideration should be given as to how do we look to others. The trimming of the paper has various logical connotations in this respect. The similarity of the shapes are representative of companies each with similar, but not the same capabilities, and of course, are of different sizes. For example, trimming would be representative of the amount of downsizing that would be required of a company as part of a turnaround strategy. The reasoning behind this sort of action would be that does this, or would this, translate into a higher level of aggression in both formulation and implementation. The amount that is cut off or trimmed can be directly related to a level of aggressiveness and thought we give to constructing and developing strategy and in our reasoning behind it. A major question here is, how much thought was initially given to how much was trimmed initially? Subsequent questions that can be posed are: why did you cut off as much as you did?; what was your reasoning behind it? When these questions were posed, a majority of students said that they either don't know, or just that it "felt good". One student explained that they had cut off a little bit now, so that if needed in the future, they could cut off more.

Understanding: The Ability to Comprehend

Comprehension begins with perceiving the nature of what is known, to grasp it mentally and to have knowledge of its significance. There are two issues that need to be addressed to gain an understanding of a current situation. These issues are first, to think about the current event, the sub-events and their order of occurrence that led to a given end-state and, secondly, to look around and see what can be done to improve your current position (i.e., what options are available to you). In other words, analysis.

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In terms of this exercise, the current event is the final shape of the student's paper, and the sub-events are the individual folding and cutting of the corners. Improving one's position would entail looking at ones-self in the context of others in the same situation and deriving a course of action for that context.

Addressing the first of these two issues shows the synthesis present when using one's imagination and logic. In addressing the latter of these issues, students are asked to move into new groups that have the same color paper and then to look at others in the same group. They are asked to notice and compare their shapes with others. The color paper is representative of an industry whose competitors (participants) may be a firm whose core competence is similar to yours (concentric diversification) or firms whose core competence lies somewhere else (conglomerate diversification).

An example would be if competitive or industry conditions were such that the firm had to add, through merger and acquisition, to the corporation in order to become more competitive. Issues arising in this scenario would include how much "scotch tape" would be required to bring the firm to a ready state of competitiveness, and would that "scotch tape" hold? In other words, how would you go about piecing an organization together to achieve a certain degree of competitiveness and capability? The significance of one's earlier actions becomes apparent when a firm is trying to make a decision such as to remain in an industry or to leave it.

Conclusion

Experiential learning can be a very powerful tool for illustrating concepts and issues that are present in our course material and through our courses. How we construct and use these exercises and to what degree and level we take these can have a very profound effect on students' learning and understanding. These exercises, therefore, need not be overly complicated or involved. The main purpose of this type of exercise is to cause one to think and to reach a higher level of cognition in trying to understand what it is that we are trying to understand.

Bibliography

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Exhibit 1

Purpose: To illustrate various components of strategy by folding and trimming a piece of paper and abilities (thought making process) one must have in the development and implementation of strategy.

Materials: Colored Paper: limit the number of colors to around 10, but do not limit the numbers of each color.
Pair of Scissors

- Instructions:
1. Fan the papers and while walking around the room, offer each participant the opportunity to choose a piece of paper.
 2. After everyone has a piece of paper, instruct them to fold the paper in half. Questions on how to fold should be answered in this manner: "Fold it in half".
 3. Ask the participants to fold it in half again.
 4. Ask them to fold it in half again.
 5. Taking a pair of scissors, cut off any two corners.
 6. Unfold your pieces of paper and show them to others.
 7. Ask participants to:
 - a. Group themselves by type of shape, and ask them what they observe about the shapes, and ask them to reflect on the shapes and explain and discuss their significance.
 - b. Group themselves by color of paper. What do they observe now? Explain the relationships of the new grouping and ask them to reflect and discuss this situation.
 8. Have the participants keep their pieces of paper to reflect on when thinking, reasoning, and comprehending about courses of action.

Table 1
Fold Patterns

<u>Pattern</u>	<u>Initial Fold</u>	<u>Second Fold</u>	<u>Third Fold</u>
1	Length	Length	Length
2	Length	Length	Width
3	Length	Width	Length
4	Length	Width	Width
5	Width	Width	Width
6	Width	Width	Length
7	Width	Length	Width
8	Width	Length	Length