

**What is Strategy?**  
**An Ecumenical Theory**

Monte J. Shaffer

**September 10, 2007**

---

Monte J. Shaffer is a Ph.D. Student in the Department of Marketing at Washington State University. Address all correspondence to Monte Shaffer at Washington State University, Department of Marketing, PO Box 644730, Pullman, Washington, USA 99164-4730, (o) 509-335-1297, (f) 509-335-3865, (c) 509-592-7592, [monte\\_shaffer@wsu.edu](mailto:monte_shaffer@wsu.edu).

## **What is Strategy?**

### **An Ecumenical Theory**

#### **Abstract**

Much has been discussed about strategy, its process, and its actual application within a firm; however, as the literature suggests, a strategic theory is lacking that unifies the key principles of strategy into an ecumenical theory. Proposed is such a theory, the Fire Fox.

Chess serves as a strong metaphor for strategy. A player represents strategists within a firm, the pieces represent the internal resources of the firm, and the board represents the market. Strategists position their pieces in the market to create a value proposition. Key rules, principles, and configurations govern the moves made by a player in the game. Rules determine the movement of the pieces: taking turns, advancing, capturing, checking, mating, protecting, castling, promoting, and even special rules (*en passant*). Principles are common activities that indicate a deeper understanding of the game, allowing the player to exploit relationships of pieces on the board through basic configurations: gambits, forking, blocking, protecting, anchoring, pinning, attacking via discovery, etc. Advanced configurations represent a richer understanding of the game, distinctly allowing a superior player to disrupt the board: generally a carefully planned sequence of moves that decoy, deflect, and even sacrifice.

Games can be played both face-to-face and remotely, both formally (official rated events) and informally (friendly games); some lasting years while others finishing with minutes; some with *heated* opponent dialogues while others with only *tacit* communication; some with opponents who have played one another many times while others with opponents who know nothing about one another until they start playing the first game (See **Figure 1**). Many times, post-game data is carefully scrutinized to help the player improve: *openings* are categorized, *pivotal moves* are discussed and analyzed, and *end game* is evaluated. With this entire context, a player's approach can be optimistic, pessimistic, or realistic depending on the situated perceptions.

As a novice's peripheral participation becomes legitimate, worthy performance becomes appreciated and understood as much more than *mere tactics*. Greatness in chess, characterized

by acumen on both visual and logical dimensions, has been attributed to: Kasparov for longevity, Steinitz for hard work, Capa for natural talent, and Fischer for sheer bravado. Although considered a game of perfect information, *anticipation* and *awareness of positioning* in relationship to the fundamental rules, the intermediate principles, and the advanced configuration sequences define greatness, albeit not determining victory for a particular game. Victory can generally be predicted by analyzing the player's ability to dominate the control of turn-taking, literally stealing turns by forcing simple motion, reaction, or defensive recovery at opportune moments. (**Figure 2** illustrates the mystique of Fischer—making opportune moves at critical times to steal victories).

This rich metaphor has limitations: taking turns *against* a single opponent who also starts with identical pieces and positions with success defined as *killing* the opponent. Some enthusiasts of the game have created alternative forms to extend the appreciation for the unique blend of the visual and logical: 3-D chess, Fischer chess, and four-player chess. Most alterations extend the rules, principles and configurations; others (like four-player chess) completely disrupt both the principles and configurations, abstracting them into a game that becomes more dynamic and complicated. This abstraction of rules, principles, and configurations is well served to extend the chess metaphor into strategy. Such an abstraction reduces the limitations of strategy as a mere *war* game, allowing for expanding views into the global market (Nielsen 2005).

Generically, strategy is composed of the actions performed by a firm based upon the firm's perception of itself in relation to its environment; these actions are formulated and implemented to create (enhancement of past propositions can be viewed as new creations—

*creative destructions*) value propositions to the market. This abstracted definition is missing many elements debated in the literature: the economic underpinnings (Jacobson 1990) and their relation to the need for sustainable competitive advantage (Varadarajan and Jayachandran, 1999), the shift to Social Networks (Achrol 1999), and the distinctions and premises of the value proposition (Vargo 2004). With all of this discussion, a recent study (Gavetti and Rivkin 2007) of practical strategic processes reveals that a more generic and fundamental view of the origins of strategy needs to be understood (p. 436, emphasis added):

The world of action, the world of cognition, and their interplay are sensitive over time, and *our models need to incorporate their sensitivity*. In such considerations may lie the roots of an integrated view of the search for strategy—a synthesis of the evolutionary and positioning perspectives and perhaps, in time, other points of view.

This paper intends to analyze this interplay between cognition and action over time, to apply the integrated view of search to all of strategy, and to synthesize a much-needed theory (Rust 2006a; Varadarajan and Jayachandran, 1999) that allows for all points of view.

The agents within a firm will define the firm's concept of strategy and formulate actions to implement. Each actor involved in strategy development has experiences, personal values, intellectual acumen, culture, plasticity, and sociological power unique to them—the summary interaction of such becomes the *will* of the firm. Collectively, this *will* has unique perceptions about the market and about the internal potential of the firm to create value-propositions to the market.

Rather than trying to define strategy as a Universal Elephant (Christopher, 1995) to be placed into formulaic frameworks, the focus of strategy should shift to the agent actor, the

strategist as a Fire Fox (火狐, hǔo hú). Contrasted to the stoic, plodding, ne'er forgetting (Hedgehog) Elephant, the Fire Fox is dynamic, takes random walks, and always learning.

What exactly is a Fire Fox? Is it a fox? Is it a raccoon? Is it a bear-cat—or a cat-bear? Is it a panda? It all depends. The Fire Fox becomes an abstraction of the metaphorical attributes of fire and these animals (See **Table 1**), becoming amorphic or transformative. This shifts focus away from *what it is* to *what it can become*. Knowledge acquisition increases the Fire Fox's awareness and ability to anticipate, leading the Fire Fox to initiate new actions. These activities can be defined as the General Theory of Strategic Relativity: *Cognitive Action Over Time* (Gavetti and Rivkin, 2007):

- (1)  $A_t = S_t([FM \rightarrow v]_t)$  where  $A_t$  represents actions over time,  
 $S_t$  represents the strategist over time, and  
 $[FM \rightarrow v]_t$  represents the strategist's perceptions over time of the firm's  
resources and market conditions to create a value proposition to the market

Coordination between the Fire Fox's internal and external structure becomes the simplest case of strategy: e.g., *an agent acting based upon perceptions of the market and internal potentiality to create a viable value-proposition.*

This theory of strategy needs to first consider the personal perceptions as influencers on the agent's actions ("I perceive"). In marketing, strategy, or marketing strategy (Homburg and Workman Jr. and Krohmer, 1999), many have discussed the implications of varied perceptions. Jacobson (1990) discusses two common economic lenses; e.g., neoclassical and Austrian: *supranormal economic rents, by way of monopoly power, can only come from designing and implementing strategies that create barriers or supranormal economic rents, by way of entrepreneurial acumen, can only come from exploiting disequilibrium in the market* (etiological differences of Schumpeter and Kirzner are generalized). Achrol and Kotler (1999) challenge

such conventional economic theories and propose social network theories, adhering to Knowledge Management perspectives. Vargo and Lusch (2004) propose a relational, service-oriented view to traditional economic transactional views. Mintzberg and Lampel (1999) present a “Single Process” framework that utilizes the ten schools (and various blends) of strategy. Abstracted, these discussions are based on variance in philosophical underpinnings.

Second, the implications of the perceptions need to be mapped along an ontological continuum to identify the appropriate lenses and schools to consider (“My perceptions relate to these disciplines and frameworks”). Any perception can be represented as a point along a unidimensional Body-Mind ontological continuum (hereafter called the **cognitive-time** continuum), based upon the classical philosophical dichotomy (Universality-Cognitive Relativism continuum, with Phenomenology bisecting the continuum, Nihilism/Solipsism representing the null). Using the economic theory domain, **Figure 3** demonstrates the value of the continuum. Placing key descriptors along the continuum will help identify perceptions within economic theories, thereby revealing other potential perspectives and inducing awareness to the type of lens and tools being considered to address a given situation. In various contexts, the literature has been calling for the academic and professional world to look beyond the American traditions of strategy and see the larger continuum (to the right). This is analogous to a piano in that the keys along the lower octaves (left) have been thoroughly mastered without being aware of the existence of the upper octaves (right)—as appreciation for the entire repertoire occurs, acumen will follow.

An understanding of action along the **cognitive-time** continuum will help both academia and practitioners appreciate the dynamics of strategy as activities are implemented that fit the

perceptual context in which they are situated. For example, in the Lycos case (Gavetti and Rivkin, 2007), the executive's value system led to Universal strategic decisions (*make short-term profits* – formulaic econometrics) that did not align with the fashionable Relativistic dot-com strategy (*get big fast* – potentiality). At some point, based on the interplay among key stakeholders, *strategic cognitive dissonance* occurred, and the strategists' perception paradigm shifted to the right; leading to the implementation of a “me-too” strategy. The original strategy was not flawed, nor was the new strategy the correct one; rather, both were implications of perceptions. In this specific case, if a paradigm shift had not occurred (e.g., the new strategy was *inconsistent* with the cognition of the stakeholders), then this introjection could not have been successful.

Gavetti and Rivkin (2007) also discuss the importance of search, and its natural progression: local search (experimentation), deductive reasoning, and case-based reasoning (analogy and imitation)—which correlates to the chess metaphor's rules, principles, and configurations. Further, using evolutionary constructs, the dependencies of plasticity and rationality suggested by the authors can be decomposed to Peirce's four methods of knowing, which he called *fixation of belief* (Rosenthal and Rosnow 2008): plasticity as the methods of *tenacity* and *authority*; rationality as the *a priori* and *scientific* method. Finally, acceptance of a given search needs to be justified based on perceptual anchors: empirical content, rhetoric, perceptibility, and aesthetics (Rosenthal and Rosnow 2008). This extends cognition beyond mere search, into the entire realm of strategy.

An example serves to demonstrate this theory for a practitioner. Consider a small organic food company, whose optimal operation considerably defines its current viable market offering.

Historical strategic activities are etiologically based on very Universal constructs: reducing costs, streamlining distribution, increasing channels, POS promotions. Frameworks to understand the market would certainly include Porter's forces and SWOT analysis. But they want to grow, and through search have decided they want to create strategy around an idea they call *Viral Marketing* (leveraging existing social networks). Etiological reversal for this concept leads to Knowledge Management and Social Constructivism or Social Culturalization. Now ( $t=0$ ), they need to understand the frameworks for this new strategy, create viable activities consistent to these frameworks using the appropriate lenses and schools of thought. At this point along the continuum they are novices, barely understanding the rules of the game. A year from now ( $t=1$ ), general principles and basic configurations will have emerged as they have learned: increasing their understanding of the domain, and extending their perceptions of the market.

Using the Fire Fox Theory, schools become tools, disciplines become lenses to be used by the agent actor in the situated role to lead the firm to the market—properly applying the etymological origins of strategy (Greek *stratēgos* “leading an army”) to the business context. An activity becomes the mapping of this *lensed tool* onto the **cognitive-time** continuum; the diversification of such activities along the **cognitive-time** continuum will diversify risk and enhance a firm's plasticity as it continues to search for methods to enlarge its cognition—resulting in an ability to anticipate and perform. Practitioners developing strategy can reflect on current dispositions, apply appropriate tools and lenses based on context, and act accordingly.

Each mature field of academic inquiry has had to address these ontological implications to develop and discuss theory (Rust 2006b). Mintzberg and Lampel's perception map (1999, Figure 2), in a generic form, added to the dichotomy view (evolutionary and positioning models)

presented by Gavetti and Rivkin (2007) create insights that lead to this ecumenical theory of strategy—made possible by equating the evolutionary model (Gavetti and Rivkin, 2007) as a blend of Learning and Environmental Schools (Mintzberg and Lampel 1999, Table 2).

This continuum could be extended to multiple dimensions to show relationships across factors, as can be demonstrated by the underlined descriptors (**Figure 3**) which is used as a perceptual map (Mintzberg and Lampel 1999, Figure 2), with the vertical axis representing the ontological and the horizontal representing the epistemological . Such analysis questions the placement of the outlier schools (Environmental and Entrepreneurial); however, descriptions of the schools clarify the authors intentions (*perfectly rational internal process is contingent?* and *similar leadership qualities as design so the external world is perfectly controllable?*). With these considerations, all of schools of thought would be placed along the bisection of the axis, again mapping to this philosophical continuum.

Greatness in strategy, like chess, can be characterized by acumen recognized by longevity, hard work, natural talent, and sheer bravado—literally *whatever it takes to stay in the game* and provide an offering viable at market. Fire Fox, as a proposed General Theory of Strategic Relativity, can accurately describe this phenomenon.

## TABLE 1

# FIRE FOX DERIVATIVES

<b>Elephant</b>		
Blind Men and an Elephant		Story in Jain, Buddhist, and Hindu tradition.
Chess Piece		Anglicized by poem of John Godfrey Saxe Originally the bishop in western chess Indian Chess "Chaturanga" Chinese Chess
Elephant Jokes as absurd riddles		Q: How can you tell that an elephant has been in your refrigerator?  A: By the footprints in the butter.
Execution		<i>Crushed by an elephant</i> a form of execution practiced in Southeast Asia and India
Elephant Graveyard		Debate about idea that Elephants leave the group and die in isolation [next to dead ancestors] Metaphor in life where one has basically reached the end
Elephant in the Corner		Obvious truth that is being ignored Pink Elephant and alcoholism
White Elephant		Possession whose cost exceeds its usefulness (liability)
War Elephants		Used to transport heavy goods, and break enemy lines.
Year of the Elephant		570 AD, birth of the prophet Muhammad
<b>The Hedgehog and the Fox</b>		
		Hedgehogs view the world through the lens of a single defining idea Foxes draw on a wide variety of experiences and for whom the world cannot be boiled down to a single idea
<b>Fire</b>		
Classical Element	Greek Chinese	Energy, assertiveness, and passion Dynamism, strength and persistence (restlessness) In the conquest cycle, fire overcomes metal, and in turn is overcome by water. In the birth and nurturing cycle, fire burns to earth, and is sparked by wood igniting.
Mythology/Folklore	Indian	Agni is the god of fire, the messenger of the gods, the acceptor of sacrifice; Agni is a messenger from and to the other gods; Agni is ever-young, and immortal.
	Aztec	Senior Deity, Huehuetotl is the god of fire; "New Fire ceremony" (52 year cycle)
Creative Destruction		Fire in many ancient cultures and myths has been known to purify the land with the flames of destruction; however, it is also capable of the renewal of life through the warmth and comfort of those very same flames. The Phoenix explodes in fire and is reborn from the ashes (Harry Potter)
<b>Fox</b>		
Etymology		Bushy tail
Mythology/Folklore	Common	Symbol of cunning and trickery Animal possessing of magic powers Representative of a transformation
	Chinese	Fox spirits lure men away from their wives [e.g., foxy]
	Japanese	Powerful animal spirit known for its highly mischievous and cunning nature
	Moche	Ancient Peruvian culture worshipped the fox
	Spanish	Zorro
	Disney	Pinocchio's "Honest John" Brer Fox Animated Robin Hood
The Fox and the Grapes	Aesop's Fable	Anglicized translation has lead to colloquialism: someone who, after losing, denies the intention to win altogether Literal translation may suggest a different moral: the fox plans to return when the fruit is ripe (or low-hanging), the moral being about patience and

<b>Raccoon</b>		
Etymology		Algonquin term <i>arakun</i> and roughly translates to <i>who scratches with his hands</i>
Characteristics		Adult males are usually solitary Females and young live in family groups Highly adaptable, yet considered pesky nuisances Curious bandits (Where the Red Fern Grows)
<b>Cat</b>		
Mythology/Folklore	Egypt Common	Bast (cat god), was a goddess of the home and of the domestic cat Cats have nine lives: their perceived durability, their occasional apparent lack of instinct for self-preservation, and their seeming ability to survive falls that would be fatal to other animals
	Ancient	Cats are exalted souls, companions or guides for humans, that they are all-knowing but are mute so they cannot influence decisions made by humans.
	Optimistic	
<b>Bear</b>		
Mythology/Folklore	Korean Norse Kermode Native American	Symbolic animal, the ancestor of the people Strength, protectiveness and prowess of bears Bear Spirit to remind people of past hardships (British Columbia) In many stories humans are transformed into bears or are disguised as bears. They are also known as the keepers of dreams and the keepers of medicine
	Greek	Zeus' affair with Callista leading to the birth of Arcas; Hera's jealousy turned Callista into a bear; Arcas was hunting this bear; Zeus transformed both Callista/Arcas into Ursa Major/Minor (Big/Little Dipper)
	Western American	Bear often lay down false tracks and are notorious for doubling back on anything tracking them. If you are not following bear tracks, you are not following false trails or leads in your thoughts, words or deeds.
Characteristics		Short tail, acute senses of smell and hearing They can run quickly and be adept climbers and swimmers Generally shy and are easily frightened of humans. Will defend their cubs ferociously if a situation calls for it
	Pessimistic	
<b>Panda</b>		
Giant Panda	China	National treasure Invincible animal / Gentle Animal Symbol of peace / luck Origin of markings in reverent memory of a maiden who attempted to save a cub, dying in the process. The Giant Panda is thought to be a physical manifestation of the Yin and the Yang, as its body is both black and white, the two colors standing in stark contrast to one another on the animals pelt. The placid nature of the panda is a demonstration of how the Yin and the Yang, when perfectly balanced, contribute to harmony and peace.
	Characteristics	Most bears' eyes have round pupils; the giant panda is an exception, whose pupils are vertical slits like cats' eyes. These unusual eyes, combined with its ability to effortlessly scale trees, are what inspired the Chinese to call the panda the "large bear cat." Pseudo thumb
Red Panda	Characteristics	Known as the Wah because of its distinctive cry  Called a Cat Bear because it was thought to be related to a small bear and washes itself like a cat by licking its entire body State Animal of former Himalayan kingdom of Sikkim Mascot of the Darjeeling international festivals Classification into a specific order is not complete by scientists When disturbed, red pandas exhales an explosive whuffff, much like a raccoon Drink by plunging their paw into the water and licking it

# FIGURE 1

## AVAILABILITY OF INFORMATION DURING PLAY

The image shows a screenshot of a chess game interface. On the left is a chessboard with pieces in their starting positions. On the right is a panel containing game information and a move list.

**Game Information:**

- Time: 0:02:17 (White), 0:02:03 (Black)
- Game ID: Guest589080 - Guest590105 1-0
- Game Type: C23 Friendly Game, 5m + 0s 06.09.2007 [Monte]

**Move List (Blitz 5'): 1.e4 3.e5 3.2.Bc4 1.c6 1.1.3.c3 4.d5 0.6 4.exd5 0.8 cxd5 1.3 5.Bb3 0.7 Nf6 2 6.d4 0.8 e4 3 7.Be3 2 Bd6 4 8.h3 1.2 0-0 3 9.Ne2 0.6 Nbd7 7 10.Nf4 1.3 Nb6 8 11.Nd2 2 Re8 5 12.Qe2 5 Bxf4 3 13.Bxf4 1.8 e3 4 14.Bxe3 4 Ne4 0.3 15.Nxe4 1.6 Rxe4 3 16.0-0-0 1.8 f5 3 17.g3 2 Qe7 3 18.Bc2 3 Re6 6 19.Qf3 16 Rf6 4 20.Bg5 6 Nc4 2 21.Bxf6 3 Qxf6 0.4 22.Qxd5+ 1.2 Be6 2 23.Qxb7 4 Rc8 2 24.Bb3 1.6 Na5 5 25.Bxe6+ 3 Qxe6 0.5 26.d5 17 Qe8 10 27.Qxa7 8 Nc4 0.9 28.b3 10 Ra8 3 29.Rhe1 29 Qc8 10 **30.Qe7** 14 Guest590105 gibt auf 1-0**

**Chat:**

- Guest590105 offers a draw
- Opponent closed game window

**Current Move:** C23: Bishop's Opening: 2...Bc5

## FIGURE 2

### EXAMPLES OF FISCHER'S BRAVADO (CHESSGAMES.COM)

{n} refers to the number of moves Fischer makes before his opponent resigns.

**EASY:** Rovinj-Zagreb 1970

(1044302) Svetozar Gligoric

Fischer (1)

**MEDIUM:** Palma de Mallorca 1970

(1044693) Fischer (2)

Samuel Reshevsky

**HARD:** Leipzig (Olympiad) 1960

(1008397) Fischer (1)

Rene Letelier Martner



## **References**

Achrol, Ravi S. and Philip Kotler (1999), "Marketing in the Network Economy," *Journal of Marketing*, 63 (4), p146-63.

ChessGames.com, (accessed September 8, 2007), [Game ID: 1044302 available at <http://www.chessgames.com/perl/chessgame?gid=1044302>; Game ID: 1044693 available at <http://www.chessgames.com/perl/chessgame?gid=1044693>; Game ID: 1008397 available at <http://www.chessgames.com/perl/chessgame?gid=1008397>].

Christopher (1995), "How to Hunt Elephants", (accessed September 8, 2007), [available at <http://www.humournet.com/collage.archives/collage140.txt>].

Gavetti, Giovanni and Jan W. Rivkin (2007), "On the Origin of Strategy: Action and Cognition over Time," *Organization Science*, 18 (3), p420-39.

Homburg, Christian, John P. Workman Jr., and Harley Krohmer (1999), "Marketing's Influence within the Firm," *Journal of Marketing*, 63 (2), p1-17.

Jacobson, Robert (1992), "The 'Austrian' School of Strategy," *Academy of Management Review*, 17 (4), p782.

Mintzberg, Henry and Joseph Lampel (1999), "Reflecting on the Strategy Process," *MIT Sloan Management Review*, 40 (3), p21-30.

Nielsen, Christine (2005), "The Global Chess Game ... Or Is It Go? Market-Entry Strategies for Emerging Markets," *Thunderbird International Business Review*, 47 (4), p397 - 427.

Rosenthal, Robert and Ralph L. Rosnow (2008), *Essentials of Behavioral Research (Third Edition)*, Boston: McGraw-Hill.

Rust, Roland T. (2006), "From the Editor," *Journal of Marketing*, 1, p1-2.

---- (2006), "From the Editor: The Maturation of Marketing as an Academic Discipline," *Journal of Marketing*, 70 (3), p1-2.

Varadarajan, P. Rajan and Satish Jayachandran (1999), "Marketing Strategy: An Assessment of the State of the Field and Outlook," *Journal of the Academy of Marketing Science*, 27 (2), p120-43.

Vargo, Stephen L. and Robert F. Lusch (2004), "Evolving to a New Dominant Logic for Marketing," *Journal of Marketing*, 68 (1), p1-17.