somewhere between the collective suspension of disbelief that sent the Nasdaq soaring above 5,000 and the reality check that brought it back to earth, strategy seemed to become passé. With the passing of a score or two of ill-conceived and overvalued dot-coms, strategy is back (if indeed it ever went away), but with a clear realization among its practitioners that something has changed.

So for the 500 academicians, business leaders, and consultants who gathered in Vancouver, B.C., last October for the 20th annual international conference of the Strategic Management Society (SMS), there was evident both a compulsion to reassert the relevance of strategy, and a need to redefine the role of strategists in an uncertain environment.

Cosponsored by the SMS, Booz-Allen & Hamilton, and the University of British Columbia, the conference took as its theme “Strategy in the Entrepreneurial Millennium.” There was an almost palpable craving for a concept that will speak to corporate leaders with the clarity of C.K. Prahalad and Gary Hamel’s “core competency” in the ’90s or Tom
Peters’s “excellence” in the ’80s. Yet there was little consensus on what that might be.

“Our models of strategy are under attack,” said Daniel Muzyka, dean of the faculty of Commerce and Business Administration at the University of British Columbia, in his opening remarks. “The traditional models are often seen by entrepreneurs as not very dynamic, relevant, or applicable. We’re dealing with the fall of well-managed strategic enterprises to entrepreneurial organizations. The good news is our models of strategy are evolving.”

Challenging that conclusion was Raffi Amit, a professor of entrepreneurship and management at the University of Pennsylvania’s Wharton School and a conference co-chair, who said the dot-com shakeout had only validated traditional strategic tools. “The bubbles we saw where decisions were made through magic rather than reality are in the past,” Mr. Amit said. “These basic ways of thinking about the world, how to position a company, these tools still apply to the old economy and the New Economy.”

The Strategic Management Society brings together the worlds of reflective practice and thoughtful scholarship, combining academics with businesspeople and consultants — the “ABCs,” in the society’s parlance. Its members represent more than 50 countries.

The society’s annual conference, combining plenary sessions with panel discussions and paper presentations, focuses on the development and dissemination of insights on the strategic management process, as well as on fostering contacts and intellectual interchange among ABCs from around the world.

This year, the ABCs concentrated their collective attention on the very definition of strategy in a business environment transformed by information ubiquity, digital technologies, and a global Internet. Together, they have rendered moot many of the classic strategic frameworks, which were oriented toward creating a sustainable competitive advantage, a construct that now appears irrelevant.

“Traditional strategy and traditional management helped people do well in pretty stable environments,” said Rita McGrath, a management professor at Columbia Business School, who participated in a panel on Real Options: A Bridge Between Entrepreneurship and Strategy. In uncertain environments, she said, “these practices don’t work so well. Planning and control processes depress variance in favor of better near-term performance. Performance looks best when variance is limited, but that’s a terrible place to be when things change.”

Worse yet, such inflection points are exactly the moments at which opportunistic entrepreneurs enter the market. Although most will fail, the successful ones pose a serious challenge. “As an established player responding to these incursions, you need a way to build flexibility into your system,” Ms. McGrath said. “If you’re thinking strategically today, you need some way of keeping uncertainty alive and kicking,” of maximizing rather than minimizing variance.

Strategic Experimentation

One way of embracing uncertainty was contributed by Ian C. MacMillan of the Wharton School at the University of Pennsylvania, in a presentation entitled The Entrepreneurial Mind-set: Strategic Experimentation for Turbulent Times. “We’re seeing a convergence between more conventional strategic thinking and entrepreneurship,” he said. “What has emerged is a concept of strategic experimentation. Because the world is so complex, it’s no longer possible to think of strategy coming off a platform rooted in the past.”

Mr. MacMillan said that a study of habitual entrepreneurs reveals “an underlying pattern of decisions they follow that are ‘followable’ by huge organizations as well. It just requires a shift of mind-set.” Strategic experimentation then becomes a constant search for opportunities. Within an enterprise, “everyone plays, everyone feels it is their duty to search for opportunities,” he said. The firm
A concept of “strategic experimentation” is emerging, says the Wharton School’s Ian C. MacMillan.

must “deploy simple, powerful tools to engage the intellect of everyone in the firm and around it to seek and pursue opportunities.”

The watchwords of strategic experimentation are simplicity, self-confidence, and speed, Mr. MacMillan said. But he readily conceded that the practice carries its own dichotomy. “Your established business needs a deliberate strategy; your emerging business needs a discovery-driven strategy,” he said. “There are not many companies that can do two diametrically opposite processes. The strategists of the future are going to attend as much to the process of strategy as the content.”

There were doubts about the ability of many companies to make that transition. Grant Miles, of the University of North Texas, said he found most companies ill-prepared for an age of continuous innovation, and little consensus among strategists on how to proceed. “We’re not good about thinking about the generation part of wealth creation,” he said, presenting a paper entitled Weath Creation and Entrepreneurial Strategies: Process, Meta-Capabilities, and Barriers, coauthored with Charles Snow, of Pennsylvania State University, and Raymond Miles, of the University of California at Berkeley. “Much of what we study is about appropriation, because our typical view is that generation is a one-time event. With most corporations set up for appropriation — capturing the rent — that makes it very difficult if we’re moving into a period where generation will occur over and over.”

Mr. Miles said the new era will require greater collaboration between firms, and a business model based on market exploration. “Instead of defining a market position, or trying to exploit it, we’re looking at continuously exploring new markets,” he said. Profiting from such continuous exploration “requires recognition of the innovation, the potential value, and the means to benefit from it. The problem is that much of the time, these three things are not present in the same place, so you have the need for true sharing of knowledge and collaboration among firms. This is one that’s going to be tough, because it is in some ways the opposite of the appropriation mind-set that’s carried us for 100 years.”

Strategy Genes

Although much of the conference was devoted to papers exploring the application of traditional strategic models, like real options reasoning or the resource-based view of the firm, it also featured attempts to define new frameworks, or at least new metaphors, to grapple with the complexities of managing in an entrepreneurial time.

In a paper entitled The Genes of Strategy Innovation, David Choi, fellow of global leadership at Harvard Business School, Gary Hamel, of the London Business School and founder of Strategos (a management consultancy), and Liisa Valikangas, of the Stanford Research Institute and Strategos, applied the model of the genome to explore how innovations arise and how they are distributed among firms. The genetic metaphor represents “a shift from analyzing companies and their strategies to analyzing innovations,” said Ms. Valikangas. “It helps us explore ideas and memes, and how they travel across companies and industries.”

Just as genes are conserved across species, so that a given DNA sequence performs the same function in yeast, mice, and humans, so too can innovations cross industrial boundaries, Ms. Valikangas said. But just as genes produce different results, even in the same organism, depending on their interactions with other
genes, so can innovations play out very differently in different firms.

“Just because you have a particular idea doesn’t mean it gets replicated in a particular way,” Ms. Valikangas said. The Strategy Genome Project asks, “Are there innovation genes that transcend companies, industries, and time?” The conclusion is yes, and that such innovation genes survive companies and spread from one industry to another. “Novelty is less in the content than in the context,” she said. “Innovation is combinatorial rather than visionary.” Her advice: “Make your company a giant DNA lab,” because, in business as in biology, diversity breeds health.

The “Ba” Culture

Another novel metaphorical view was presented by Hiroyuki Itami, of Hitotsubashi University, in his presentation on The Strategic Management of Ba. Ba is a Japanese word that translates literally as “place.” Used colloquially, it means a place where people interact and where something common emerges. “You create an entrepreneurial culture by setting up a forum of action where people are invigorated and empowered,” Mr. Itami said. “That’s what I call ba.”

In Mr. Itami’s vision of ba, management’s role “is not to control people, it is to let them initiate and collaborate. Ba positions firms for the current environment, a world of continual and cumulative innovation across a wide range of fronts, where people’s roles change constantly,” he said. “Ba is an enabler.”

Mr. Itami, Mr. Miles, and Mr. MacMillan all spoke of the need for self-organizing teams in the quest for a more entrepreneurial strategy. So did Gwendolyn Lee, a graduate student at the University of California at Berkeley, who explored the Open Source software movement in her paper, Linux Kernel Development as a Model of Knowledge Creation.

“How does a distributed group of individuals, dispersed across space, time, and organizational boundaries, create a useful product?” Ms. Lee asked. “The popular myth is that self-organization is chaotic. We found clear division of labor based on self-selection.” She noted that the Linux operating system has one project leader, Linus Torvalds, 121 people devoted to maintenance, 2,605 developers, and 1,562 individuals working on debugging, according to the Linux mailing list on the Internet.

Traditional Planning Lives

But there were also testimonials for traditional strategic management. Barrett A. Toan, president and CEO of Express Scripts Inc., a pharmacy benefits manager, said his firm still does three-year strategic plans, and finds that they greatly simplify management. “Our approach is extremely analytical, written out, and thought through,” he said. “It’s partly [via] thinking through the issue rigorously that we understand what we really think. It’s nothing to do with being correct or incorrect.”

Garth Saloner, a professor at Stanford University, seconded that view. “The locus of activity has migrated from engineering to the business school, and issues of strategic management are first and foremost,” he said. “The landscape changes so rapidly that the challenge is often posed whether traditional strategy can play a role. I believe many of the tools and frameworks carry on, and that good strategic management is at a premium in the New Economy.”

But, as conference co-chair Chuck Lucier, senior vice president and chief marketing officer of Booz-Allen & Hamilton, warned, if those processes are designed to ensure stability, they will be counterproductive in a market in which change is constant and pervasive. “Our challenge,” Mr. Lucier said, “is to find that ‘something new’ for the next generation. I haven’t seen that framework that is not mired in the past but speaks to the future.”