

The "Honda Effect" Revisited

Design, Learning and Planning: A Further Observation on the Design School Debate

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I have enjoyed the debate between Henry Mintzberg and Igor Ansoff about the merits of the design school of strategic management.¹ These articles articulate two different approaches to strategic management well, and, in Mintzberg, move towards a synthesis or at least a reconciliation between them.

Alas, however, the polemics and the prejudices get in the way of moving forward towards a real synthesis. Mintzberg gives a good account of why *both* incremental learning *and* deliberate planning are needed, of why both processes should "intertwine." But this reconciliation is sandwiched between colorful passages that condemn planning and extol learning. These were summed up in Mintzberg's eventual score sheet: Learning 1, Planning 0. This hardly represents a balance between or an intertwining of the two approaches.

Mintzberg may claim that his prejudices are necessary to counter the prejudice of others in favor of the planning school. And it is true that his work has brought out aspects of strategic management that may previously have been neglected. But there is equal danger in going too far in the other direction.

We can focus these issues around the motorcycle industry report by BCG that Mintzberg refers to, and of which I was a co-author.² Mintzberg is severe on the BCG report ("never bothered to ask" about how Honda developed their strategy, "mistake" was in "what it left out"), and from the perspective of the historian he is probably correct. The report does not dwell on how the Honda strategy was evolved and on the learning that took place. However, the report was commissioned for an industry in crisis, with the brief of identifying commercially viable alternatives. The perspective required was managerial ("what should we do now?"), not historical ("how did this situation arise?"). And for most executives concerned with strategic management the primary interest will always be "what should we do now?"

Given such an interest, what would a Mintzbergian learning approach recommend? This is not clear from Mintzberg's article, but presumably it would be "try something, see if it works and learn from your experience." Indeed there is some suggestion that one should specifically try "probable non-starters." For the manager, such advice would be unhelpful, even irritating. "Of course, we should learn from experience," he will say "but we have neither the time nor the money to experiment with endless, fruitless nonstarters." Where

the manager needs help is with what he should try to make work. This, surely, is exactly where strategic management thinking should endeavor to be useful.

In this context, the BCG analysis of Honda's success is much more valid. Its purpose was to discern what lay behind and accounted for Honda's success, in a way that would help others to think through what strategies would be likely to work. In this sense, one might even locate it as much in the learning (i.e., learning from the success of others) as in the planning school. Paradoxically, the approach is close to one adopted by Mintzberg elsewhere,³ in that it tries to discern patterns in Honda's strategic decisions and actions, and to use these patterns in identifying what works well and badly. How Honda arrived at their patterns is not the focus of attention, nor should it be, given the purpose of the work.

None of this is to deny that, in following through whatever strategy is chosen, a willingness to learn for experience and refine the chosen strategy is vital. Here Mintzberg's crusade is valuable and important, particularly for managers who might otherwise suffer from tunnel vision. But we can do better than starting with random experiments and we can use both planning and learning from others in selecting the strategies to try. I see no contest between planning and learning, rather a collaboration. But, if a score sheet must be drawn up, something like Planning 1, Learning 1 is surely a fairer reflection of the contribution of both sides.

Notes

1. H. Mintzberg, "The Design School: Reconsidering the Basic Premises of Strategic Management," *Strategic Management Journal*, 11/6 (1990): 171-195; H. Mintzberg, "Learning 1, Planning 0: Reply to Igor Ansoff," *Strategic Management Journal*, 12/6 (1991): 463-466; H.I. Ansoff, "Critique of Henry Mintzberg's 'The Design School: Reconsidering the Basic Premises of Strategic Management,'" *Strategic Management Journal*, 12/6 (1991): 449-461.
2. Boston Consulting Group, *Strategy Alternatives for the British Motorcycle Industry*, Her Majesty's Stationery Office, London, July 30, 1975, p. xvi.
3. H. Mintzberg, "Patterns in Strategy Formation," *Management Science* (May 1978), pp. 934-948.