

# Mintzbergs 5Ps

## Idea In Short

When a company is faced with new possibilities or issues, the general agreement is to discuss strategies and then plan how to take advantage of them. Although this method is significant, it does not account for all elements such as rivals' reactions or the organization's culture and capabilities. Henry Mintzberg developed five visions for organizational strategy, each of **which enables an organization to achieve a more effective plan** that is focused on the future and encompasses many aspects of the company.

The Canadian management scientist Henry Mintzberg developed the 5Ps of strategy model to help organizations develop their strategic visions. The five strategic visions articulated in this framework - better known as 5Ps - are:

1. Plan
2. Ploy
3. Pattern
4. Position
5. Perspective

All the five components allow the organizations to implement the strategy in a more effective manner. This framework helps forge a comprehensive strategy by considering different components and angles. This theory contends that one-dimensional strategies are unreliable on any given day due to their inability to adapt to dynamic marketplaces. Occasionally, organizations use a sixth perspective, in addition to the five core perspectives, to implement a successful strategic plan to stay focused and avoid distractions.

## Strategy as a Plan

A vast majority of managers are already familiar with Strategic Planning. Planning is the default approach to various day-to-day tasks and activities. Usually, businesses undertake

strategic planning meetings, brainstorming sessions or off-sites to establish goals and how to reach them. Therefore, planning is an important aspect of the strategy formulation process. Such tools as SWOT or PESTEL analysis help formulate a pertinent strategy. Solid execution, built on top of a solid strategy, enables businesses to successfully implement their organizational mission. Planning is fine as the basis for organizational strategy; however, on its own, it is not enough to develop the full, well-rounded strategy that a business requires to realize its potential. This is where the other Ps help to maximize results.

## **Strategy as Ploy**

Ploy refers to activities that are actively dependent on the actions of others, such as competitors, industry peers, customers, vendors / suppliers, etc. Organizations can leapfrog ahead of competitors by plotting to influence them in various ways, such as through dissuasion, disruption and discouragement. These tactics reinforce strategic plans and help a business appraise its external environment, including other operating entities within this environment to develop a pertinent strategy. For example, a business could open a new branch in a developing market to preempt a competitor from setting up operations and gaining market share in the new market. However, for ploy strategies to succeed, leaders require deep industry insights and strategic acumen. Leaders require competence in identifying and analyzing emergent opportunities as well as predicting and thwarting competitors' actions. They should also successfully manage the effects of their own strategic actions, align their internal activities and steer their organizations towards the envisioned outcomes. Furthermore, they should also evaluate the impact of strategic responses of other industry players and make the necessary trade-offs as required. In short, this strategy should dissuade, divert, or influence competitors, according to this plan. To stay one step ahead of the competition, a company must employ ploys, but it must be careful not to become too focused on the rivalry and lose sight of its goal. Futures wheel and effect analysis techniques can aid in the exploration of different future scenarios in which the competition may occur.

## **Strategy as Pattern**

Strategic plans and ploys are deliberate exercises. Sometimes, strategy emerges from past organizational behavior. Rather than being an intentional choice, a consistent and successful way of doing business can help develop a strategy. Unlike plan and ploy, this approach is about finding a pattern in the organization's history. Previous patterns are an important

component of building a new strategy, and an organization is more likely to make a decision that has already been made. In general, most decision makers accept patterns without bias. Patterns are emergent strategies that are not a conscious choice, but rather the result of discovering a consistent and successful way of doing business. They can often develop incrementally by building on many small decisions and solutions. With this approach, leaders often find themselves with a strategic advantage rather than striving to create an advantage through good decision-making. In other words, rather than being an intentional choice, a consistent and successful way of doing business can develop into a strategy. When an organization is aware of previous trends, its decision-making policy is strengthened. Such tools as USP analysis and core competence analysis can aid this strategy formulation process.

## **Strategy as Position**

The purpose of this vision is to determine how the company intends to position itself in the market. Position is another way to define strategy – that is, how a business decides to position itself in the marketplace. A position can imply offering differentiated products, a niche, or employing unique competencies in the market to gain competitive advantage. Through this approach, organizations formulate a strategy to carve a distinctive niche or an identity in the market. Often, the strategy includes exclusive product or service offerings to establish a competitive edge in the market. Correspondingly, strategy helps a business explore the degree of alignment between its internal organization and its external environment to develop a sustainable competitive advantage. Strategic positioning helps understand an organization's bigger picture as it relates to the external factors. This will assist the decision maker in exploring the organization's fit with the environment and, as a result, assisting the firm in developing a sustainable competitive advantage. Porter's Diamond and Five Forces frameworks help a business analyze its environment, identify areas where it has a strong position and where it may have issues. The environment in this case, represents the internal and external views. Based on the findings from detailed analyses, the business may revise its core values, unique selling propositions, nature and attributes of the products and / or service offerings, the overall brand strength, and value proposition to carve out a distinctive position in the market that will give it an edge over others.

## **Strategy as Perspective**

Strategy as a perspective is an inside-out approach to strategy formulation that starts with a look inside the organization. This model surfaces an organization's entrenched way of perceiving the world. Some organizations are aggressive trendsetters and disruptors that develop new markets or technologies. Others are reactive players that perceive the environment as a stable and set playing field. Therefore, such organizations pursue defensive strategies to protect their market share and customer base. In this approach, businesses formulate their strategies based on how their target audience and the market place perceive their organizations. This model also factors employee perceptions of their organization, management and brand as a whole. In addition, it also considers the perspectives of current and future investors as well as other stakeholders. The culmination and thought patterns of all these diverse perspectives provide the leadership with inputs to formulate and shape their organizational strategies. In general, this approach bases strategy as a product of the culture that exists inside an organization. This is in addition to an organization's overall vision, mission and values. Cultural analysis methods, such as the Cultural Web, Deal and Kennedy's Cultural Model and the Congruence models help gain insights into the organization's culture. The insights generated from such tools subsequently help define the organizational strategy.

## Case - Apple

Analyzing the case study of Apple and how they have leveraged Mintzberg's 5Ps strategy.

1. **Plan:** Apple is known for creating consumer electronics that are both functional and user-friendly. They keep their software up to date on a regular basis, which helps to expand their ecosystem.
2. **Ploy:** The company provides highly inventive and revolutionary products, providing them an advantage over their competition. Companies that replicate their technology or features are frequently threatened with legal action.
3. **Pattern:** Apple uses previous innovations that have been quite successful in the past
4. **Position:** Apple has effectively built a position in the industry and in the eyes of consumers as a luxury brand that only delivers high-end items
5. **Perspective:** Apple's core values are innovation and thinking outside the box, and these ideals are ingrained in the company's culture

## Advantages

- 5Ps is a simple model to follow
- Wide range of perspectives help challenge strategy
- 5Ps model leverages best practices to develop strategy

## **Disadvantages**

- A lot of re-work needs to be done for the existing models
- The results obtained may not always be perfect

## **Summary**

Strategy must be devised ahead of time as part of a plan. As a ploy, strategy is a way to outsmart your opponents. We can learn what worked in the past and if it will work in the future by looking at strategy as a pattern. In terms of position, strategy refers to how a company interacts with its competitors. As a perspective, the impact that culture can have on strategic decision-making is highlighted. Instead of considering the 5Ps as a method to follow when constructing a strategy, think of them as a collection of perspectives that must be addressed when creating a solid and successful strategy.