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EMERGENT STRATEGIES

Being well-planned is good:
Being adaptive is better

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CRITICAL ROLES OF EMERGENT STRATEGIES IN BUSINESS GROWTH

There are typically 2 types of business strategy formulating processes,

- Deliberate strategies
- Emergent strategies

Deliberate strategies

Deliberate strategies are developed based on conscious and analytical. Lots of customer data, market segments, forecasting, growth opportunities, etc. are well gathered and processed to deliver this kind of strategies, and it’s likely to be implemented “Top-Down”.

Emergent strategies

On the other hand, emergent strategies come from day-to-day and cumulative responses to problems and opportunities faced by middle managers or those working closely with execution, not purely visionary. This kind of strategy is usually unforeseen in the stage of developing deliberate strategies.

In the real world, some interesting case studies show that applying emergent strategies help elevating business growth. Some companies, nonetheless, who are determined to implement deliberate strategies are less likely to miss marvelous opportunities.

Walmart

Walmart

Walmart is a great example of applying emergent strategies which results in business growth. The first Walmart store has been located in Rogers, Arkansas. Then, with its mission to offer low-price, great-quality products to help customers save money, there was intention to locate another store in small towns nearby to take advantages of logistical and managerial efficiency, together with economies of scales.

Interestingly, when more and more Walmart stores emerged, Walmart noticed that stores in small towns in Southern area could show rapid revenue growth because those stores are large enough to well serve complete needs of customers there, not just because of logistical and managerial efficiency aimed initially. Also, Walmart stores are preempting enough to prevent competitors' (mainly moms and pops') entry.

Thus, emergent strategies become deliberate ones. Walmart focuses on establishing discount stores in small towns and gain by serving complete customers’ needs in each region with no or low competition, in the other areas of the U.S. And it grew successfully in its era.

AWS (Amazon Web Service)

Another great example is **AWS (Amazone Web Service)**, the cloud Infrastructure aimed to be a service arm of Amazon.com. It started with Amazon’s internal teams built their own server infrastructure to support their e-commerce for the 3rd parties (merchant.com) on top of amazon.com.

Then, they realized that what they had created for internal operations could be a new offering for customers and that's how AWS came up as an emergent strategy.

When a company, on the other hand, focuses on implementing its deliberate strategy to the end, it misses some growth opportunities.

Blockbuster

The leader in movie and games rental during the decades of 1990- early 2000s.

The wrong decision on not acquiring the business of Netflix offered in 2000, when the internet started to play important roles in the world, could be considered as main reason of its bankruptcy in 2010. In 2000, Blockbuster's business of brick-and-mortar movie and games rental was at very high growth. There were around 7,700 stores across the United States. And at that time, streaming business has not yet shown its marvelous growth like today. Blockbuster, thus, has still operated its business mainly via its physical stores. Then, with the increasingly digitalized world, and growth of Netflix, Redbox, and other competitors (though Blockbuster has tried to chase by offering Blockbuster Online in 2004, but that was many years after Netflix did), Blockbuster struggled with its poorer financial performance and went bankrupt in 2010.

All in all, deliberate and emergent strategies should be simultaneously implemented with the right balance and resource allocation is another challenging when a company has to switch between these 2 processes of strategy formulation.

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