Ansoff, H. Igor

**Definition:**
Russian-born manager and academic. Established strategic planning as a management activity, developing a framework of tools and techniques by which strategic planning decisions could be made. He explained his approach in *Corporate Strategy* (1965). One of his most well-known models is the *three Ss*. He later introduced the concept of *strategic management*.

**Summary Article:**
H. Igor Ansoff was born in Vladivostock, Russia on 12 December 1918 and immigrated to the United States with his parents in 1935. He pursued courses in higher education at the Stevens Institute of Technology (ME, MSc) and Brown University (Ph.D.). Initially, Ansoff worked for the RAND corporation (1948–56) in the project management office. Later he joined Lockheed Aircraft Corporation (1956–63), where he became a member of the Diversification Task Force. During this period Ansoff helped develop concepts of firm strategy and product/market diversification (Antoniou 1997).

Ansoff’s academic career started in 1963 when he joined the faculty of Carnegie Mellon University. In 1968 he moved to Vanderbilt University as dean of a new graduate management School. Ansoff spent seven years (1976–83) in Europe with a joint appointment as professor at the European Institute for Advanced Studies and the Stockholm School of Economics. He returned to the United States in 1983 to head the strategic management area at the United States International University in San Diego, California (Antoniou 1997).

Ansoff, one of the pioneers of strategic management, has often been referred to as the father of strategic management. His industrial experience appears to have been the catalyst to many of the strategic management concepts he was to write about in his later career. The product–market matrix, strategic contingency theory and strategic decision making all were initially developed based on his experiences working in industry. During his academic career, Ansoff concentrated on developing prescriptive strategic management solutions for managers, with little emphasis on empirical testing.

Unlike many fellow scholars, Ansoff’s contributions to strategic management have been very broad and are difficult to summarize. Two early contributions have become foundations for strategy. First to be developed was Ansoff’s product–market matrix (Ansoff 1957). Ansoff proposed that firms wishing to diversify had to make choices between product and market diversification (or a combination). His product–market matrix provided managers with four strategic diversification options. First, managers could choose to diversify their product line extension while maintaining their current market focus (i.e., sell new products/services to existing customers). Second, managers could maintain their current product line but expand their markets (i.e., sell current products to new customers, by expanding either geographically or a different customer set). Third, managers could choose to maintain both their current product and market mix. The final choice was to expand both the product line and markets. So popular has Ansoff’s strategic product–market matrix become that today it is included in most textbooks on strategic management, international business and marketing.

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Ansoff’s second major contribution was to extend the work of Alfred CHANDLER (1962) and develop the contingency view of strategic management (Ansoff 1965, 1972, 1988). The contingency view, also called strategic alignment or strategic fit, suggests that firms can maximize their performance by aligning their strategy and organizational capabilities (including structure) with the turbulence (dynamism and volatility) of the environment. Ansoff continued to develop his contingency view, and in the 1990s, with the assistance of a group of Ph.D. students, provided empirical support for his model (Ansoff and Sullivan 1993).

Ansoff’s (1988) view of strategic contingency theory differs from other scholars’ in several important ways. First, Ansoff maintained that the environment is composed of four distinct, yet related factors: complexity, familiarity, rapidity of change and visibility of change. Complexity and familiarity are similar to more recent concepts of environmental dynamism. These two factors are concerned with the degree of change occurring in the environment and the ability of firm management to understand these changes. Rapidity and visibility of change are similar to recent concepts of environmental volatility. These factors are concerned with the frequency of change and the ability of firm managers to identify the changes before they impact the organization. Hence, Ansoff helps provide a better understanding of the dynamics of the business environment.

Second, Ansoff’s (1988) contingency model is concerned with the aggressiveness of the strategies firms pursue. Unlike other strategy scholars, Ansoff does not offer a set of ‘generic strategies’ but suggests that strategies selected need to match the turbulence of the environment faced by the firm. Ansoff maintains that when firms are in low turbulent environments they need to use stable strategies (which he defines as procedure-oriented). As the level of environmental turbulence increases, he suggests the aggressiveness of the strategy also needs to increase. Hence, in highly turbulent environments firms should pursue aggressive innovative strategies.

The third part of Ansoff’s (1988) contingency model is concerned not just with the structure of the organization but with firm-level capabilities. While Chandler (1962) found strong evidence that organizational structures need to change with changes in strategy, Ansoff took this thinking further and suggested that not only structures need to change but that other firm capabilities may also need to change as strategies change (Tavernier 1976). Further, he suggested that these capability changes were not driven by changes in strategy (as Chandler’s work suggested) but that it was changes in the environment that triggered both the change in strategy and the change in capabilities. Ansoff’s conceptualization of capabilities tends to be similar to what we now call resources (Barney 1991) or core competencies (Prahalad and Hamel 1990) (see HAMEL; Prahalad). Ansoff (1988, 1979, 1972; Ansoff et al. 1976) suggested that organizational capabilities include five different factors: organizational values, managerial competencies, organizational structure, processes and technology. Organizational values are concerned with the culture of the organization. These cultural beliefs influence the objectives and goals of the organization, and its norms and values, as well as the reward and penalty systems within the organization. Managerial competencies include the skill, aptitudes, knowledge, risk propensity and depth of experience of the management team. Organizational structure is concerned with the responsiveness of the structure to change, job definitions, informal power, information channels and capability for self-renewal. Processes include problem recognition and analysis, decision making, communication, motivation and follow-up processes. Finally, the technology component of organizational capabilities includes systems and procedures, environmental surveillance, planning, delegation, participation, control and computer systems. Ansoff suggests that these five sets of
factors, as well as the strategic aggressiveness of the firm, must align with the turbulence level of the environment to achieve superior performance.

Ansoff has also made major contributions in the area of strategic decision making. In his article in *Strategic Management Journal* (1987), he summarizes ideas initially explored in his 1979 book. In these works he provides a detailed discussion of the factors that impact strategic decisions. Among these factors are power, culture and leadership.

Ansoff suggested that strategic decisions might be impacted by the power structure of an organization. Power structures are conceptualized as autocratic, decentralized and distributed. These three structures attempt to describe the number and sources of power in an organization. Autocratic power structures usually are highly centralized with little influence by middle managers or external parties, while distributed power structures have numerous power-sharing groups both inside and outside the organization. Further, Ansoff describes three representative methods for exercising power: coercive, consensual and bargaining. He suggests that different groups attempt to influence organizational decision making by exercising their power in different ways.

Ansoff (1979) devotes one full chapter to discussing organizational culture and how culture may impact strategic decisions. He relates the type of culture required in differing environments, and details eight attributes of culture that may be important. Three types of leadership are discussed, and their impact on strategic decisions and internal politics is described. Ansoff also highlights the importance of different leadership types based on different strategic opportunities. Finally, he presents a detailed model of firm decision making which includes influences from internal and external stakeholders, political aspirations, power structures, perceptions of the environment, managerial aspirations, past performance, culture and capabilities. Although first developed in 1979, Ansoff’s decision model is as advanced as any model put forth today.

Ansoff closes the book with a few chapters on strategic change, how firms recognize change, and how and why they respond as they do to change. Ansoff relates change management to decision making because the ability of a firm to recognize and respond to change appears to be influenced by the same factors that influenced other strategic decisions.

As Mintzberg (1994) describes it, strategic planning was the initial direction to strategy, yet based on unsatisfactory results, and more was needed. By the mid-1970s Ansoff (Ansoff *et al.* 1976; Ansoff 1972; Tavernier 1976) had recognized the shortcomings of traditional strategic planning and had begun providing a solution through his work on strategic management and strategic adaptation. Although Ansoff’s early work focused on strategic planning (1965), he quickly adjusted his theories, based on real-world observations, to focus on a more complete model of strategic management that included implementation of strategies as well as strategic planning (Ansoff *et al.* 1976; Tavernier 1976; Ansoff 1988). In his revised book *The New Corporate Strategy* (1988), he devotes the first half to strategic planning and devotes the second half to problems/solutions of implementation and adaptation. He was an enthusiastic proponent of expanding traditional strategic planning into a more comprehensive strategic management concept.

Ansoff (Ansoff 1971; Ansoff *et al.* 1976; Tavernier 1976) also detailed some of the problems of strategic planning including resistance to change and the need for strategic leadership. He spoke about the need to change organizational capabilities to take advantage of new opportunities provided by a rapidly changing environment. He discussed problems of organizational culture and how implementing
new strategies often meant changing long-held cultural beliefs. As in his other work, Ansoff continued to stress the driving force played by the environment and the need to maintain alignment between the environment, firm capabilities and firm strategy.

His work on change management (Ansoff 1979) was an attempt to provide a prescriptive dynamic technique for managers to expand strategic planning into the domain of strategic management. In this work he not only describes the sources of resistance to changes in organizational strategy and capabilities, but also describes four methods for overcoming resistance to change.

Because he recognized that strategic planning was static and that a more dynamic strategic management approach was needed, Ansoff (Ansoff et al. 1976) introduced the concept of planned learning as an alternative to either adaptive learning or planned change. He suggested that adaptive learning is most common and normally triggered by changes in the environment that the firm can no longer ignore. Adaptive response is normally to cut costs or increase marketing; however, the persistence of the environmental signals (poor results) continues. At this point adaptive learners attempt to find better strategies (product/markets) and make adjustments to structures (organizational capabilities). Ansoff contends that there are several problems with adaptive learning, including (1) the slow speed of recognizing the need to change which endangers the firm and results in poor performance, and (2) the additional losses accumulated during the strategy/structure search and implementation periods.

Planned change, Ansoff maintains, means that managers extrapolate the present environment into the future and then plan future changes in strategy and structure before they are needed. Hence, planned change suggests that firms will minimize any losses due to development of new strategies and structures when the time to change arrives. Yet again Ansoff finds fault with this theory suggesting that (1) changes in the environment may not be linear and, therefore, managers may not be in a position to extrapolate them, and (2) managers may be unwilling/unable to conceptualize strategies/structure which differ significantly from historically/culturally held belief systems. Hence, managerial cognitive limitation may make planned change ineffective.

The alternative to these two strategic management methods is what Ansoff (Ansoff et al. 1976) calls planned learning. He states that ‘excessive overplanning can be as unproductive as impulsive recourse to trial and error’ (Ansoff et al. 1976: 72). He therefore suggests a technique that combines the benefits of both adaptive learning and planned change. Planned learning involves using organizational flexibility, testing of potential strategies/capabilities prior to implementation, and a pacing element which prioritizes potential changes.

The above discussion was intended as an introduction to Ansoff’s major contributions to the field of strategic management. However, Ansoff was a prolific thinker and made numerous other valuable contributions, two of which are summarized below.

Ansoff was well aware that changes in the environment would drive changes in the products/services firms provided and the markets they served (Ansoff 1971). This, he knew, meant that managers would have to deal with change. Change would sometimes be rapid, other times slow. What was needed was a systematic method of determining how to respond to change. In an attempt to provide managers with prescriptive tools for identifying, planning for and managing changes in the environment, Ansoff developed both an issues management (Ansoff 1980) and a surprise management (Ansoff 1976) system. These systems, he suggested, can help managers systematically address changes in the
environment by managing environmental scanning, strategy capabilities development, and implementation. These tools provide managers with a systematic set of decision rules, which provides a framework for evaluating the type, degree and intensity of strategic management adaptive behaviour required in a firm. The issues management system is concerned with managing both strong and weak environmental signals, while the surprise management system address the importance of planning for major, potentially damaging, discontinuous shifts in the business environment.

Ansoff was also an early exponent of the use of technology in strategic management. In fact, one of the major internal capabilities in Ansoff’s contingency model was technology, especially computer technology. Further, Ansoff (1986) has written about the role played by computers in aiding management during the strategic management process.

Much of Ansoff’s writing is very technical, and therefore readers without background knowledge may find it difficult to understand. However, Ansoff and McDonnell (1990) provide a highly readable general overview of Ansoff’s many ideas, concepts and models.

Ansoff’s contributions to the field of strategic management were far ahead of his time and, perhaps because he was more interested in developing theory than in testing it, much of his work remains unexplored. Many of today’s ‘original’ insights have their roots in Ansoff’s work during thirty-five years as a strategic management scholar. Despite advances in the field, those interested in strategic management will still find it beneficial to look closely at Ansoff’s work.

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