For the past 30 years, research on strategic decisions has been dominated by three basic approaches: “bounded rationality”, “power and politics” and “the garbage can”.

**Bounded rationality** In this approach, strategic decision makers are rational, but only within the limits of their own capabilities. They aim for an outcome which is “good enough”, rather than the best; they rarely explore options comprehensively; and they often redefine their goals during the process of choosing. While many decisions follow a basic structure of identifying the problem, developing alternatives, analysing and choosing, they also repeat the various stages following different routes.

Bounded rationality is a better description of how people choose than its idealized predecessor, the rational actor model. However, it does not deal well with the fact that many successful decision makers rely heavily on a process that is rational in some ways but not others. For example, effective executives often rationally make contingency plans, but then act on incomplete information; they rationally develop many alternatives, but – apparently not so rationally – fail to analyse them fully. The “bounded rationality” approach says nothing about processes such as insight and intuition, which in reality are likely to be among the most decisive factors in strategic choice.

**Power and politics** The genesis of this model of strategic choice is the political science literature of the 1950s. Like bounded rationality, this perspective is largely a reaction to the rational actor model. In this case, the particular feature under attack is the assumption that organizations have a single goal, ordained from on high. So, while bounded rationality attacks the model of the individual as rational, the political model attacks the model of the group as rational. In the political model, people are individually rational, but not collectively so. Choice is the outcome of a process in which conflict among decision makers is resolved through the use of politics and power.

Today’s corporate context demands fast decisions that are flexible enough to permit adaptation as circumstances change.

Most would agree that organizations consist of people who have partially conflicting preferences surrounding their individual and collective self-interest. It is also common ground that strategic choice processes are invariably political in that powerful people usually get what they want, and that people use political tactics like coalition formation, withholding information, and lobbying to enhance their power and point of view.
However, the “power and politics” approach can assume too much rationality and deviousness. Like “bounded rationality”, it neglects the emotional aspect of choice. Power and politics often involve emotions such as animosity and jealousy which are not part of the paradigm. The traditional paradigm lacks a soul.

The garbage can

The garbage can model emphasizes the role of chance in the unfolding of strategic decisions. Decision making occurs through the random meeting of choices looking for problems, decision makers looking for something to decide, problems looking for solutions, and so forth. Empirical research suggests that chance does play a major role in decision making. Moreover, the context of punishing competition. There are doubtless many possible metaphors for thinking about this dilemma. The particular one that I outline here is improvisation. Improvisation is often discussed in the context of the arts: jazz improvisation such as that by Dave Brubeck and Miles Davis, rock improvisation by bands such as the Grateful Dead and Pearl Jam, and dramatic improvisation in movies such as Secrets and Lies or by troupes like Chicago’s Second City. Recently, improvisation has made its way into discussions of organizational processes, notably in product development.

What is improvisation? It is organizing in such a way that the actors both adaptively innovate and efficiently execute. In music, this means creating good music in real time, while con-stantly adjusting to the shifting musical interpretations of other group members. The popular conception of improvisation is that the actors or musicians are simply performing whatever takes their fancy at that moment. But, in reality, true improvisation is much more structured. It is distinguished by two very crucial characteristics:

First, improvisation relies upon performers intensely communicating with each other in real time. In musical improvisation, this means constantly paying attention to whatever the musicians who are playing at the moment are doing. Effective improvisation requires performers neither to look back at what has been played already nor to glance ahead to when they may cut in. They play very much in the “now”.

Second, improvisation involves performers relying on a few, very specific rules. There are not many rules, but those that do exist are religiously followed. Improvisational bands typically have a few rules around the order of play and the acceptable chords. But, beyond these, the musicians are free to play as they choose.

The result of improvisation is a performance that is innovative, surprising and adaptive while, in the hands of skilled performers, it is also high quality and well-executed. Improvisation produces music that is more spontaneous and adaptive than, for example, classical symphonies, but also more melodic and indeed “musical” than simply random play. Why does improvisation produce adaptive yet well-executed performance? The limited rules provide an overarching framework such that even musicians who have never played together before can still create good music. Without such structure, there are too many degrees of freedom. Yet, at the same time, there is not so much structure that the adaptability and innovativeness of the performance is restricted. Further, the real-time attention and interaction keeps performers centered on working together to continuously balance flexibility and execution.

This same kind of adaptive, yet efficient performance is critical for effective strategic decision making, especially in fast-changing and highly competitive settings. In particular, an improvisational view assumes that strategic choice is conducted by a small group of decision makers. Like musicians, these executives are skilled individuals, often with a particular expertise. However, instead of expertise with particular musical instruments, and music forms, their expertise centers on functional areas such as finance or geographic location, or some other source of expertise. Moreover, while these decision makers are individuals, their task is collective: to make effective strategic choices that blend adaptiveness and execution.

The idea that a jazz band is a useful metaphor for strategic decision making is, I think, unexplored. Nonetheless, in my research, the improvisational
model seems to unify and explain the results that we obtained. This research consists of in-depth case studies of strategic decision making among the top management teams of 12 computer firms. The most effective decision makers relied on limited structure in their strategic decision processes. In particular, they insisted upon a large number of alternatives and the use of conflict-generating processes of investigation – like multiple scenarios – to create and explore these alternatives. But, they did not specify any particular decision process and they did not extensively analyse most of the alternatives.

These decision makers also relied heavily on roles. Much like having musicians with particular instruments, these top managers took on specific roles such as counsellor, devil’s advocate, Mr Steady, Ms Action, and guru. But precisely what decision makers did in the context of these roles was not specified. The more effective decision makers also relied on a process for resolving conflict termed “consensus with qualification”. This means that the group tries to reach consensus; but, if that consensus is not achieved, then the choice falls to a particular group member (e.g., the CEO or head of a function). Again, the process had some structure, but it was not entirely rigid: team members could probe for consensual decisions, yet still had a way to make the choice in the absence of such consensus.

We also observed in these effective teams that the strategic decision makers, like jazz musicians, paid close attention to real time. Compared with less effective top management teams, they had an unusually high amount of communication, both formal and informal, with one another. They also had an intense focus on real-time information about their businesses. They had an unusually tight grip on a small number of operating variables. They did not look to the past very much, and they did not spend much time looking ahead very far either. They were very much in the “now”. The implications of our research are that these top management teams achieved a number of positive outcomes with their approach to decision making that are consistent with improvisation. Their decisions were typically fast and adaptive to environmental change, high quality because they were the result of conflict-based discussion, and achieved broad acceptance because of the group involvement. Overall, although these results are not definitive, they do suggest that an improvisational model may provide fresh insights into effective strategic choice, especially in fast-changing and highly competitive settings.

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