In this paper, I explore the nature of strategic decision making. In particular, I am concerned with the interplay of rational reflection and intuitive insight in strategic contexts. I argue that it is in the very nature of strategic situations that they cannot be exhaustively analysed in terms of the available evidence, and that hence there always is an intuitive element to strategic decision making. I consider a variety of ways to explain the notion of intuition and conclude that intuition and rationality ought not to be conceived as incompatible with one another. It follows, I claim, that the intuitive component of strategic thought allows for at least some degree of public accountability.

A general ponders a move on the battlefield, a business executive considers the launch of a new product, a teenager is faced with choosing a career: all of these decisions, despite their quite radically different character, have something in common. What they share is that they all are, in some broad sense of the term, 'strategic'. It is this broad sense of the term that I will be concerned with in this paper. I am thus not exclusively interested in warfare, or chess, or any other kind of activity that is associated with a narrow conception of the term 'strategy'; rather, I wish to investigate a problem arising in connection with most decisions that, in some way or other, qualify as relevant, important, or far-reaching. Such decisions almost invariably have no easy solutions. They cannot be resolved on the basis of a simple inference from the available evidence; there is no algorithm available that, once applied, would yield the one correct answer with regard to what course of action to take. The problem I am interested in is how to make decisions under such circumstances: what do we do when the obvious resources of calculative rationality appear to fail us?

It seems to me that this question is at the core of all thinking about strategy. This is so not because any kind of easy recipe that allows us to cope with difficult decisions could be hoped for; difficult decisions are just that, and it would be a grave misjudgement to expect any kind of standardised solution for the problems they bring with them. But nevertheless, in order to make a qualified decision, one needs to be clear about what its criteria are - what resources one can tap for deciding to make this move rather than another one. My thesis is that decisions that are strategic in the broad sense are made on the basis of two such criteria - empirical investigation on the one hand and intuitive appeal on the other. In order to get clearer about the nature and scope of these two criteria, their interrelations and their limits, I shall proceed in the following way: I will first try to develop a better grasp of what qualifies as a 'strategic' decision (1) and will comment briefly on the conception of rationality I am adopting (2). I will then say more about a plausible conception of rationality, as well as its scope, and the implications of this conception for a strategically minded agent (3). I shall comment on the nature and role of intuitions in that context (4) and shall go on to expand on the interrelation between these two pillars of strategic thought and action (5). In a last step, I will comment on how that interrelation bears on the crucial question of public accountability in strategic contexts (6).

1 Thanks are due for comments on earlier drafts of this paper to the members of The Boston Consulting Group's Strategy Institute, as well as the editor of and an anonymous reader for Philosophy of Management.
2 My use of the term 'strategic' thus differs significantly from its standard meaning; see eg Jon Elster Sour Grapes: Studies in the Subversion of Rationality Cambridge 1987 p 12 f
3 This thesis is by no means universally shared. Thus, the influential Design Theory of business strategy is portrayed as holding the following: 'Strategy formation should be a deliberate process of conscious thought...Action must flow from reason: effective strategies derive from a tightly controlled process of human thinking...Strategy making in this sense is an acquired, not a natural, skill or an intuitive one – it must be learned formally.' Henry Mintzberg et al Strategy Safari: A Guided Tour through the Wilds of Strategic Management New York 2005 p 29 f
Axel Seemann

1 ‘Strategic’ Decisions

There seem to be three key features of decisions that may be termed strategic in a broad sense: substantiality, freedom, and uncertainty. There may be others as well, but these three strike me as most relevant for our enquiry. I do not purport to have any decisive argument as to why it should be these three notions that matter most. They do make it possible to highlight the above nature of strategic decisions, however, which is why I think they serve well in the present context.

1.1 Substantiality

It is a crucial characteristic of strategic questions that they should be of some relevance: strategy matters, otherwise it isn't strategy. It is not a strategic question whether I get my pint of milk from a corner shop or a supermarket; but it is a strategic question whether to take out a loan and get a college degree or join the workforce. Strategic decisions are such that in one way or another, lives will be affected by them. This holds very obviously true for a general's moves on the battlefield, but also (if in a less drastic sense) for business issues: strategic business mistakes do not only bear ill for the decision maker, but also (often much more so) for the company's employees and shareholders.

1.2 Freedom

More often than not, one is a lot less free to act than one would initially surmise; but strategic decisions and actions are the exception. In strategic situations, there is a real decision that needs to be made; and that entails a choice between a range of genuine alternatives. If there is a choice, it is a choice for the maker of the decision; and hence, that agent has to experience herself as free in a substantial way. Strategic freedom amounts not just to the agent’s capacity to make a choice; furthermore, the choice will be such that there are no absolutely compelling reasons that dictate one decision rather than another. The kind of freedom strategy presupposes is, to use Isaiah Berlin's terms (if not quite his concepts),4 a 'positive' rather than a 'negative' kind of freedom, a 'freedom to' rather than a 'freedom from': the freedom to make real choices that have real impact on real people.5 It follows that the strategic decision maker is going to be held responsible for his actions; he must be able to justify the consequences of his decision. This consideration will turn out to be relevant in the last sections of this paper.

1.3 Uncertainty

Strategic actions are made in the face of uncertainty: the general does not know how the enemy is going to react to his move,6 the executive cannot absolutely foresee whether or not his product will be accepted by the market, the teenager is uncertain about what life holds in store for him. It is this element that contributes most significantly to the ‘trans-rational’ (and hence, as I shall suggest, intuitive) nature of strategic decision making. Predictions about the consequences of an action on the basis of past experiences will go some way, but ultimately such projections cannot with any certainty tell what those consequences are going to be.

It seems to me that all of these three features are indispensable components of strategic thought and action, and that they allow for a quite accurate characterisation of what kinds of decision qualify as strategic. As I have mentioned above, the resulting picture of strategy is rather broad, but it comes with an advantage that I consider to be crucial: namely, that on this broader conception the sphere of strategy transcends battlefields and company boardrooms and enters everyday life, of which I think it truly is a part.

5 Of course, none of this rules out compatibilism. I am not concerned with the agent’s de facto freedom from any causal constraints, but with its phenomenal aspects – the agent’s experience of freedom.