Chapter 19
Using Balance Theory for the Sequential and Correlated Development of Vision, Strategies and Projects in Complex Environments

Ömer Livvarçin and Dilek Kurt

Abstract This study introduces the usability of Balance Theory for the effective and correlated management of vision, strategies and projects especially in complex environments. Balance Theory was initially developed by Livvarçin (J Turk Navy Navy 77–81, 2010) as a tool for the strategic management of business organizations as well as national organizations or even countries. The theory basically claims that there should be a balance between the interest area of the organization and its power. Any misbalance between those two parameters will cause various types of strategic level problems. When the level of complexity increases, the establishment of clear vision, derivation of strategies and finally development of oriented projects becomes more crucial and more difficult. This study proposes the usage of balance theory for designing vision as the first step. It basically aims to answer the questions; "Where are we now?", "Where do we want to be?" and finally "How shall we go there?" for the determination of the vision. In the second step; strategies will be developed by assessing the gap between our current and aimed positions. Afterwards, the most appropriate and feasible projects can be initiated. This straightforward process is valid also in complex environments where pursuit of strategies becomes more difficult.

Keywords Strategic management · Vision · Strategy · Project selection

19.1 Introduction

Vision is one of the most crucial parameters that directly influence not only the improvement but also the survival of any organization and has always been an interesting topic for researchers (e.g. Conger and Kanungo 1987; Baum et al. 1998). Moreover, many studies introduced vision as one of the major functions of managers and leaders (e.g. Tichy and Devanna 1986; Bass 1990). But surprisingly, the

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foundations of effective vision have been less studied (Kantabutra and Avery 2002). Similarly limited effort has been applied in the assessment of vision implementation (e.g. Robbins and Duncan 1988).

Similar considerations are also valid for strategies. Strategy is commonly accepted as a complex phenomenon (Miles et al. 1978; Ansoff and McDonnell 1990; Mintzberg and Quinn 1991; Stacey 1996; Bakir 2001) and extremely difficult to formulate (MacCrimmon 1993). However this assumption doesn't provide a useful input for strategic management.

The manageability of strategy is a crucial issue but the lack between academic theories and real life applications is also important. Mintzberg (1972) emphasized the lack of empirical studies on strategy. He claimed that most of the strategy theories were not based on research. Some scholars (Gupta and Lonial 1998; Barney 1991) emphasized similar concerns which proves that most of Mintzberg's criticisms are still valid.

Finally, derivation of projects from clearly defined visions and strategies is another phenomenon which is usually failed even by the most prospering organizations and leaders. The projects are usually either not vision oriented or not cost effective from the perspective of strategies.

According to Porter (1996), strategy is the creation of a unique and valuable position, involving a different set of activities. This study introduces the usability of Balance Theory for the effective and correlated management of vision, strategies and projects especially in complex environments and aims to support managers while defining strategies and selecting projects.

When complexity level increases, the establishment of clear vision, derivation of strategies and finally development of oriented projects becomes more crucial and more difficult. This study proposes the usage of balance theory for the designation of vision as the first step. It basically aims to answer the questions; "Where are we now?", "Where do we want to be?" and finally "How shall we go there?" for the determination of the vision. In the second step; strategies will be developed by assessing the gap between our current and aimed positions. Afterwards, the most appropriate and feasible projects can be initiated. This straightforward process is valid also in complex environments where pursuit of strategies becomes more difficult.

19.2 Balance Theory

Strategy studies that predate the current literature have been criticized for not fulfilling the requirements of managers or for not fitting with the circumstances of real business world (Prahalad and Hamel 1994; Feurer and Chaharbaghi 1995; Hendry 1995; Schendel and Hofer 1979). One reason is that strategy used to be accepted as a non-rational process (Braybrooke and Lindblom 1963; Cyert and March 1963; Cohen et al. 1972).

Friga et al. (2003) introduce the development of a vision of the end result—or setting specific goals for a particular institution—as the first element of the strategy.
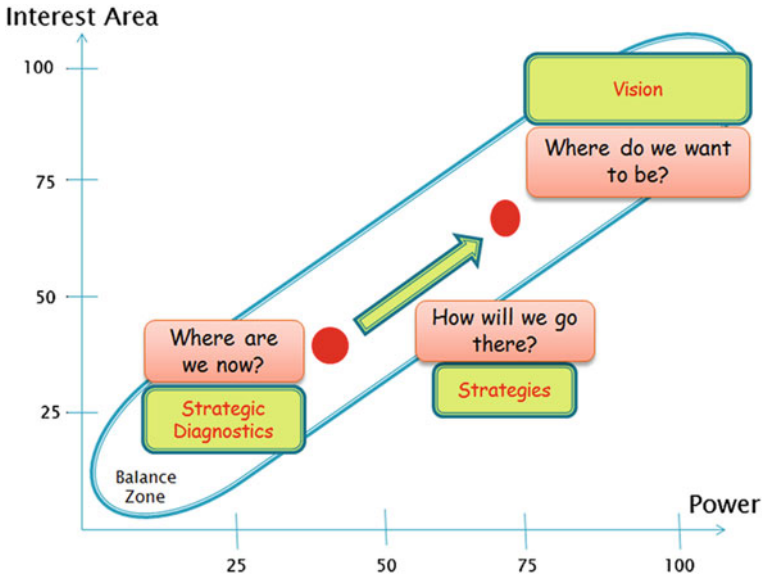
Fig. 19.1 Balance theory (Livvarçin 2010)

For that particular reason, Balance Theory was initially developed by Livvarcin (2010) as a tool for the strategic management of business organizations as well as national organizations or even countries. The theory, while determining the vision, basically claims that there should be a balance between the interest area of the organization and it's power. Any misbalance between those two parameters will cause various types of strategic level problems.

As illustrated in Fig. 19.1, the vision of an organization (particularly a nation) may be expressed as a point on a graph where "Power" and "Interest Area" are used as horizontal and vertical axes respectively. The graph does not only indicate the aimed vision but also the current position which enables decision makers to observe the gap between "where they are" and "where they want to be".

The gap between the current status and the vision, represents the strategies that need to be adopted. In other words by using the metrics of Balance Theory managers can easily derive organizational strategies out of the organizational vision.

19.3 GAFA-S Model

The last step should be selection of the projects which best fit with the organizational strategies and thus with the organizational vision. Although it sounds easy, in complex environments and with limited resources effective project selection is usually not the case.
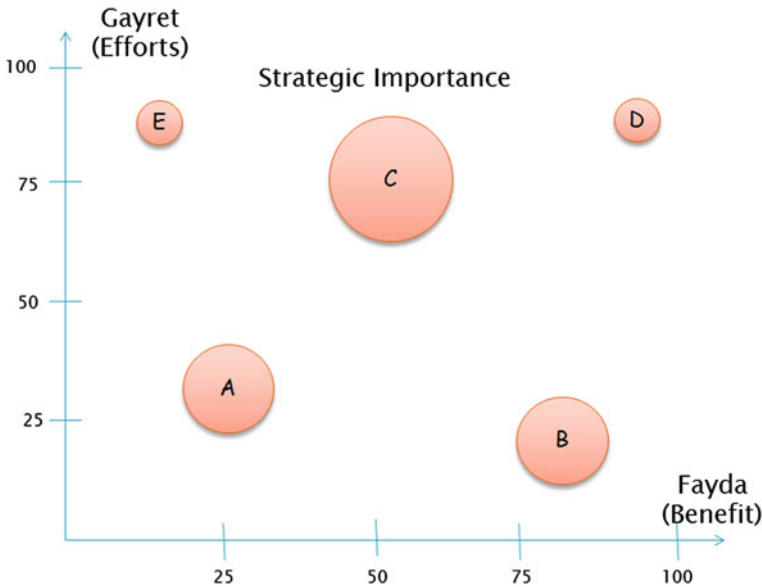
Fig. 19.2 GAFA-S model (Livvarçin 2012)

The introduced GAFA-S Model (Livvarçin 2012) might be used for appropriate selection of most cost effective and vision focused projects.

As illustrated in Fig. 19.2, GAFA-S model has two axes and three dimensions in total. The vertical axis represents the value of all kinds of efforts (including budget, human resources, risks, time etc.) which means "Gayret" in Turkish and the first two letters of the GAFA-S Model is derived from this word. Similarly the horizontal axis represents all kinds of benefits that are expected from a particular project. The third and forth letters of the introduced model, "FA" are taken from the Turkish translation which is "Fayda". Finally, the strategic importance of a particular project is represented with the dimension of the circle.

After plotting all project alternatives on the graph it becomes much easier for decision makers to select the best projects.

19.4 Results

It is generally believed that (corporate and competitive) strategy is formulated by top management (e.g. Bakir 2001; Zuboff 1988; Zaleznik 1989). However without an effective management tool that enables his/her staff to support him/her, managers can do little.

Balance Theory makes vision measurable thus clear and manageable. Appropriate and still clear and measurable strategies can be developed out of the vision. Finally by using GAFA-S Model organizations and managers in particular can choose and start the best projects for the goals of an organization.

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