

DOMINANT LOGIC

In the field of strategic management, the concept of *Dominant Logic* was first introduced by C.K. Prahalad and Richard A. Bettis in 1986. Prahalad and Bettis suggested that the way top managers deal with the increasing diversity of strategic decisions in a company, which are caused by acquisitions or structural changes in the core business, depends on the cognitive orientation of those top managers. *Dominant logic consists of the mental maps developed through experience in the core.*

The concept of *Dominant Logic* was taken further in 1999 by The Performance Group, who facilitated a global learning consortium titled "*Jumping the Curve. Developing a new Dominant Logic to ensure sustainable growth*" with 6 leading global companies. The objective for these companies was to challenge their established patterns and develop a new "*Dominant Logic*". The consortium defined Dominant Logic in a variety of different ways, for instance:

- Our behaviour, focus and the way people act
- A set of ideas about the company and the world
- Personal rules and experiences
- A reflection of our success
- Something that is invisible, internal
- An organisation's genetic code
- An organisation's operating system

Hence, we could say that dominant logic

- is our behaviour/mind set
- is often (incorrectly) reinforced by measurements and compensations
- should be based on customer needs
- can be restrained by technology

The concept of Dominant Logic is central in a "*Jumping the Curve*" context because it sheds light on two key issues:

1. why many institutions find it so hard to change, and
2. why many institutions see change in the environment but are unable to act.

Often the focus in trying to answer such questions has been on the surface architecture of the organisation strategy, structure and systems, instead of underlying structures and foundations, such as the Dominant Logic. The concept of Dominant Logic is useful in developing a much more thorough understanding of these issues.

"Our history, however glorious, must not block the entrance to the future", Professor Charles Handy once said. For whatever scenario a company chooses for the future, the company must realise that its Dominant Logic may hinder new opportunities.

Based on years of research and experience we have a proven track record of identifying and challenging a company's Dominant Logic and using this insight in our work with scenario development and strategic dialogue.