COMPETITIVE DEVELOPMENT: THE RECURSIVE INTERACTION BETWEEN STRATEGY, COGNITION AND POWER

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SUMMARY

Systemic thinking and the challenge of complexity have been in the past two decades concepts common in the academy and professional practice organizations. However, very few models have truly systemic approaches to deal with the uncertainty of the complexity in which organizations are expected to create value. In this paper we present the Penta model as proposed to fill up this gap.

KEYWORDS: Alignment; Strategy; Culture; Mental Map; Uncertainty.

INTRODUCTION

In the last twenty years we have read and heard countless explanations and recommendations regarding the importance of the systemic approach, not only to be used in the diagnostic phase of the strategic posture, operational and tactical organizations in their environments, but also in stages of the formulation and implementation of the strategy and its operational and tactical anchor (von Bertalanffy, 1969; Churchman, 1984; Senge, 1990; Weinberg, 2001; Wilson, 2001; Gharagedaghi, 2005; Skyttn, 2006).
The mechanical metaphor of the practice continues to be imposed on the organic metaphor of the theory. However, many organizations are still conditioned by the functional linear view, caught in tunnel type mental maps caused by the walls that separate these functional areas and slabs that separate decision-making levels, although these organizations, when translating strategies into action, everyday operate processes that cross these areas.

Meanwhile, these settings increase the level of complexity (another overused term as another fashion) as it has increasingly significant impact arising from the emerging network of recursive action intertwining economic, technological, demographic, political, legal, social, cultural, environmental and communication variables between them.

In settings of high competitive turbulence discontinuities and sudden jumps, many efforts to create meaningful and sustainable organizational changes have resulted in serious failures. We believe that the accumulation of such failures in the transformation of organizations in an attempt to improve their competitive performance, can be derived from the still strong influence on managerial mental architecture assumed that organizations are machines, instead of living systems, despite that we all agree that the machines do not have intelligence, especially at the level of diagnosing the inside, outside and decide to provide strategies for migrating from what we are and what we pretend to be.

This belief assumes that cause-effect relationships are simple and straightforward, we can make predictions of the future by extrapolating the variables of the past, organizations and people can be rational and efficient design solutions aligned upon vision as understood, shared and committed (although many recite it as humans are not resources because new generations are not compromised).

To make matters worse, we have taken the view that organizations are information processing systems, when in fact, nothing more and nothing less, meaning processing systems.

The aim of this paper is to present the Penta Model which enables Complex Socio-Technical Systems using a systemic approach in the early stages of appraisal of the situation, formulating strategies, implementing those strategies and continuous adjustment through
constant innovation, to make sustained and sustainable strategies to create economic value and take acceptable levels of risk exposure.

Let’s call Complex Socio-Technical Systems (SSTCs) human systems that employ techniques, skills and expertise, aimed at achieving goals and objectives, in high turbulence, sudden jumps and discontinuities, competing against other SSTCs pursuing conflicting aims and objectives (von Bertalanffy, 1950; Emery and Trist, 1960; Alonso, 1990; Prigogine, 1996; Sanders, 1998; Ropohl, 1999; Levy, 2010).

This changes our conception of what is strategy, what is Power and what is Cognition and none of the three can be understood in isolation from the other two because it is difficult to distinguish the separation between the three elements. Strategy is what I want, Cognition is what I know. Power is what I can. In this article we want to emphasize that what should be a function of what I know and what I can. We also want to emphasize that the what I can do is a function of what I want and do not know. And also one wants to emphasize that what I know is a function of what I want and what I can.

And it changes our view on what information is. It means to give meaning. But give meaning according to our individual and collective mental maps. The Penta model is based on the principle of Social Cognition and Collective Intelligence when the information belongs to everyone, when it involves all people who can organize and align quickly and effectively in relation to sudden changes in the environment. When information is shared, people see different things and all help to implement what they helped create. The relationship between people and their interaction is the only communication path to the intelligence of the system. The systemic organizational relationship, interactive and absorbing resources is to transform information into meaning-information that no one would have expected ever be necessary to know, disseminate and share-expanding capacity of Strategy, Cognition and Power to achieve the virtuous circle of Competitive Development.
DEVELOPMENT

The theoretical backing

The central theoretical proposal of this paper is to consider the interaction of the following eleven points:

1. Within the SSTC, and between human beings in general, language is the ultimate interface (Romesín Maturana, 1984, 1996, 1997).

2. The word is the primary behavioral coordinator, while the strategy is the coordinator of a higher behavior order. The strategy marks the northern system of structural change should result in behavioral change of its members. Therefore, the implementation of the strategy requires cognitive alignment (consensual behavioral coordination of all members).

3. Learning is the royal road alignment and dynamic cognitive intrinsic quality of the decision process. The topics presented here highlight the need to understand and deepen SSTCs how the cognitive operations and in particular, how they learn (Gore, 2003 and 2006). Appeal to the concept of collective intelligence and knowledge shared by group members of the system and the concept of cognitive alignment, defined as the degree of coincidence of perceptions and representations of those individuals.

4. We share the epistemological position put forward by von Glasersfeld (1991) that considers the whole strategy always inadequate as a theory (because we have no way to check its correspondence with the real thing) and always fit perfectly in regard to our cognitive structures. In this way not only to execute a strategy but also to built spaces for questioning, submit to a systematic comparison against other options and alternatives.

5. Theory of Mind (Premack and Woodruff, 1978) is a theoretical construct that points to the phenomenon by which a subject explains, predicts and interprets his behavior and that of others in terms of mental states, i.e., is awarded to another himself and his fellows the ability to determine their behavior.
Culture is one of the more complex dimensions of the SSTC which is called Relational-Emotional Matrix (Bar-Tal, 1990). This houses the history, heroes and myths of the system, values, rituals and beliefs, symbols, jargon and other artifacts that illustrate the system’s identity, creed and ideology, the way things are made here, the relational-emotional parent. Culture is the long-term semantic memory, episodic and procedural. The performance of a SSTC is marked by their culture. Therefore, in certain circumstances it is required to act on the culture in order to create the conditions for the transformation of the cognitive repertoire of members of the SSTC.

Since SSTCs develop successively and recursively perceptions, meanings, understandings and reasoning (not the absolute sense of rationality), both about themselves as the theater of operations and formulate strategies can be defined as systems of ideas, representations.

The concept of knowledge as a cybernetic model (von Glasersfeld, 1984) is a key input. The SSTC build a cognition (e.g., a strategy) which is, in turn, a cognition about themselves (the observer) and theater (as observed). Strategy as a cybernetic model is a construct that is committed to its ability to fit adaptive and recursive feedbacks.

The traditional concept of chain-to-end media, defining meta-goals or purposes to the goals of higher logical types to target or operational objectives will be pursued in a specific strategy. An objective is a link in a chain, upwards, it operates as a means to achieve another goal of higher level until the higher purpose, or mission and downwards operates as an end goal of achieving a lower level, up to the action.

The concept of situational relativity proposed by Levy (2010) of the media. Media and resources are the set of tangible and intangible assets that are available to achieve the objectives. Consideration as such a resource is a subjective value granting that emerges from the representation of that resource which emerges from the previous step and viability instrumental to achieve each particular goal. The same resource (tangible or intangible) can be a resource to achieve a goal but not be to achieve another, at the same time or another. On the other hand, in the event of a decision in conflict with one another, such as a chess opponent, a competitor, an enemy, a
disease or a natural disaster, a resource will appeal relative to the assessment of specific situation, to foresight and scenarios built (Levy, 2010).

11. The concept of chaos theory, Prigogine (1984) describes how the potential of change depends on the initial conditions. The complexity theory proposed by Sanders (1998) attempts to account for how the order and structure emerge from an adaptation process initiated by the receipt of new information from the environment, making it into the system in a chaotic episode. Both theories warn of the danger of extrapolating past events as forecasts of likely situations to occur in the future, when, especially in the strategic decision, it is essential conjecture and prospective future scenarios for tomorrow.

Most companies and in general, most human organizations-including society-are creating new forms of intelligence. Our theoretical inquiry and our advisory practice, to these social networks with strategic objectives shared we complement to the great contributions that academic research can add, collecting, analyzing and distilling the results of our real world experience.

The interaction between our practice and methodological developments aimed at maximizing the performance of these organizations, are based on the domain of emerging and converging fields that converge in the understanding and development of collective intelligence. This concept as the core of any social organization has to do with the empowerment of mental maps of the entire system.

It is important the attention to factors promoting the development of collective intelligence to create conditions for change, the ruptures that allow the organization to embark on the process of communication of the second degree, which is one that creates new information and discover deep expectations. It is that which focuses on what could be an active participation that reveals the profound uncertainty that all reality is hidden behind the facade of the dangerous and dubious certainties securities. Thus, real-world organizations are now understood by all experts as socially constructed symbolic networks, resulting from the interaction of human minds, rather than myopic or visions declaimed charts. Where mental
phenomena should be recognized as the only ones which determine what can human systems do and the possibility of what can reach to be. (Levy, 2010).

I. Brain Cages

Most of the time we assume that when we make use of available information on the facts. But no one can act on data that they cannot see. The problem is that usually we do not see a lot of data because of the tremendous power of expectations and preferences that we carry in the brain that block or distort information about the world around us. The result can be worse than actually not having the information.

This is a fundamental focus of Competitive Development (Levy, 2010). Expectations unconsciously act as filters which allow entry into the brain to only those data that fit the existing figure of the world and block entry into the data that do not fit. Many companies have not seen the entry of new competitors or product innovations or markets until it was too late. To make it even more difficult, as this distortion is not conscious, the consequences in the decision making process are highly dangerous.

Cognitive psychology has shown long ago that we tend to be better able to see and hear what we expect to see and hear. Therefore, the natural tendency is to not notice the unexpected. Although, it is right there before our eyes. Then we either completely block our senses in this event or give a massage that is more friendly. Expectations tell us how things should work. But this mental spectrum is included what the customers want and what they will want and what our competitors do or will do! To top it off, these expectations are very useful to us because they help us not to be overwhelmed of information impossible to enclose and process. If we did not have a point of view, an opinion, we would not take decisions. The challenge is to try to discover if there is another better point of view.

Preferences, however, are aware. They also act as filters, but these filters are aware and specialize in recognizing and denying unwanted data. It is that preferences are easier to detect in brain self-analysis, but are also more active forms of data that selectively block or disturb us reformulate and reconstruct or represent to be compatible with our emotions. It’s like inflated expectations but our omnipotence because explicit desire to hear what we hear
and end point (I'll pay you to do and not to think). They are not tame and imperceptible. Any information that violates my preferences should not be taken into account.

These filters prevent cognitive in the way we need to make an assessment of how the brain selects and distorts the facts.

Listening what you do not want to hear is not a natural ability. This ability is the enormous conscious effort to take into account data without the conscious effort, would be expelled or misinterpreted. The downside to this effort bothers us, makes us bad and it hurts. But the alternative is worse. It's too high a risk that the decisions we take are only based on the nice and comfortable details that sound nice in our minds and in our emotions.

II. The Role of Co-Thinker

The co-thinker thinks together with the different groups of the enterprises to install a strong strategic culture based on innovation and that it radiates throughout the organization to encourage it to lead the future (Pitchon Rivière, 1999). Unlike the teacher or facilitator, the co-thinker transfers technology, the set of conceptual models with which the individual and group challenge organization's visions, perceptions, beliefs, assumptions, opinions and predictions so far dominated mental maps with which it made decisions.

Unlike the teacher, the co-thinker helps to apply. Unlike a consultant, the co-thinker thinks of the group of members of the organization and not for them. The co-thinker should help to the integration and alignment, after a vision understood, shared and committed, sustained by a culture of innovation, growth and competitiveness as a vector of its development of sustainable competitive strategy.

III. Penta Model

In order to have both theoretically with a conceptual scheme, as well as in practice to have a referential framework and operational phases to intervene in the diagnosis and formulation and implementation of the strategy of a Complex Socio-Technical Systems, we present Penta Model (Levy, 2003 and 2010). This theory model has been confronted on many occasions and has experienced high levels of performance in dozens of organizations of all
types in several countries, such as that currently being carried out in MEDICUS (health insurance plans company), or those that have been made, among others, Carrefour, International Business Machines (IBM), Banco de la Provincia de Buenos Aires, City Bank, in Argentina, Filanbanco, Filancard, Genesis, in Ecuador, Coca-Cola in Brazil, Banco del Caribe, Venezuela; Elizalde Group in the Philippines, Coca-Cola, Volkswagen Lester Uruguay.

The Penta is the core of the methodology of Competitive Development and articulation of the five key pillars of any organization: Strategy, Culture, Resources, Management and Markets and their interrelationships. Penta model, on the other hand, is a comprehensive map of all possible sources of generation of innovation initiatives. We see it in the following figure:

**Figure 1 PENTA, Competitive Development Model**

The process aims to determine the systemic and systematic company which will be the innovation initiatives, especially at the strategic level and the objectives to achieve and how it intends to achieve through a culture of innovation, including strategic, but hard driving tactical and operational innovations. But as companies tend, especially the most successful, the rigidity of their mental maps, the co-thinker should help to identify these subjective constructions to enhance the alignment between areas and levels.
1. The Strategy pillar

We said that the company's strategy is how it decides to create sustainable economic value within an acceptable risk. Penta takes into account the two decisions. The first is the decision of Portfolio, in which businesses intended to create sustainable value and the second is the decision of Competitive Strategy, why pretend to be profitable and preferred leader in each of these businesses through the identification of strengths, weaknesses, threats and opportunities and innovation initiatives essential to make the best even better. Innovation to consolidate strengths to overcome weaknesses, neutralize threats, seize opportunities, ultimately, strategic innovation to lead the future.

2. The Pillar of Culture

Is the Relational-Emotional Matrix, cosmology, the way of life that comes from guiding ideas, beliefs, values, habits, styles, and climate, to coordinate the various areas of the organization and trying to create a vision understood, shared and compromised. The CEO (Chief Executive Officer) takes the position CELL (Chief Executive Learning Leader) whose flag is to make innovation a core value of the culture of your organization, based on learning and collective knowledge. Especially encouraging a culture of discover and invent.

3. The Pillar of the Resources

Its people, its tangible and financial resources, production, infrastructure, and intangible resources, information technology, mystical image, credit, time, maneuverability, organic and stability. Innovation suggests that this constellation of resources empowers each of them and links connecting them.

4. The Management Pillar

It has to do with its organizational design, with its information systems and processes. The innovations that they decide to implement should be considered and these projects, managed by the Project Management methodology (Project Management, Project Management Institute) to ensure their implementation.
5. The Markets Pillar

Include positioning, brand and image, building and maintaining competitive advantage and detection of new attractive markets. It has to do with the impact of the external scenario, the size and growth rate, the barriers to entry and exit, the bargaining power of suppliers, distributors and end customers, technological and cultural compatibility, the synergy and risk, both today and tomorrow. The primary responsibility of senior management, which depends on the quality of strategic thinking, is to imagine future scenarios based on the guideline innovation: innovation in how to reinvent success.

6. The links between the five pillars

The strategy is the allocation of adequate resources in attractive markets. Given the resource base of the company, according to the level of their knowledge, their mental maps, in short, their distinctive skills; it gains a greater or lesser level of productivity in the use of its resources. Productivity generates a pressure effect to help create sustainable economic value.

On the other hand, given the positioning of their brands in the markets, they generate a pressure effect, which is the second largest value creation. Competitive Strategy is based, then, on two key drivers: the competitive advantages from the market side, i.e. the attraction of the positioning of the brands and distinctive skills, i.e. the pressure of Productivity in the use of their resources. This is the league of the Paradigm Link. This is the horizontal axis of Penta: Strategy, Resources and Markets. Is the axis of formulation. Consider now the vertical axis of the Implementation, Strategy, Culture, and Management.

Culture can be endogenous or exogenous Inventing oriented or oriented, to Discover. Discovering needs. Inventing satisfiers. We need to help the company achieve directed to both sides. The first tends to optimize the resources and the second to the loyalty of the market. Of Culture habits arise daily which are behaviors that promote or hinder the implementation of the strategy.
From the pillar of the Strategy, specific objectives emerge which can design the mainstay of management taking into account adaptation to the requirements of the different markets served and integration for optimizing the use of resources.

**IV. Competitive Development, Leadership and Cognitive Alignment**

The mission of the senior management is to translate policy decisions into the language of action. Convert intentions criteria to guide and coordinate the execution of routine decisions. To do so, leading the transformation of strategy into operational plans and then tactical action programs. This point is key because a turbulent environment with a wrong strategy may involve surprise, vulnerability, defeat and collapse. We’re not talking of efficiency in the allocation and configuration of resources, but the definition of strategic assumptions that guide those decisions eminently operational (functional).

Here we highlight the notion of cognitive power of competitive development in the sense of possibility of identifying the best hypothesis, simpler, more effective, more efficient, faster and more plastic. No power dimension. Conversely, increasing the dimension is essential to control the effects of strangulation of interaction and innovation, maneuverability, freedom of action and dynamic change that size can bring. This strategic obsolescence can occur for any reason command when it fails to respond proactively to their conduct to the requirements of change that cognitive complexity requires.

The strategic decision not to be programmable characterized as an account or as an algorithm because it cannot be known completely objectively and structurally, since they cannot be detected (i) all relevant variables, (ii) the values of these variables and (iii) the interrelationships among these variables.

In Competitive Developing this level is the cognitive leadership to identify, evaluate, select and incorporate distinctive skills or competencies that allow us to make better use of available resources in the present and the future and maximize maneuverability and freedom of action or requisite variety (Ashby, 1957). This marks the difference between mere growth, enhanced accumulations of resources, versus development, what we do even better with
what resources. This is achieved by the interaction of three key dimensions: Directional Intensity, the common understanding and shared identity (Baghai and Quigley, 2011).

However, many times, their thought patterns are not explicit, are not communicable, do not serve to influence or to delegate or to coordinate or control. To fulfill these functions, these models should be explicit and consistent. The Quintessence of the Directorate is thinking, conceptual management. The true measure of driving performance is the quality of strategic thinking that precedes action. This is compounded when we refer to a large group and not just one person. To this end, this article presents the methodology Penta Model intervention with which we have acted in dozens of organizations of all types, in several countries during the past 35 years.

**Step 1:** individual, confidential interviews conducted with key members of the organization, which conducted a survey based cognitive Penta to detect how the organization perceives as its strategy, its culture, its resources, management their markets, in addition to collecting personal opinions regarding their proposal to transform the system from Penta as he thinks he is up to Penta as he thinks he should be, the Penta desired.

This survey is based on a series of questions to determine rupture should be, according to the interviewee, critical initiatives to achieve the desired Penta. Breaking questions are those that have to do with the five pillars of Penta. It asks for a rating scale of Very Bad, Bad, Bad Regular, Regular Well, Well, Very Good. For example, a typical pillar strategy question: How do you consider the level of diversification of the Business Portfolio? When you get your answer, you will be asked to generate initiatives to improve, in cases of consolidation with negative or positive cases.

**Step 2:** We analyzed the different views in terms of each of the questions through the interview process to plot the cognitive dispersion (per question) and the various initiatives proposed by all respondents.

Introducing the scattering arising from the different cognitive individual visions of all respondents to be exposed to each question, and the list of initiatives related to that specific question, the group is able to embark on a truly profound process Cognitive alignment system. Logically, the expected result not all think alike but to detect, capitalize on and
celebrate the difference. The universe is now understood as many multi-verses that are framing the conversation we call disruptive. Here begins to occur one of three key dimensions: Common Interpretation

**Step 3:** Senior management encourages the initiative of formulating highly participatory group, mainly the definition of the Mission, Vision, Objectives and strategic directions and the cultural and ideological values of the organization, if a company, creating value for the shareholder to an acceptable level of risk exposure. A set of definitions that we call MEGA-Executive Advanced Management Manifesto.

A not worked cognitive dispersion makes it impossible to effectively and efficiently implement the strategic definitions of MEGA, since it is the main cause of the lack of organizational alignment. At the same time, this step assures that the maximum executive level be the one most involved in the competitive, a process which is a function and a responsibility for all management levels after being executed. Here there begins to be generated another of the three key dimensions: Directional Intensity.

In various organizations in which we have intervened the number of individual and confidential interviews have been between 80 and 120, from Mid Mandates to the Number One. In this case, step 3 could be too complicated to be done, so a first phase is carried out, where the first and second level of the organizational pyramid, participate, so later, in a second phase, they generate a kind of cascade which involves the others interviewed.

**Step 4:** In this step, the High Direction begins the execution process, so that the whole organization obtains a system of operational plans, alienated pyramid shaped. In this phase we have carried out processes of inter-functional group in which 100% of the members of the organization have participated, discussing the MEGA. So at last the third key dimension is consolidated, the Shared Identity.

**Step 5:** The strategic process has led in this way, to the operational planning, the tactical programming and the budgeting, joining strategic hypothesis with action. The Project Management – Project Management Institute should be incorporated. If it is possible, install a PMO – Project Management Office.
When a management group lives a Competitive Development process in conjunction, like the Interaction between Strategy, Cognition and Power, it instantly has produced a change in the alignment of its cognitive maps and the group behavior like in the interaction of the individual cognitions and behaviors. The exercise is done with the objective that it becomes a systematic and systemic, cognitive and group process. It is the interactive gymnastics to think in a strategic way, produce plans and that these conduce the action: projects, programs, processes, objectives and budgets. What is most important is that this implies an organizational behavior, harmoniously vertically and horizontally structured, to create sustainable value. But it emplies generalized involvement of the greatest possible number of members of the organization (the ideal would be 100%).

This is the logic congruence between Strategy, Culture and Management.

V. Innovation, Transvection, Disruption and Collective Leadership

The pressure to innovate is growing in dimension, in acceleration and in complexity. Inclusive the very traditional innovation concept, could have become obsolete. According to international studies, the executives of the enterprises, expect that the total percentage, coming from new products, tend to represent in percentage, each time more in their annual income.

In the next years, each time more businesses will become obsolete due to the changes in the demands of the final markets, the pressure of the distribution channels, the technological developments, the psycho-socio-cultural changes of the organization members, what the competitors do and the greater convergence between the different industrial sectors, to mention the most relevant axis. The level of competitive rivalry is maximum, where the partial strategy concepts, are no more appropriate instruments to create value, nor for shareholders, nor for clients nor for survival. The strategic risk increases in geometrical proportion as to the innovation sterility.

Many enterprises do not even confide in their own abilities to handle this risk. However the strange thing is that these enterprises have desperate needs to innovate and keep up their competitiveness. This paradox increases when having to make decisions to which products
to give how many resources (portfolio strategic decision), if to protect the present lines avoiding the radical innovations, or the future opportunities which threaten the sales and the short term times. Incentives in conflict, traditional investments and control methodologies, without being updated, kill the big ideas or allow the mediocre or bad ones be put into action. Many times these enterprises unbelievingly observe when their competitors go ahead first and launch these same ideas.

For the more dynamic competitive enterprises, as diverse as those with high technology, or in fashion, this obsolesce rhythm could be less than a year. Sterile of innovation, their enterprises are condemned to disappear. But to generate rentable innovation is far from being easy and far from being carried out, with the old mental models, with which we have conceived the competitions up till today.

Many enterprises have failed in the impulse to create or at least discover new concepts and define if they are implementing a sustentation strategy (incremental improvements on the present lineal productions or services) or if they are formulating disruption strategies (protect, nurish, contain new concepts which mean true new businesses, which change the game rules) (Levy, 2010).

The participation and generalized involvement proposed in this paper, points towards protecting the organization from this problem, through the implementation of the concept of Collective Leadership, based on the three key dimensions of this methodology, Directional Intensity, Common Interpretation and Competitive Identity.

The enterprise which manage these three key dimensions, may be considered true Game changers, (which change the game rules), enterprises prepared for incremental traditional innovation, and also to generate innovative disruptions, which mean to change the game rules of the competitive dynamics. They formulate and execute Advanced and Integrated Competitive Strategies (Laffey and Charan, 2008).

But one must take int account, that each time that a new concept is developed, the supply and distribution chain which allows it to be conceived, made a to be put at the disposal of the final client, May not yet be prepared to operate in these brusque jumps towards new complexity levels of the new global markets. The Penta model, being taken into account to
analyze all the links of trans-vection or Values Chain, must be an ideal instrument for the systemic transformation.

The Gamechangers point towards better and before the sustentation innovations (incrementing) such as those of disruption, these last ones, typically ignored by the executives responsible for lines already established, trying to protect their present products. They are better in the generation of ideas or in the incorporation of concepts, not common in the mental maps of their organizations and developing business models in which the investments can be much more attractive. Understanding the gap between the development of traditional products and the demand evolution, proposing new promises and deciding the better organizational designs so as to put into action these innovations.

This requires a radical systemic facing like Penta’s which helps to reach, exploiting the interactive and mainly the innovation in a collective leadership framework. Converting the ideas into development and development in value creation.

CONCLUSION

1. Penta is a conceptual scheme, referential and operative to create value assuming an acceptable exposition to risk.

2. The definition of the organizational Vision of a SSTC, is that of a desired Penta. For that, the model is sustained in the Collective Leadership concept, sustained in three key dimensions: the Directional Intensity, the Common Interpretation and the Shared Identity.

3. The five Penta pillars are: Strategy, Culture, Resources, Management and Markets. Among the five pillars and their joints there appears a route map to diagnose and transform any SSTC.

4. Each one of Penta’s pillars onlyt in value to the other four. A Market is attractive only in the function of Strategy, to the Resources platform, to Culture of that organization and its Management scheme. A tangible or intangible Resource, is a resource, only when facing a certain configuration from the other remaining pillars and may not be a
resource, if facing a different configuration. An organizational Culture is appropriate for
a SSTC, only when taking into account the other flour pillars. A management scheme
is adequate if and only if it is subordinated to the execution of the Strategy, Which they
themselves will depend on the other Penta pillars.

5. The strategy of a SSTC, if this is an enterprise, is the group of decisions which
determine which are the businesses in which the SSTC decide to compete. These
decisions include the definition of the business Portfolio (equivalent to the SSTC's
Mission), The Competitive Strategy of each business unit and the strategic assignation
of recourses in all the Portfolio units.

6. Strategy is to give the adequate Resources (people, tangible and untangible) in the
Markets which the SSTC consider attractive.

7. Culture consists in the subsystem of values and beliefs shared by the organization
members. It is the Relational-Emotional Matrix of the SSTC.

8. The Management pillar includes the Organizational Program, the Information Sistems
and the Processes required to execute the Strategy ideas.

9. The Penta horizontal axis, represents the perspective of Strategy Implementation.

10. The Cultural pillar is the dominion of the shared values and of the guide ideas which
surge from daily behavior. This consists in the Habits which impact positively or
negatively in the Formulation and in the Strategy Implementation.

11. Strategy, in the dimention of the complete Portfolio and in the Copetitive Strategy of
each business unit, should be translated to specific objectives, measurable,
reachable, realist and controllable, with which one designs the Management pillar.

12. The organizational Culture should complement an endogenous perspective, orientated
towards the constant requirements of Inventing new Resource configurations, with an
exogenous perspective, orientated towards satisfying the constant requirements of
Discovering new opportunities in present day or future Markets.

13. The resources platform should be administrated on the basis of Distinctive Abilities, to
 generate Pressure to create value. The Markets must be served through the
Competitive Advantages, required so as to generate Attraction to create value.
14. The Management pillar should be designed to optimize the macro-processes of Resources Productivity and Market Positioning.

15. Apart from Penta’s synchronic structure, the diachronic dynamics considers the systemic-cognitive impulse, required for the sustainable creation of value facing assumed acceptable risk levels (variables subjective-emotional given by the SSTC Culture).

16. Each member of the SSTC, subjectively constructs a perception on the SSTC, which he transforms in his mental map and which must be understood as his particular Penta vision. The Penta model is used to detect those individual and confidential mental maps, which after being analyzes in conjunction, to understand the different perceptions and its cognitive dispersion, are worked as a group to potentiate the Strategic Alignment of the complete system. From this Alignment will depend the execution viability of the Strategy, and the dissolution of the tunnel visions, caused by separate compartments.

17. Penta is the only dominion where there can appear incremental innovations, radical or disruptive. There is no innovation outside Penta.

18. Penta is the only dominion where there is learning, learning to learn, and learning to unlearn.

19. Penta requires three change levels: (i) Flexibility, which consists of the kind of homoeostatic change for the resilience capacity, of returning of being as before, (ii) Plasticity, which is in the homoeostatic change, without resilience of wanting to be different of before and (iii) Action Liberty, which consists of the homoeostatic capacity, without resilience of being able to really be different than before.

20. It does not compete this enterprise against another. What competes is a Penta against another Penta.

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