CONTENTS

The titles of sections containing step-by-step procedures are asterisked. A reader primarily interested in the conceptual framework can omit these sections containing details of the analysis.

χv

Introduction

Preface to the			xix
Notes on the	Secon	d Edition	xxi
PART ONE		OLUTION OF CHALLENGES AND MANA	AGEMENT
Chapter 1.1	Evolu	ution of Challenges	3
	1.1.1	The mass production era	3
	1.1.2	The mass marketing era	4
	1.1.3	The postindustrial era	5
		Acceleration of change	9
		Summary	11
	1.1.6	Exercises	11
Chapter 1.2	Evolu	ution of Management Systems	12
	1.2.1	Evolution of management systems	12
	1.2.2	Long range planning and strategic planning	13
	1.2.3	Strategic posture management	16
	1.2.4	Strategic issue management	18
	1.2.5	Weak signals and graduated response	20
	1.2.6	Strategic surprise management	21
•	*1.2.7	Choosing the management system for a firm	23
	1.2.8	Managing complexity	24
	1.2.9	Summary	24
	1.2.10	Exercises	25
PART TWO	PI	ANNING STRATEGIC POSTURE	
Chapter 2.1	Strat	egic Diagnosis	29
- -	2.1.1		29

		Strategic success hypothesis	30
	2.1.3	2 20	32
		Responsiveness of the firm's capability	34
		Strategic diagnosis	35
	2.1.6	Short and long versions of strategic diagnosis	37
		Validation of the strategic success hypothesis	37
		Conceptual map of the book	4(
	2.1.9	•	42
	2.1.10	Exercises	42
Chapter 2.2	Why	Make Strategy Explicit?	43
	2.2.1	Concept of strategy	43
	2.2.2	Strategy and performance	44
	2.2.3	When to formulate strategy	46
\rightarrow	2.2.4	Difficulties encountered in implanting strategy formulation	47
	2.2.5	Summary	47
	2.2.6	Exercises	47
Chapter 2.3	Comp	etitive Posture Analysis in Turbulent Environments	49
	Strate	gic segmentation	
	2.3.1	SBA and SBU	49
	2.3.2	Demand-technology life cycle	52
	2.3.3	SBA segmentation	55
	2.3.4	Strategic resource areas	57
>	\2.3.5	Strategic influence groups	58
+	- Strate	gic information	
	2.3.6	Environmental surveillance as an information filter	58
	2.3.7	Mentality filter	60
	2.3.8	Development of mentality	62
	2.3.9	Strategic and creative mentalities	64
	2.3.10	The power filter	65
	2.3.11	A model of strategic information	66
	_	etitive positioning	/-
		The BCG matrix	67
		Estimating SBA attractiveness	69
	2.3.14	Estimating strategic investment ratio	72
		Determining future effectiveness of present strategy	74
		Estimating future competitive position	78
		The GE-McKinsey matrix	82
		Choosing the preferred competitive position	84
		Choosing the competitive posture	86
		Testing feasibility of the preferred posture	89
		Balancing the SBA portfolio	91
		Limitations of competitive analysis	92 93
		Summary	93
	2 3 24	Exercises	9.

~	ON	T	FI	LΤ	-
		J	н	v	•

	٠
VI	1

Chapter 2.4	Disper	rsed Positioning in Competitive Analysis	96
	2.4.1	The original approach to portfolio positioning	96
		Criticism of point positioning	97
		Dispersed positioning	98
		Using dispersed positioning to enrich decision options	100
		Strategic control	102
		Dispersed positioning as an instrument of cultural change	102
		Using dispersed positioning in small and medium-sized firms	103
		Using dispersed positioning in large firms	104
		Summary Exercises	105 105
Chapter 2.5	Comp	etitive Analysis on the Personal Computer	107
	2.5.1	The problem	107
		Enter the personal computer	108
		Turbulent environments	109
		The logic of ANSPLAN-A	111
		Module 1	112
	2.5.6	Module 2	113
	2.5.7	Module 3	114
	2.5.8	Module 4	115
	2.5.9	ANSPLAN-A in a larger perspective	116
		Summary	117
	2.5.11	Exercises	117
Chapter 2.6	Optin	nizing the Strategic Portfolio	118
	2.6.1	Three approaches to portfolio management	118
	2.6.2	Which approach to use	119
	2.6.3	Portfolio strategy	120
		Mission, goals and objectives	122
	2.6.5	Strategy, objectives and corporate vision	126
		Portfolio scope	127
		Life cycle portfolio balance	128
		Balancing life cycle positions	130
		Functional synergy	132
		Choosing functional synergy	134
		Synergy among strategies	136
		Choosing strategy synergy	136
		Management synergy	138
		Formulating coherence strategy	140
		Portfolio diversity	140 142
		Analysis of diversity Choosing diversity strategy	142
		Integrating substrategies	146
		Alternative approaches to portfolio optimization	150
		Selecting the optimum strategy	150
		Overview of strategic posture planning	155

	2.6.22	Summary of techniques for strategic analysis	156
		From strategy to action	157
		Diversification through strategic learning	160
		New workload for general management	163
		Summary	165
	2.6.27	Exercises	166
Chapter 2.7	Strate	gic Dimensions of Technology	167
		of technology in business strategy	
		Emergence of technology as a competitive tool	167
		Technological turbulence	168
		Influence and role of R&D	171
		Closing the gap between general managers and technologists	173
		Determining the impact of technology on business strategy Integrating technology factors into competitive strategy formulat	176 ion 179
	1	Management capability for technology-intensive strategies	
		R&D investment ratio	181
	2.7.8	R vs. D intensive organization	183
	2.7.9	Downstream coupling	185
	2.7.10	Product life cycle	186
	×2.7.11	Distance to the state of the art	188
	2.7.12	Summary	190
	2.7.13	Exercises	191
Chapter 2.8	Societ	tal Strategy for the Business Firm	192
	2.8.1	Introduction	193
	2.8.2	Evolution of the social predicament	194
		Alternative scenarios	199
		Elements of the legitimacy strategy	201
		Aspirations analysis	202
		Impact of constraints	204
	*2.8.7	Power field analysis	207
		Analysis of legitimacy strategy	208
	2.8.9	Impact on business and social responsibility strategies	209
		Need for new management capabilities	212
	2.8.11	Summary	213
	2.8.12	Exercises	213
Chapter 2.9	Strate	egic Dimensions of Internationalization	215
	2.9.1	Distinctive aspects of internationalization	215
	2.9.2	Objectives of internationalization	217
	2.9.3	Objectives and strategic criteria	219
	2.9.4	Degrees of internationalization	22
	2.9.5	Global synergies vs. local responsiveness	224
		Choosing the strategy	228

CON	

٠	
1	v

		Shared authority/responsibility	229
		Using a progressive commitment process in internationalization	232
•		Management capabilities for internationalization	234
		Summary	235
	2.9.11	Exercises	235
PART THI	REE	MATCHING CAPABILITY TO ENVIRONMENTA	λT.
		TURBULENCE	
\times Chapter 3.1	The (Original Concept of Strategic Management	239
	3.1.1	, ,	239
		Entrepreneurial behavior	240
		Differences in organizational profiles	242
	3.1.4	6 1 5	242
	3.1.5	Summary Exercises	245 246
	5.1.0	Exercises	240
Chapter 3.2	Fron	n Strategic Planning to Strategic Management	247
	3.2.1		247
	3.2.2	1 01 7	248
	3.2.3	,	249
	3.2.4		250
		The Chandlerian perspective	251
		Four stages of evolution	253
	3.2.7		255
	3.2.8 3.2.9	•	257 257
√ Chan4-n 2.2	C	and of Occasional Constitution	250
X Chapter 3.3	Conc	cept of Organizational Capability	258
	3.3.1	1 7	258
	3.3.2		260
	3.3.3		262
	3.3.4		264
	3.3.5	•	265
	3.3.6		266
	3.3.7	Exercises	267
Chapter 3.4	Diag	nosing Future General Management Capability	268
	3.4.1		268
	3.4.2		
		diagnosis	269
	*3.4.3	1	270
	*344	Diagnosing turbulence	271

*3.4.5

274

278

3.4.	7 The multicapability problem	282
3.4.	8 Managing strategic posture transformation	284
3.4.	9 Summary	285
3.4.	10 Exercises	286
PART FOUR	MANAGERS, SYSTEMS, STRUCTURE	
Chapter 4.1 Ge	neral Managers for Diversified Firms	291
> 4.1.		291
	2 Manager archetypes	293
	3 General manager as the man of the moment	295
	4 The firm of the future	296
	5 The work of general managers	299
	6 Developing expertise in using experts	299
	7 Toward multiple general managers	302
	8 Summary 9 Exercises	303 304
4.1.	9 Exercises	304
Chapter 4.2 Sel	ecting a Management System to Fit the Firm	305
4.2.	1 Systems and structure	305
	2 Systems vs. structure	306
4.2.	3 Implementation management	308
4.2.	4 Control management	309
4.2.	5 Extrapolative management	310
	6 Entrepreneurial management	313
	7 System building blocks	314
	8 Choosing the system for the firm	316
	9 System readiness diagnosis	318
	10 Roles and responsibilities in design and use of systems	319
	11 Organizational flow of planning	320
	12 The human dimensions of systems	321
	13 Future trends	321
	14 Summary	323
4.2.	15 Exercises	324
Chapter 4.3 De	signing the Firm's Structure	325
4.3.		325
4.3.		327
*4.3.		332
4.3.		335
4.3.	· .	336
4.3.		340
4.3.	·	342

Diagnosing the general management capability of the firm

Choosing the future capability

α	NT	CN	тс
CO	11 1	CIN	13

	•
v	•
- ^	1

		The matrix form	346
		The multistructure	348
		The role of the headquarters	349
		Staffs and overhead functions	350
		Redesigning the structure	353
		Summary	354
	4.3.14	Exercises	354
XPART FIV	E RE	AL-TIME STRATEGIC RESPONSE	
Chapter 5.1	Mana	gement Response to Surprising Changes	357
	5.1.1	Introduction	357
	5.1.2	Basic model	358
	5.1.3	Decisive vs. reactive management	359
		Planned management	360
		Posttrigger behaviors	363
		Comparison of behaviors	365
		Summary	367
		Exercises	368
Chapter 5.2	Strate	gic Issue Management	369
	5.2.1	Why strategic issue management?	369
		What is a strategic issue management system?	370
		Issue identification	373
	*5.2.4	Estimating impact/urgency	375
		The Eurequip matrix	377
		Periodic planning and SIM	379
		The behavioral factor	380
	5.2.8	Summary	381
		Exercises	382
Chapter 5.3	Using	Weak Signals	383
	5 3 1	Why weak signals?	383
		States of knowledge	384
	5.3.3		385
	5.3.4	Gaining acceptance for weak signal management	386
	5.3.5	Detection of weak signals	386
	*5.3.6	Estimating impact	387
	5.3.7		388
	5.3.8		390
	5.3.9		391
		Preparedness diagnosis	392
		Opportunity-vulnerability profile	394
		Decision options	395
		Choice among periodic planning, strong signal and weak signal	
		management	396

	٠	•
27		4

	5.3.14 Summary 5.3.15 Exercises	398 399
		377
PART SIX	MANAGING STRATEGIC CHANGE	
Chapter 6.1	Behavioral Resistance to Change	403
	Sources of resistance	
	6.1.1 The phenomenon of resistance	403
	6.1.2 Resistance defined	405
	6.1.3 Resistance and rate of change	406
	6.1.4 An illustrative example 6.1.5 Resistance by individuals	407 408
	6.1.6 Group resistance	408
	6.1.7 Organizational loyalty	409
	6.1.8 Perception vs. reality	410
	6.1.9 The cultural-political field	411
	6.1.10 Summary of contributing factors	412
	Managing resistance	
	6.1.11 From reactive to proactive management	412
	6.1.12 Building a launching platform	413 413
	6.1.13 Diagnosing the nature of change	414
	6.1.14 Building a supportive climate6.1.15 Designing behavioral features into the plan for change	414
	6.1.16 Behavioral management of the process	415
	6.1.17 Summary	416
	6.1.18 Exercises	416
Chapter 6.2	Systemic Resistance	418
× cumber or	6.2.1 Duality of organizational activity	418
	6.2.2 Strategic capacity	419
	6.2.3 Operating vs. strategic capability	420
	6.2.4 Resistance and the capability gap	421
	6.2.5 Resistance-inducing sequence	423
	6.2.6 Motivating change sequence	425
	6.2.7 Resistance and power	427
	6.2.8 Designing systemic features into the plan for change	428
	6.2.9 Summary	428
	6.2.10 Exercises	429
Chapter 6.3	Alternative Methods for Managing a Discontinuous Change	430
	6.3.1 Coercive change management	430
	6.3.2 Adaptive change	431
	6.3.3 Crisis management	432
	6.3.4 Managed resistance ('accordion') method	433
	6.3.5 Comparison of methods	434

CONTENTS			xiii
		Choosing the appropriate method	434
		Summary	436
•	6.3.8	Exercises	437
Chapter 6.4		ged Resistance ('Accordion') Method for Introducing continuous Change	438
		· ·	
	6.4.1	Application of resistance management to the alternative methods	438
		Japanese and Western decision-making	439
		Building the launching platform	440
		Preparing a modular plan for change	443
		Building implementability into the planning	444
		Controlling the planning process	445
		Progressive decision-making and early implementation	446
	6.4.8	Institutionalizing a new strategy	447
	6.4.9	- ·· <i>y</i>	448
	6.4.10	Exercise	448
Chapter 6.5	Institu	utionalizing Strategic Responsiveness	450
	6.5.1	Introduction	450
	6.5.2	Why strategic planning does not work	450
		Dual management system	451
		Strategic control and strategic rewards	453
		Dual budgeting	455
		Dual structure	457
	6.5.7	Institutionalizing strategic culture and power structure	458
		Managing the institutionalization process	459
		How far to institutionalize	461
		Summary	461
		Checklist for managing change	462
		Exercises	463
PART SEV	ZEN (OVERVIEW	
Chapter 7.1	Epist	emological Underpinnings	46
	7.1.1	The contingency perspective	467
	7.1.2	Simplicity, complexity and requisite variety	468
Chapter 7.2	Mode	es of Strategic Behavior	47
	7.2.1	Unmanaged organic adaptation	47
	7.2.2	Systematic planning	47
	7.2.3	Ad hoc management	47.
	7.2.4	Choice of strategic behavior mode	47
	7.2.5	Strategic learning	47
	7.2.6	A map of strategic management	47

xiv		C	ONTENTS
Chapter 7.3	The C	Crystal Ball	481
		Predictions for trends in technology of strategic management Predictions for future strategic challenges	481 483
Glossary Bibliography Index			487 493 515