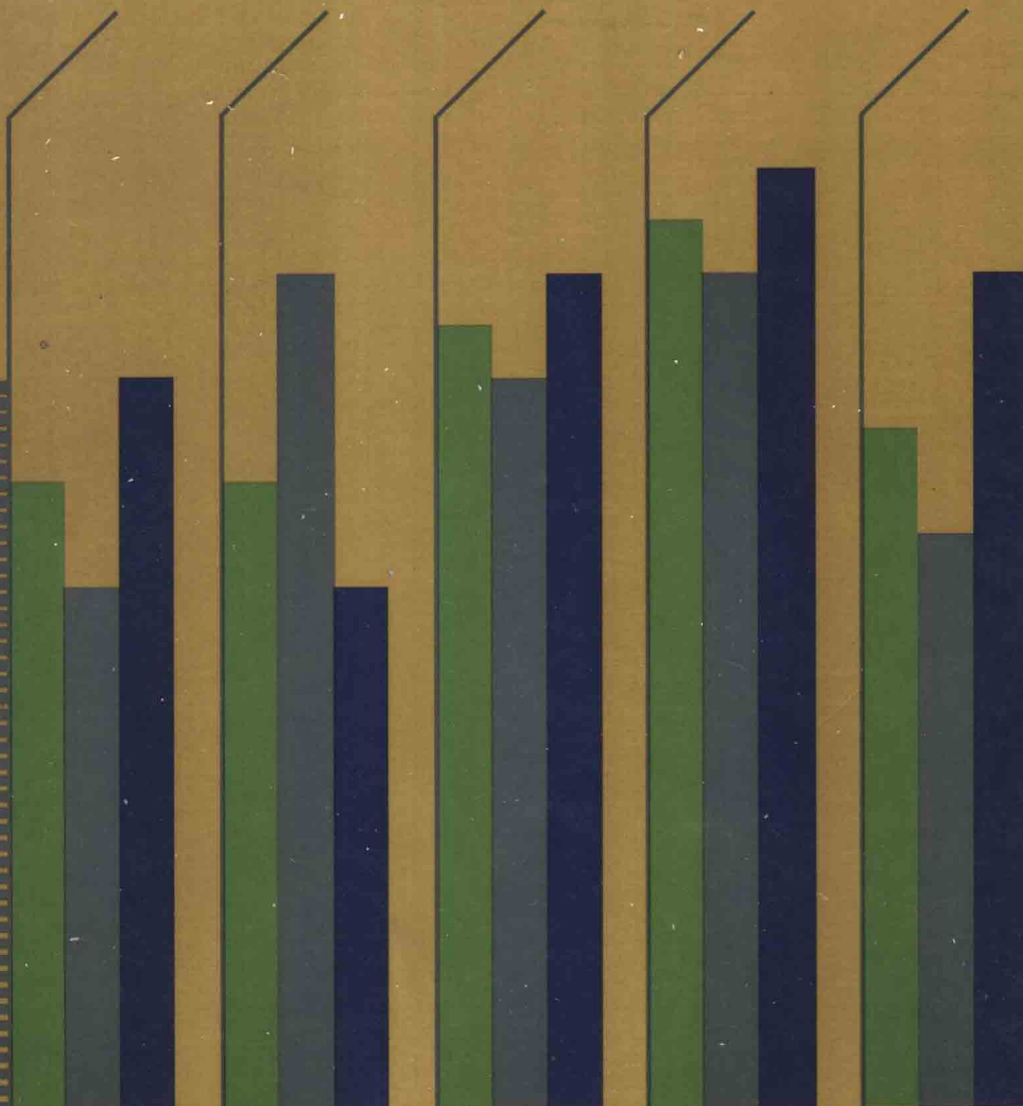


STRATEGIC MANAGEMENT

ALEX MILLER
GREGORY G. DESS



SECOND EDITION

Strategic Management

SECOND EDITION

ALEX MILLER

University of Tennessee

GREGORY G. DESS

University of Kentucky

The McGraw-Hill Companies, Inc.

New York St. Louis San Francisco Auckland Bogotá Caracas Lisbon
London Madrid Mexico City Milan Montreal New Delhi
San Juan Singapore Sydney Tokyo Toronto

Strategic Management

Copyright © 1996, 1993 by The McGraw-Hill Companies, Inc. All rights reserved. Printed in the United States of America. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a data base or retrieval system, without the prior written permission of the publisher.

This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 0 DOC DOC 9 0 9 8 7 6

ISBN 0-07-042991-X

This book was set in Janson by Ruttle, Shaw & Wetherill, Inc.
The editors were Lynn Richardson, Dan Alpert, and Curt Berkowitz;
the designer was Joan Greenfield;
the cover designer was Rafael Hernandez;
the production supervisor was Richard A. Ausburn.
R. R. Donnelley & Sons Company was printer and binder.

Library of Congress Catalog Card Number: 96-76075.

About the Authors

Alex Miller is a professor of management at the University of Tennessee at Knoxville. He earned an M.B.A. from Amos Tuck School of Business, where he was a Tuck Scholar, and a Ph.D. from the University of Washington. In 1989 he was a visiting research scholar at the Cranfield Institute of Technology in England. He is on the editorial board of the *Journal for Business Venturing*, and his research has been published in such journals as the *Academy of Management Journal*, *Strategic Management Journal*, *Journal of Management Studies*, *Journal for Business Venturing*, and *Journal for High Technology Management Research*. Professor Miller is an active consultant whose clients have included Philips Consumer Electronics, Rockwell International, Lockheed Marietta, Citibank, Freddie Mac, and the Internal Revenue Service, as well as a number of smaller firms. He was a member of the faculty teams responsible for designing and team-teaching Tennessee's unique M.B.A. and executive M.B.A. programs. He was also the first two-time winner of the Faculty Accomplishment Award from students in the Tennessee Organization of M.B.A.s.

Gregory G. Dess is the Gatton Endowed Chair in Leadership and Strategic Management at the University of Kentucky. He received his Ph.D. from the University of Washington. Prior to entering academia, he worked as an industrial engineer at the Western Electric Company in Atlanta, Georgia, and Charlotte, North Carolina. Professor Dess has been active in several professional organizations, and he has served on the executive committee of the Business Policy and Strategy Division of the Academy of Management. He is currently a member of the editorial boards of the *Academy of Management Review* and *Strategic Management Journal*, and has served on the editorial boards of the *Academy of Management Journal*, *Journal of Management*, and *Journal of Business Research*. He has presented papers at several professional meetings, and his work has appeared in many leading journals. In 1994, he completed a Fulbright at the University of Oporto (Portugal).

Preface

Strategic management is a rapidly evolving topic of study. Changes in strategic management are being wrought by even bigger changes in the world of business. Today's situation is business *not* “as usual” and concepts that were considered fundamental truths a decade or two ago are now considered inadequate for meeting today's business challenges. Writing in the *Harvard Business Review*, Peter Drucker, one of the most astute observers of business trends, explained the need of continually revising our thinking about strategy in this way:

Every hundred years in Western History, a sharp transformation has occurred . . . Our age is such a period of transformation . . . If history is any guide, this transformation will not be complete until 2010 or 2020. Therefore, it is risky to try to foresee in every detail the world that is emerging.

The changes now occurring in strategic management place continuing pressure on textbook authors and publishers to provide their students and faculty with the most up-to-date materials possible. Materials based on concepts born in the 1960s and 1970s are inadequate for teaching about strategic management for the end of this century and the beginning of the next one. A guiding premise for this edition is that to be adequately prepared for the future, students must master basic established concepts, but they must also be up-to-date with the best of the emerging new concepts. A second premise is that to provide the best possible access to promising thinking, we cannot afford to be exclusionary in our selection of sources of information. Therefore, we have systematically sought out the best thinking and writing from a wide set of academic and managerial sources. Consequently, in this text you will find a blend of both established and emerging theoretical concepts and managerial practices.

The book has a “traditional” structure in that it is organized into three major parts: Strategic Analysis, Strategy Formulation, and Strategy Implementation. Within this traditional structure, coverage is given to all the “classic” strategic management concepts, such as:

- The stakeholder's perspective
- The SWOT framework
- Critical success factors
- Five forces analysis
- Value chain analysis
- Competitive advantage
- Market life cycles

- Portfolio management
- The 7-S model of strategy implementation

However, these standard topics are supplemented with the very latest advances in thinking about strategic management. One such advance that was introduced in the first edition and retained here is our position that strategic management is not a function performed by a limited set of managers, but a skill that should be mastered by all managers. But, building on this basic theme, we have introduced a number of changes that include recently developed material in many of the chapters. These new concepts come from a mixture of sources including academic research, practitioner writing, and our own experiences. Here are just a few examples organized according to the major parts of the book.

STRATEGIC ANALYSIS

We have extensively revised the first three chapters of the text to incorporate the wealth of new concepts that are now being used to help better analyze a firm's strategic situation. For example, while we retain material on Porter's five forces analysis and value chain analysis, we supplement these with more recent advances:

- Basic concepts from population ecology and game theory are used to explain why cooperation is an important corollary to competition in understanding industry dynamics.
- Information is provided illustrating how the environment–strategy link is not a one-way street. Good strategies are not only shaped by their environment; they are capable of shaping their environment.
- The value chain model is updated to incorporate the latest thinking on adopting a process view of organizations and their value-creating operations.
- The balanced scorecard is introduced as a framework for organizing metrics useful for assessing an organization from a variety of perspectives.

STRATEGY FORMULATION

For years, formulation received the lion's share of research on strategic management, but this has changed in the past few years to provide a more balanced emphasis on complementary topics. Consequently, there have been fewer new breakthroughs in this area than in others since the first edition, and fewer changes have been made here in this edition. For example, this part of the text is still organized around the concept of competitive advantage, and how strategic management at the business, operations, corporate, and international levels can all contribute to attaining and sustaining a stronger set of competitive advantages. While there is much here that remains unchanged from the first edition, there are also some important changes:

- The last decade has seen a greatly increased emphasis on the role of operations in creating a competitive advantage. The first edition broke new ground by including an entire chapter to this topic, but advances are occurring so rapidly in this area that an entirely new Chapter 5 has been written. The new chapter integrates TQM and core process reengineering into the broader strategic management framework, and discusses both the potential benefits and the problems involved in these approaches to strategic management at the operations level.
- The massive corporate restructuring that took place in the 1980s and early 1990s is clear evidence that many of the most well-established principles of corporate-level strategic management must be more carefully considered and applied. Many of the motives for diversifying (such as reducing risk and maintaining growth) and techniques for managing diversification (such as portfolio analysis) have proved to be problematic. Our position is that the underlying principles behind these concepts are not wrong, but that their implementation is difficult and that they need to be supplemented with more recent thinking. Consequently, the revised chapter on corporate-level strategic management (Chapter 6) places emphasis on capitalizing on core competencies, increasing market power, and sharing infrastructure as key motives for diversification, and it discusses agency costs as a critical factor in understanding why corporate strategies that maximize shareholder wealth are often so difficult to implement.

STRATEGY IMPLEMENTATION

Much of the attention that has been directed away from research on strategy formulation over the last decade has been focused on strategy implementation. In fact, so much has changed that in this edition we have replaced our material from the first edition with five new chapters on the critical topic of strategy implementation.

- Chapter 8 explains why implementation is so difficult and explains why activity-centered change programs so often fail. It also explains why the classic approach to strategy implementation, what Henry Mintzberg labeled “strategic programming,” is limited to use in relatively simple, stable businesses.
- Chapter 9 continues to build on Mintzberg’s work to explain why most complex, dynamic organizations must rely on nontraditional and integrated approaches to strategy formulation and implementation if they are to be effective. This new approach is commonly referred to as “organizational learning,” and this chapter focuses on the critical role of leadership in developing learning organizations.
- Chapters 10–12 look in detail at the change “levers” available to help move an organization in a selected direction. These include contextual levers (such as organization structure, team structures, informal networks, and culture), systems levers (such as information-, capital-, and human-resourcing systems, as well as control systems) and action levers (such as power, politics, negotiation, communication, and the leader’s providing the organization with a role model).

As an integrated set, these five chapters provide the strongest materials available for understanding the complex but crucial topic of strategy implementation.

CASES IN STRATEGIC MANAGEMENT

This version of *Strategic Management*, Second Edition, containing no cases, is an alternative to the hardcover text of the same title, which contains all of the text from this edition, plus 36 diverse cases. This theory-only version has been published to accommodate instructors who prefer to choose their own set of cases. Instructors can create custom casebooks from a selection of over 300 cases available through an electronic publishing system called Primis. To receive more information about Primis, or to receive the version of this textbook that contains cases, please contact your McGraw-Hill sales representative.

TEACHING AND LEARNING AIDS

One thing that has not changed with this edition is our commitment to providing the materials required to help faculty members teach and to help students learn.

For the faculty, we offer the most comprehensive set of ancillary materials available. This includes:

- Our unique instructor's manual provides real valued-added material on the chapters (including a comprehensive test bank)
- Computerized testing software
- A video library
- Color transparencies
- PowerPoint presentations
- An option for a computer-based strategy simulation

For students, we have provided a number of features to aid in learning:

- Chapter 1 provides an overview of the entire text and identifies a number of themes that will be developed throughout the other chapters.
- Chapters 1, 2, and 3 each contain an appendix that is designed to help students better complete the work typically required in case analysis and/or research projects on strategic management.
- Each chapter opens with its individual overview, a list of the main ideas the chapter will help cover, and a chapter outline.
- Each chapter also includes an interview with a senior executive discussing how the points discussed in the chapter are actually applied in practice.

- The text material is laced with countless small examples that illustrate key points, and 85 Applications boxes provide more detailed examples of how the concepts from the chapters apply to real-world situations.
- Each chapter ends with a summary of managerial practices for students to adopt as managers.

These features, coupled with comprehensive coverage of both classic and contemporary concepts, provide a valuable resource for teaching or studying strategic management. Strategic management is a vibrant and dynamic field of study of relevance and tremendous importance to all aspiring managers. We are delighted to be a part of your effort to teach or learn about this exciting topic, and we hope you will enjoy and benefit from using the material we have assembled.

ACKNOWLEDGMENTS

A book such as this represents a tremendous group effort, and the authors have been fortunate to have the opportunity to work with an outstanding blend of experts from business, academe, and publishing.

Once again we are indebted to the executives who have provided the interviews that open each of our chapters.

William W. Adams, former Chairman and President, Armstrong World Industries, Inc.

Nolan D. Archibald, Chairman, President and Chief Executive Officer, Black & Decker Corporation

Brian M. Boling, Vice President for Business Development, Philips Consumer Electronics Company

Charles F. Knight, Chief Executive Officer, Emerson Electric Company

Ralph S. Larsen, Chairman and Chief Executive Officer, Johnson & Johnson

Judy C. Lewent, Vice President for Finance and Chief Financial Officer, Merck & Co., Inc.

Loida Nicolas Lewis, Chairman and Chief Executive Officer, TLC Beatrice International Holdings, Inc.

John L. Mariotti, President, Office Products Group, Rubbermaid

Kenneth A. May, Managing Director, Global Operations Control and Coordination, Federal Express Corporation

Anthony J. F. O'Reilly, President and Chief Executive Officer, H. J. Heinz Company

Addison Barry Rand, Executive Vice President of Operations, Xerox Corporation

K. W. (Ken) Sommerfeld, Vice President, Technical Operations, Martin Marietta Energy Systems, Inc.

Our colleagues at different colleges and universities have made many important contributions to this work. We received many helpful suggestions from a wonderfully insightful team of reviewers: Brian Boyd, Old Dominion University; Bert Cannella, Texas A&M University; P. Harshavardhan, University of Maryland; Stuart L. Knowlton, Central Michigan University; Daniel G. Kopp, Southwest Missouri State University; Theresa K. Lant, New York University; Alfred Lewis, Binghamton University; Patrick R. Rogers, North Carolina A&T State University; William R. Sandberg, University of South Carolina; Robert Vichas, Texas A&M International University; and Aks Zaheer, University of Minnesota.

We owe a special debt of gratitude to Patrick Rogers. Not only was Patrick tremendously helpful in critiquing our early drafts of the chapters, but he did a wonderful job of preparing the teaching materials that accompany the chapters in the Instructor's Manual.

The task of the publisher is to bring all the materials provided from the variety of sources described above to you the reader. This is a monumental effort, but it is one performed every day with grace, good humor, and consummate professionalism by the tremendous team of experts in the College Division sales force at McGraw-Hill. Faculty members already know many of these individuals, those professionals who work locally with colleges and universities to link the needs of their faculty members to the extensive capabilities at McGraw-Hill.

Back at the McGraw-Hill editorial offices, a close-knit team was responsible for actually "birthing" the new edition: Dan Alpert, Senior Associate Editor; Rich Ausburn, Production Manager; Curt Berkowitz, Senior Editing Supervisor; Cele Gardner, Development Editor; and Lynn Richardson and Adam Knepper, Sponsoring Editors. The team also included the following freelancers: Lynn Anderson, copyeditor; Joan Greenfield, designer; Susan Joseph, proofreader; Valerie Raymond, development editor; and Marian Reiner, permissions editor.

Finally, we must make a special acknowledgment of the contribution made by Shannon Miller. Shannon operated as an overall project manager for the entire effort involved in producing this second edition, including the five months she and the first author spent at sea with four children, two computers, a printer, and a fax machine. She was the interface between the authors, the various contributors, and the publisher, and all parties involved continually sing praises to her skills in this role. Beyond this, she was also a confidante, critic, editor, and graphic artist in preparing the initial drafts of all the chapters. From the first author: "Thanks, Gus. I could never (and would never) have done it without you."

Alex Miller
Gregory G. Dess

Contents in Brief

Preface	xvii
Part I Strategic Analysis	1
1 The Strategic Management Imperative	2
2 External Analysis	54
3 Internal Analysis	103
Part II Strategy Formulation	145
4 Business-Level Strategy	146
5 Operations-Level Strategy	189
6 Corporate-Level Strategy	240
7 International-Level Strategy	288
Part III Strategy Implementation	325
8 The Challenge of Strategy Implementation	326
9 Leadership for Organizational Learning	368
10 Context Levers	408
11 Systems Levers	449
12 Action Levers	493
Indexes	531

Contents

Preface

xvii

PART I STRATEGIC ANALYSIS

1

1 The Strategic Management Imperative	2
<i>Executive Interview: Nolan D. Archibald, Black & Decker Corporation</i>	4
The Fundamental Elements of Strategy	5
The Hierarchy of Strategic Intent	5
<i>Application 1.1: Excerpts from Blue Cross/Blue Shield of Texas, Inc.'s Strategic Plan</i>	7
<i>Application 1.2: How Two Leaders Communicate Their Visions</i>	8
<i>Application 1.3: Three Examples of Mission Statements</i>	9
<i>Application 1.4: The Role of Corporate Values</i>	14
<i>Application 1.5: An Example of Objectives That Have Unintended Consequences</i>	19
Two Forms of Strategy	19
<i>Application 1.6: AT&T Describes Its Intended Strategy</i>	20
<i>Application 1.7: Intent, Policies, and Plans in a Small Business</i>	23
Three Views of the Strategic Management Process	25
<i>Application 1.8: A Small Firm's Use of Formal Strategic Planning</i>	27
Studying Strategic Management	32
<i>Application 1.9: Johnsonville Foods Empowers Employees for Involvement in Strategy</i>	34
<i>Application 1.10: Union Pacific Adapts to a Flatter Organization</i>	35
<i>Application 1.11: Strategic Analysis Illustrated</i>	40
<i>Application 1.12: Strategy Formulation Illustrated</i>	41
<i>Application 1.13: Strategy Implementation Illustrated</i>	43
Summary of Managerial Practices to Adopt from This Chapter	44
Notes	44
Appendix to Chapter 1: A General Approach to Case Preparation	48
 2 External Analysis	 54
<i>Executive Interview: Kenneth A. May, Federal Express</i>	56
The Importance of the External Environment	57
<i>Application 2.1: Misunderstanding the Environment: Troubles at Amana</i>	58
Frameworks for Identifying What to Analyze	58
<i>Application 2.2: Blockbuster Video Responds to a Changing Environment</i>	62
<i>Application 2.3: The Impact of Demographics on Business</i>	63

xi

<i>Application 2.4: When Your Customer Is a Category Killer</i>	69
<i>Application 2.5: Strategic Groups: Are Salty Snacks Homogenized?</i>	72
Cooperation in a Competitive Environment	74
<i>Application 2.6: Competing Through Cooperation at Sun Microsystems</i>	80
Processes for Analyzing the External Environment	80
<i>Application 2.7: A Student's Experience in Collecting Competitive Intelligence</i>	82
The Environment-Strategy Relationship	85
<i>Application 2.8: A Parisienne in America: L'Oréal Responds to Environmental Forces</i>	86
<i>Application 2.9: The U.S. Auto Industry Takes Aim at Foreign Competition and Shoots Itself in the Foot</i>	89
Summary of Managerial Practices to Adopt from This Chapter	91
Notes	92
Appendix to Chapter 2: Sources of Company and Industry Information	95

3 Internal Analysis	103
<i>Executive Interview: William W. Adams, Armstrong World Industries, Inc.</i>	105
The Importance of Internal Analysis	106
Frameworks for Identifying What to Assess	107
<i>Application 3.1: Critical Success Factors for the Discount Department Store Segment</i>	109
Methods for Assessing Internal Strengths and Weaknesses	116
<i>Application 3.2: Assessing Strengths and Weaknesses at WMX Technologies</i>	120
<i>Application 3.3: Using EVA for Overall Evaluation of Wealth Creation</i>	123
<i>Application 3.4: Dana Corporation Demonstrates the Strategic Value of ABC</i>	126
<i>Application 3.5: ABC: MedTest</i>	127
Identifying Appropriate Comparison Standards	129
<i>Application 3.6: Qualitative Analysis Drives a Major Investment Decision at Motorola</i>	130
How Internal Analysis Shapes Strategy Formulation	134
Summary of Managerial Practices to Adopt from This Chapter	135
Notes	136
Appendix to Chapter 3: Understanding and Analyzing Financial Statements	138

4 Business-Level Strategy	146
<i>Executive Interview: Addison Barry Rand, Xerox Corporation</i>	148
Competitive Advantages	149
<i>Application 4.1: The Impact of Competitive Advantage on Business Performance</i>	150
<i>Application 4.2: Dominion Resources' Cost Leadership Strategy</i>	156

<i>Application 4.3: Atlas Achieves a Competitive Advantage Based on Quick Response</i>	162
Market Focus and Competitive Advantage	163
<i>Application 4.4: Prodigy Versus America Online: How a Niche Player Competes</i>	164
Competitive Advantage Across the Market Life Cycle	167
<i>Application 4.5: Du Pont's Use of Life Cycles in Strategic Management</i>	169
<i>Application 4.6: Compaq Adjusts to a Maturing Computer Industry</i>	173
<i>Application 4.7: Turnaround at Chrysler Corporation</i>	181
Summary of Managerial Practices to Adopt from This Chapter	184
Notes	185
 5 Operations-Level Strategy	 189
<i>Executive Interview: Ken Sommerfeld, Martin Marietta Energy Systems, Inc.</i>	191
The Strategic Role of Operations	192
<i>Application 5.1: Procter & Gamble Manages Core Processes for Customer Value</i>	193
Approaches to Managing at the Operations Level	197
<i>Application 5.2: The Benchmarker's Guide</i>	200
<i>Application 5.3: The Typical Approach to Staffing Process Improvement Efforts</i>	203
Guidelines for Managing TQM and CPR	204
<i>Application 5.4: Misaree and Nippondenso: Success and Failure with TQM</i>	211
<i>Application 5.5: A Sampler of Principles for Process Improvement</i>	214
The Best Practices in Three Primary Core Processes	216
<i>Application 5.6: Whirlpool Listens to Consumers</i>	222
<i>Application 5.7: Supplier Service as Part of the Demand Management Process</i>	225
<i>Application 5.8: Lutron Uses Mass Customization to Establish a Competitive Advantage</i>	231
<i>Application 5.9: General Motors' Lean Order Fulfillment Process in Europe</i>	233
Summary of Managerial Practices to Adopt from This Chapter	234
Notes	235
 6 Corporate-Level Strategy	 240
<i>Executive Interview: Ralph S. Larsen, Johnson & Johnson</i>	242
The Role of Diversification	243
The Forms of Diversification	245
<i>Application 6.1: Vertical Integration and the "Modular" Computer Electronics Company</i>	247
<i>Application 6.2: An Example of the Costs of Acquisitions</i>	254
The Means of Diversification	254
<i>Application 6.3: Managerial Efforts Toward a Successful Merger</i>	256
<i>Application 6.4: General Motors' Acquisition of Electronic Data Systems</i>	257

<i>Application 6.5: Sorting Out the Benefits Derived from a Strategic Alliance</i>	260
<i>Application 6.6: Intrapreneurship at 3M</i>	263
Evaluating the Benefits of Diversification	265
<i>Application 6.7: Mismanaging Divestments</i>	266
<i>Application 6.8: General Electric Milks a Cash Cow</i>	270
Managerial Behavior That Limits the Benefits of Diversification	278
<i>Application 6.9: Antitakeover Tactics and the Ethical Issues They Raise</i>	279
Summary of Managerial Practices to Adopt from This Chapter	282
Notes	282

7 International-Level Strategy 288

<i>Executive Interview: Brian Boling, Philips Consumer Electronics Company</i>	290
--	-----

The Importance of a Worldwide Perspective on Strategy 291

<i>Application 7.1: The Top Ten Economies</i>	292
---	-----

<i>Application 7.2: General Electric Looks to Emerging Nations for Growth</i>	296
---	-----

<i>Application 7.3: Considerations for Managers Going Abroad</i>	297
--	-----

Entry Strategies for International Expansion 299

Multidomestic Versus Global Strategies 302

<i>Application 7.4: Practical Tips for Going “International”</i>	303
--	-----

<i>Application 7.5: McDonald’s Combines Global and Multidomestic Strategies</i>	311
---	-----

International Strategy and Competitive Advantage 313

<i>Application 7.6: Beijing Jeep: The Many Roles of Government in International Business</i>	320
--	-----

Summary of Managerial Practices to Adopt from This Chapter	321
--	-----

Notes	322
-------	-----

Part III STRATEGY IMPLEMENTATION

325

8 The Challenge of Strategy Implementation 326

<i>Executive Interview: Charles F. Knight, Emerson Electric Company</i>	328
---	-----

Why Is Strategy Implementation So Difficult? 329

<i>Application 8.1: Symmetrix Assesses Readiness for Change</i>	332
---	-----

A Pattern of Failure: Activity-centered Change Programs 337

Levels of Organizational Change and Associated Approaches to Strategy Implementation	340
---	------------

Strategic Programming: Change Through Planning 347

<i>Application 8.2: The Planning Process at Emerson Electric</i>	350
--	-----

<i>Application 8.3: General Electric’s Salisbury Plant Transforms from a Mechanistic to an Organic Organization</i>	355
---	-----

An Overview of Leadership, Learning, and Leverage 357

<i>Application 8.4: Honda’s Entry into the United States: Success Through Organizational Learning</i>	358
---	-----

<i>Application 8.5: Semco: An Organizational Change on a Broad Range of Fronts</i>	361
--	-----

Summary of Managerial Practices to Adopt from This Chapter	363
Notes	364
9 Leadership for Organizational Learning	368
<i>Executive Interview: John L. Mariotti, Rubbermaid</i>	370
The Need for Leadership in the Learning Organization	371
<i>Application 9.1: Levi Strauss: Leadership Throughout the Organization</i>	373
The Elements of Organizational Learning	374
<i>Application 9.2: Globe Metallurgical: A Pragmatic Experimenter</i>	378
The Role of Leadership in Building the Learning Organization	380
<i>Application 9.3: Chaparral Steel: Habits That Lead to Organizational Learning</i>	382
<i>Application 9.4: Avon: The Importance of History in Strategic Change</i>	386
<i>Application 9.5: PepsiCo: Creating Urgency in Good Times</i>	388
<i>Application 9.6: Hanover Insurance: A Credo for Mental Models</i>	395
Summary of Managerial Practices to Adopt from This Chapter	402
Notes	403
10 Context Levers	408
<i>Executive Interview: Loida Nicolas Lewis, TLC Beatrice International Holdings, Inc.</i>	410
The Importance and Dimensions of Context	411
Macro-organizational Structure	412
<i>Application 10.1: Industry Trendsetters Move Toward a Horizontal Organization</i>	425
<i>Application 10.2: Philips Consumer Electronics: Movement Toward a Delaminated Matrix</i>	428
Micro-organizational Structure	429
<i>Application 10.3: Thermos: Success Through Teams</i>	430
<i>Application 10.4: Kodak Changes Its Culture and Its Performance</i>	443
Summary of Managerial Practices to Adopt from This Chapter	444
Notes	445
11 Systems Levers	449
<i>Executive Interview: Judy C. Lewent, Merck & Co., Inc.</i>	451
Systems as Implementation Levers	452
<i>Application 11.1: Examples of Support Systems Gone Awry</i>	454
Information-Resourcing Systems	455
<i>Application 11.2: 7-Eleven Japan: Competitive Advantage Through Information Resourcing</i>	456
<i>Application 11.3: Allied Signal: New Measures to Speed an Organizational Transformation</i>	464

Human-Resourcing Systems	467
<i>Application 11.4: Reward Systems: Unsuccessful and Successful</i>	470
Capital-Resourcing Systems	471
<i>Application 11.5: Xerox: Changing the Values That Drive Its Capital-Resourcing System</i>	475
Control Systems	478
<i>Application 11.6: Budgets: Overcoming Their Potential Downsides</i>	485
<i>Application 11.7: A European Car Manufacturer Develops Process-Based Controls</i>	488
Summary of Managerial Practices to Adopt from This Chapter	489
Notes	489
 12 Action Levers	 493
<i>Executive Interview: Anthony J. F. O'Reilly, H. J. Heinz Company</i>	495
Power and Influence Through Personal Actions	496
<i>Application 12.1: Wal-Mart: Influencing Others Through Day-to-Day Actions</i>	498
Organizational Politics	503
<i>Application 12.2: An Experienced Manager Shares His Views on Politics</i>	505
The Manager as Negotiator	507
<i>Application 12.3: A Chemical Processor Uses Principled Negotiation Successfully</i>	509
Communication	511
The Leader as Role Model	516
<i>Application 12.4: Xerox: Individual Acts Become Culture-Shaping Symbols</i>	524
Summary of Managerial Practices to Adopt from This Chapter	526
Notes	527
 Indexes	
Name Index	531
Subject Index	535