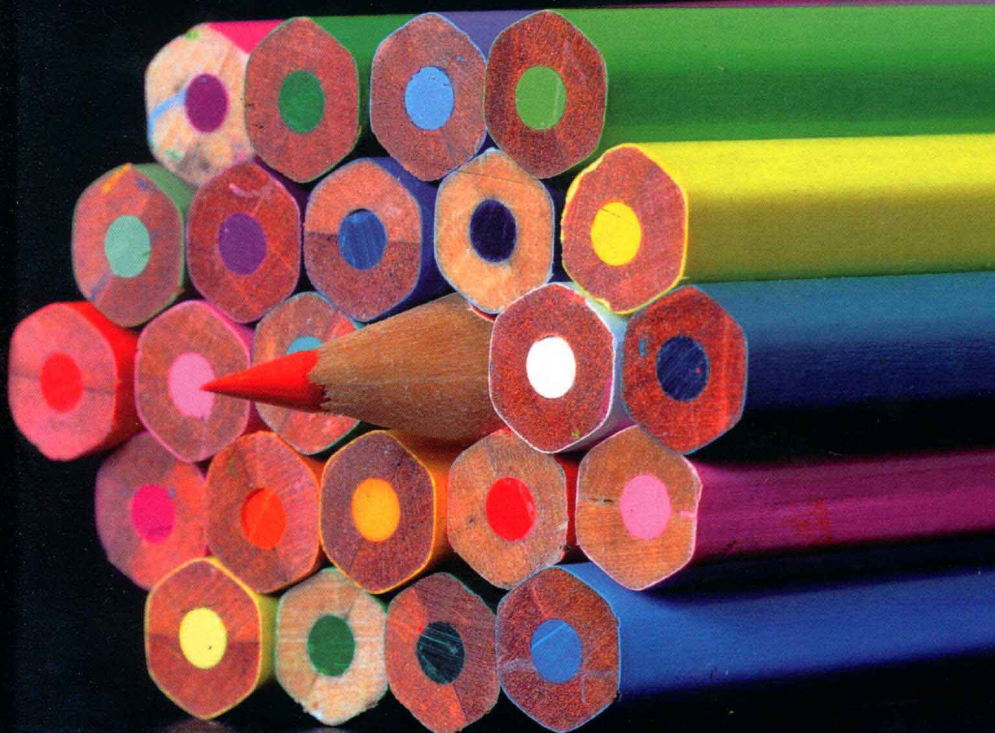


Bocconi on Management



Competitive Strategies

Managing the Present, Imagining the Future

Enrico Valdani and Alessandro Arbore

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Competitive Strategies

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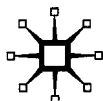
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To our families,
the gift we value the most and to whom,
paradoxically, we dedicate the least amount of time.

To the servant leader
*Sometimes, the people we meet, the experiences and the
events we have lived through would seem to confirm the
idea that bad money drives out the good. Do not
be fooled; honesty, morality, ethics, faith and
commitment always prevail and are the only
masters of a servant leader's life.*

He who knows how to place himself at the
service of others with humility, honesty and
a great deal of passion.

Preface

The greatest paradox that firms face in developing their marketing strategies is to reconcile, on the one hand, the consistency and focus of behaviors and, on the other, the autonomous development of original thoughts and actions.

A paradox is an assertion with an apparent contradiction between two mutually exclusive propositions. When a paradox is articulated, no one expects to have to choose between the two propositions expressed, as happens when faced with a dilemma. A paradox doesn't invite us to choose one option and abandon the other. A paradox invites us to accept both apparently irreconcilable propositions.

This idea is perhaps the true inspiration of a firm's strategic thinking and the unorthodox source of choices of behavior in the market. Predominating in this decision-making context is the management intuition and tacit knowledge of the firm and of the market, of the competition and customers: the use of paradoxes may represent an effective metaphor to stimulate strategic speculation. In an era in which a global perspective prevails in interpreting economic and political events, the most widespread paradox is without doubt that which requires "thinking globally and acting locally." This paradox is an effective metaphor to stimulate firms in defining how they combine and integrate their international activities while operating in compliance with the specific local conditions. A further paradox, which is probably the most important one today, requires "development without development": it is about growing in a market context with no growth.

"Managing the present and imagining the future" is the third paradox of the proactive firm and the subject of our book. Planning the future is a process associated with the creativity of strategic thinking, the capacity to break with conventions and to alter the status quo in order to pursue new games of movement. Management of the firm's "present" by contrast requires the resolution of problems relating to routine and daily life.

Living this paradox, in the hypercompetitive markets in which most firms operate, is no longer an option. Each firm must learn to face its present and, at the same time, allow strategic speculation to design its future, exploring and seeking new sources of advantages and new

ways to pursue its mission. Management of daily life and breaking the routine: two apparently conflicting objectives. Opposites are often an illusion, or perhaps, as the ancients used to say, reality finds in human intellect the coincidence of opposites, *coincidentia oppositorum*.

The resolution of a paradox activates emotional tensions in a firm, which is comparable to the movements of a pendulum. The pendulum oscillates between two extremes but tends to stabilize in the center, a center where a unifying principle can emerge that summarizes and reconciles complex and chaotic opposites. The purpose of the formulation of a paradox, therefore, is not to rescind the contradictions but to emphasize them in order to direct and capitalize on those intellectual tensions that the very paradox engenders and channels. These tensions are the stimulus to develop new knowledge. When a paradox is subjected to the discussions of a working group, the process that is triggered in order to reach a common decision quickly elevates the tension of the contraposition of ideas. Such an emotive condition constitutes the best basis to exhort our creativity to seek the solution that brings together the opposites produced by the paradox. The greater the tension and emotional involvement that it nurtures, the greater the creativity and diffusion of the strategic conversation that the firm's human resources will engage in. This is how a paradox increases the generative and proactive potential of new entrepreneurial visions. What is more, the emotional tension neutralizes any reactionary attempts aimed at containing new revolutionary ideas, facilitating the breakthrough not only of strategic thinking but also of operating behavior.

This book was also written with due respect to this paradox: advocating the breaking of orthodoxies, yet promoting deterministic management models. It recalls not only that competitive confrontation is won with the creative power of ideas, but also that to develop and achieve results from each idea requires the disciplined deployment of actions, skills, and resources. These are the principles on which the competitive maneuvers that will be illustrated are structured.

The dynamic succession of the games of movement, imitation, and position is anchored to the concept of continuous evolution and the constant changing of orthodox and unorthodox maneuvers deployable by the firm in its competitive theater. Many marketing strategies are effective in some contexts, but can be the cause of failure in others. The true capability of a firm, therefore, is not attributable to the formulation of strategies but to its understanding of the context in which they can be applied and developed with success.

Victory may only be singular, but the concrete maneuvers must be manifold, and both orthodox and unorthodox. In the same way that musical notes can be arranged and rearranged in infinite variations and melodies, or that colors can be combined to give origin to a multitude of chromatisms, all strategic configurations are generated by the interaction of classic and iconoclastic maneuvers. The variety is such that the challenge for the firm is in knowing how to select the most effective changes offered by these two opposites. Unorthodox and orthodox maneuvers are thus generated and coevolve in an endless cycle. Our book proposes to guide the firm in this challenge, in this dynamic and paradoxical circle in which the future designed today must be the present to be managed and abandoned tomorrow.

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1

The Revolution of the Competitive Games

1.1 Change and circularity of events

The “revolution” in the title of this chapter is meant in the astronomical sense, that is, the movement of a body (a competitive arena, in our case) which makes an elliptical orbit, ending its journey where it began. Revolution is also intended in the etymological sense, with the prefix “re” denoting an orientation toward a new state, along with a sense of abrupt change, severing all ties with the past.

The circularity of our destiny is a theme taken up by many throughout the ages, long before and far better than we do here: from the palingenesis of the Stoics to Giambattista Vico’s historical recurrence, from Quesnay to Leontief’s economic flow, from James Joyce to Don Fabrizio in *The Leopard*. If today’s leaders want to be tomorrow’s leaders, they have to make everything change. If today’s followers want to become tomorrow’s leaders, they have to make everything change too.

Proactive change is the categorical imperative of the *circular view* of competitive confrontation that we propose in this book. To be effective, this change can not be based on *contraposition* of forces, but on *the novelty of its form*. This is a key message our book aims to formalize: a strategy of continuously overturning orthodoxies, in light of the following:

- Today’s iconoclasm will in turn become tomorrow’s orthodoxy in an *endless competitive cycle*.
- Every revolution brings with it *new risks as well as new opportunities*: we have to know when the time is right to start a revolution, or to join someone else’s, or to keep the peace.