THE STRATEGY PROCESS

CONCEPTS, CONTEXTS, CASES

SECOND EDITION

Prentice-Hall International Editions

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JAMES BRIAN QUINN

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SECOND
EDITION

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and

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To All Our Thoughtful Students Past and Future

With a Special Appreciation to Allie
For her unique patience, kindness, beauty, and intelligence.

BRIAN

ACKNOWLEDGMENTS

We have been involved in the teaching and practice of strategy formation since the 1960s. What originally brought this book together was our firm belief that this field badly needed a new kind of text. We wanted one that looked at process issues as well as analysis; one that was built around critical strategy concepts and contexts instead of the overworked dichotomy of formulation and implementation; and one that accomplished these aims with writing that was intelligent, eclectic, and lively. We sought to combine theory and practice, and description and prescription, in new ways that offered insights none could achieve alone. All of these goals remain exactly the same in this second edition, except that here we set out to fine tune a basic formula that we feel worked well in the first one. Our own work on the first edition took far longer and was more difficult than we could have imagined, and the same holds true for this second edition. We hope that good students of management will think it worthwhile.

In any work of this scope, there are far too many people involved to thank each one individually. We would, however, like to acknowledge the special assistance given us by those who went especially out of their way to be helpful. In the academic community, several people deserve special mention. Deans John Hennessey and Colin Blaydon at the Tuck School kindly arranged for time and funding support to develop the many complex cases contained in the book. Mr. Bohdan Hawrylyshyn of the Institute for Management Development of Lausanne, Switzerland generously contributed funding and contacts for cases made in Europe and Japan. At INSEAD, Sumantra Goshal offered especially valuable advice on new readings to consider.

The people who really make such a major project as this happen are the competent research associates and secretaries who undertake the major burden of the work. At the Amos Tuck School of Business Administration, Penny C. Paquette, Suzanne Sweet, and Tammy Stebbins deserve special praise. Ms. Paquette was researcher and co-author of many of the cases for the book and oversaw the endless problems of coordinating clearances and production logistics for major portions of the book. Mrs. Sweet and Stebbins very professionally managed thousands of pages of original text and revisions with secretarial and computer skills that were invaluable. At McGill David Myles helped in all kinds of little ways, while Kate Maguire-Devlin's untold numbers of little contributions, important though they were, do not stand up to her big one—to provide a good-natured order without which the readings portion of this book could never have been finished.

At Prentice Hall, Karen Bernhaut and other professionals worked industriously on this edition to integrate the pieces into a comprehensive text, and took charge of the production, no easy task but one they carried out with skill and dili-

gence. But our experience at Prentice Hall started much earlier, with Alison Reeves, who championed this book from the beginning and then worked vigorously to see it through to the publication of the original and this second edition. It was never easy, and we appreciate her extensive efforts.

A special thanks must also be offered to those who worked with the book in both its preliminary stages and in revision and offered invaluable feedback: in Montreal, those 1985-86 "guinea pig" McGill MBA students, and for this edition, Jan Jorgensen, Cynthia Hardy, and Tom Powell, who made many useful suggestions based on their teaching. Pierre Brunet and Bill Taylor at Concordia gave helpful comments on both editions, as did Fritz Reiger at Windsor. Bill Joyce and Rich D'Aveni at Tuck and Bill Davidson at the University of Southern California made significant contributions through their sophisticated teaching of the cases on an experimental basis. Further feedback of great use was provided by those users of the first edition book who returned the Prentice Hall questionnaire. We are deeply indebted to all of these people. A special mention should be made of John Voyer at the University of Southern Maine, whose excellent advice, provided since the beginning, has helped to shape this book. We are particularly grateful to him, not only for that feedback and his key role in the Teaching Manual, but for his capacity to get inside the book—to appreciate it for exactly what it is—and so to have provided us with the best indication of what it might be able to accomplish.

Among those who provided invaluable help on individual cases were Charles H. Bell, James McFarland, Verne Johnson, and John Gerlach of General Mills, Inc.; Thomas Murphy, E. M. Estes, Henry Duncombe, and F. Alan Smith of General Motors Corporation; Alastair Pilkington, Lord Pilkington, and B. N. Tyler of Pilkington Bros. Ltd.; William Spoor, Jack Stafford, E. H. Wingate, and G. Dunhowe of The Pillsbury Company; Helen Boehm of The Studios of Edward Marshall Boehm; Fred Middleton and Robert Swanson of Genentech, Inc.; Dr. Robert Noyce and Dr. Gordon Moore of Intel Corporation; Fred Smith, James Barksdale, and Thomas Oliver of Federal Express Corporation; Masaru Ibuka, Akoi Morita, Dr. Nobutoshi Kihara, and Dr. Makoto Kikuchi of Sony Corporation; Nobuhiko Kawamoto, Yasuhito Sato, T. Yashiki, and F. Kikuchi of Honda Motor Company, Ltd.; Bob O. Evans and Vincent Learson of IBM Corp.; Dr. Norton Belknap, Thomas Barrow, and George Piercy of Exxon Corp.; Dr. Richard Young, William McCune, I. M. Booth, and Peter Wensberg of Polaroid Corp.; Warren Bull, Rowland Frazee, and Alan Taylor of the Royal Bank of Canada; Stanley Feldberg, Sumner Feldberg, Maurice Segall, and Herschel Denker of Zayre Corporation; and Anthony Frank of First Nationwide Financial Corporation; Lew Veraldi and Charles Gumushian at Ford Motor Company; Arthur Sulzberger (Sr. and Jr.), and Warren Hoge of *The New York Times*. To each person who kindly contributed valuable time to this project, we are deeply grateful.

One last word; this book is not "finished." Our text, like the subject of so much of its content, is an ongoing process, not a static statement, as we believe the reader will find reflected in this new edition. So much of this book is so different from conventional strategy textbooks, indeed from our own text last time, that there are bound to be all kinds of opportunities for improvement. We would like to ask you to help us in this regard. We shall revise the text again to improve it to keep up with this exciting field. Please write to any of us with your suggestions on how to improve the readings, the cases, and the organization of the book at large and its presentation. Strategy making, we believe, is a learning process; we are also engaged in a learning process. And for that we need your feedback. Thank you and enjoy what follows.

Henry Mintzberg
James Brian Quinn

INTRODUCTION

In our first edition, we set out to produce a different kind of textbook in the field of business policy or, as it is now more popularly called, strategic management. We tried to provide the reader with a richness of theory, a richness of practice, and a strong basis for linkage between the two. We rejected the strictly case study approach, which leaves theory out altogether, or soft-pedals it, and thereby denies the accumulated benefits of many years of careful research and thought about management processes. We also rejected an alternate approach that forces on readers a highly rationalistic model of how the strategy process *should* function. We collaborated on this book because we believe that in this complex world of organizations a range of concepts is needed to cut through and illuminate particular aspects of that complexity. There is no "one best way" to create strategy, nor is there "one best form" of organization. Quite different forms work well in particular contexts. We believe that exploring a fuller variety systematically will create a deeper and more useful appreciation of the strategy process. In this revised edition, we remain loyal to these beliefs and objectives, having concentrated our efforts on improving the material we have included to reflect them. While maintaining the basic outline of the book, we replaced, added, and revised a great many of its specific components. In particular, 14 of the readings are new to this edition and 13 have been revised; about one-third of the cases are likewise new, while another one-third more have been shortened, revised, or updated based on the last few years' teaching experience and professors' suggestions. Most important, all the new cases contain a strong international competitive focus representing the global dimensions of today's major strategy issues. There are new cases involving both Japanese and European companies, as well as the new joint ventures used in worldwide competition in both professional services and manufacturing companies. You will find that cases on Honda Motor, Ford: Team Taurus, New Steel Corp., Biogen N.V., and PRA&D raise issues on the cutting edge of strategy for the 1990s.

This text, unlike most others, is therefore eclectic. Presenting published articles and portions of other books in their original form, rather than filtered through our minds and pens, is one way to reinforce this variety. Each author has his or her own ideas and his or her own best way of expressing them (ourselves included!). Summarized by us, these readings would lose a good deal of their richness.

We do not apologize for contradictions among the ideas of leading thinkers. The world is full of contradictions. The real danger lies in using pat solutions to a nuanced reality, not in opening perspectives up to different interpretations. The effective strategist is one who can live with contradictions, learn to appreciate their

causes and effects, and reconcile them sufficiently for effective action. The readings have, nonetheless, been ordered by chapter to suggest some ways in which that reconciliation can be considered. Our own chapter introductions are also intended to assist in this task and to help place the readings themselves in perspective.

ON THEORY

A word on theory is in order. We do not consider theory a dirty word, nor do we apologize for making it a major component of this book. To some people, to be theoretical is to be detached, impractical. But a bright social scientist once said that "there is nothing so practical as a good theory." And every successful doctor, engineer, and physicist would have to agree: they would be unable to practice their modern work without theories. Theories are useful because they shortcut the need to store masses of data. It is easier to remember a simple framework about some phenomenon that it is to consider every detail you ever observed. In a sense, theories are a bit like cataloging systems in libraries: the world would be impossibly confusing without them. They enable you to store and conveniently access your own experiences as well as those of others.

One can, however, suffer not just from an absence of theories, but also from being dominated by them without realizing it. To paraphrase the words of John Maynard Keynes, most "practical men" are the slaves of some defunct theorist. Whether we realize it or not, our behavior is guided by the systems of ideas that we have internalized over the years. Much can be learned by bringing these out in the open, examining them more carefully, and comparing them with alternative ways to view the world—including ones based on systematic study (that is, research). One of our prime intentions in this book is to expose the limitations of conventional theories and to offer alternate explanations that can be superior guides to understanding and taking action in specific contexts.

Prescriptive Versus Descriptive Theory

Unlike many textbooks in this field, this one tries to explain the world as it is, rather than as someone thinks it is *supposed* to be. Although there has sometimes been a tendency to disdain such *descriptive* theories, *prescriptive* (or normative) ones have often been the problem, rather than the solution, in the field of management. There is no one best way in management; no prescription works for all organizations. Even when a prescription seems effective in some context, it requires a sophisticated understanding of exactly what that context is and how it functions. In other words, one cannot decide reliably what should be done in a system as complicated as a contemporary organization without a genuine understanding of how that organization really works. In engineering, no student ever questions having to learn physics, in medicine, having to learn anatomy. Imagine an engineering student's hand shooting up in a physics class: "Listen, prof, it's fine to tell us how the atom does work. But what we really want to know is how the atom *should* work." Why should a management student's similar demand in the realm of strategy or structure be considered any more appropriate? How can people manage complex systems they do not understand?

Nevertheless, we have not ignored prescriptive theory when it appears useful. A number of prescriptive techniques (industry analysis, portfolio analysis, experience curves, etc.) are discussed. But these are associated both with other readings and with cases that will help you understand the context and limitations of their

usefulness. Both cases and readings offer opportunities to pursue the full complexity of strategic situations. You will find a wide range of issues and perspectives addressed. One of our main goals is to integrate a variety of views, rather than allow strategy to be fragmented into just "human issues" and "economics issues." The text and cases provide a basis for treating the full complexity of strategic management.

ON SOURCES

How were all the readings selected and edited? One popular textbook boasted a few years back that all its readings were published since 1980 (except one dated 1979!). We make no such claim; indeed we would like to make quite a different boast; many of our readings have been around quite a while, long enough to mature, like fine wine. Our criterion for inclusion was not the newness of the article so much as the quality of its insight—that is, its ability to explain some aspect of the strategy process better than any other article. Time does not age the really good articles. Quite the opposite—it distinguishes their quality (but sometimes it brings us back to the old habits of masculine gender; we apologize to our readers for this). We are, of course, not biased toward old articles—just toward good ones. Hence, the materials in this book range from classics of the 1950s to some published just before our final selection was made (as well as a few hitherto unpublished pieces). You will find articles from the most serious academic journals, the best practitioner magazines, books, and some very obscure sources. The best can sometimes be found in strange places!

We have opted to include many shorter readings rather than fewer longer ones, and we have tried to present as wide a varitey of good ideas as possible while maintaining clarity. To do so we often had to cut within readings. We have, in fact, put a great deal of effort into the cutting in order to extract the key messages of each reading in as brief, concise, and clear a manner as possible. Unfortunately, our cutting sometimes forced us to eliminate interesting examples and side issues. (In the readings, as well as some of the case materials from published sources, dots . . . signify portions that have been deleted from the original, while square brackets [ ] signify our own insertions of minor clarifications into the original text.) We apologize to you, the reader, as well as to the authors, for having done this, but hope that the overall result has rendered these changes worthwhile.

We have also included a number of our own works. Perhaps we are biased, having less objective standards by which to judge what we have written. But we have messages to convey, too, and our own writings do examine the basic themes that we feel are important in policy and strategy courses today.

ON CASES

A major danger of studying the strategy process—probably the most enticing subject in the management curriculum, and at the pinnacle of organizational processes—is that students and professors can become detached from the basics of the enterprise. The "Don't bore me with the operating details; I'm here to tackle the really big issues" syndrome has been the death of many business policy or strategy courses (not to mention managerial practices!). The big issues *are* rooted in little details. We have tried to recognize this in both the readings and the cases. Effective strategy processes always come down to specifics. The cases and the industry refer-

ence notes provide a rich soil for investigating strategic realities. Their complexities always extend well below the surface. Each layer peeled back can reveal new insights and rewards.

As useful as they are, however, cases are not really the ideal way to understand strategy: involving oneself in the hubbub of life in a real organization is. We harbor no illusions that reading 20 pages on an organization will make you an expert. But cases remain the most convenient way to introduce practice into the classroom, to tap a wide variety of experiences, and to involve students actively in analysis and decision making. Our cases consciously contain both their prescriptive and descriptive aspects. On the one hand, they provide the data and background for making a major decision. Students can appraise the situation in its full context, suggest what future directions would be best for the organization in question, and discuss how their solutions can realistically be implemented. On the other hand, each case is also an opportunity to understand the dynamics of an organization—the historical context of the problems it faces, the influence of its culture, its probable reactions to varying solutions, and so on. Unlike many cases which focus on only the analytical aspects of a decision, ours constantly force you to consider the messy realities of arriving at decisions in organizations and obtaining a desired response to any decision. In these respects, case study involves a good deal of descriptive *and* prescriptive analysis.

Linking Cases and Readings

The cases in this book are not intended to emphasize any particular theories, any more than the theoretical materials are included because they explain particular cases. Each case presents a slice of some specific reality, each reading a conceptual interpretation of some phenomenon. The readings are placed in particular groupings because they approach some common aspects or issues in theory.

We have provided some general guidelines for relating particular cases to sets of readings. But do not push this too far: analyze each case for its own sake. Cases are intrinsically richer than readings. Each contains a wide variety of issues—many awfully messy—in no particular order. The readings, in contrast, are usually neat and tidy, professing one or a few basic conceptual ideas, and providing some specific vocabulary. When the two connect—sometimes through direct effort, more often indirectly as conceptual ideas are recalled in the situation of a particular case —some powerful learning can take place in the form of clarification or, we hope, revelation.

Try to see how particular theories can help you to understand some of the issues in the cases and provide useful frameworks for drawing conclusions. Perhaps the great military theorist, Von Clausewitz, said it best over a century ago (to borrow a quotation from one of our readings of Chapter 1):

> All that theory can do is give the artist or soldier points of reference and standards of evaluation . . . with the ultimate purpose not of telling him how to act but of developing his judgment. (1976:15)

In applying the theory to cases, please do not assume that it is only the readings cross referenced with the case that matter. We have designed the book so that the textual materials develop as the chapters unfold. Concepts introduced in earlier chapters become integrated in the later ones. And early cases tend to build knowledge for those appearing later. Problems and their organizational context move from the simple to the more complex. Space limitations and the structured nature

of theories require some compartmentalization. But don't take that compartmentalization too literally. In preparing each case, use whatever concepts you find helpful both from chapters of this book and from your personal knowledge. The cases themselves deal with real people in real companies. The reality they present is enormously complicated; their dynamics extend to today's newspaper, and *Who's Who,* or any other reference you can imagine. Use any sound source of information that helps you to deal with them. Part of the fun of policy or strategy courses is understanding how major decisions happened to be made and what were their subsequent consequences—local, national, even international.

These are all living cases. In the strictest sense they have no beginning or end. They have been written in as lively a style as possible; we do not believe business school cases need be dull! Each case deals with a major transition point in the history of an enterprise. Each can be used in a variety of ways to emphasize a particular set of concepts at a particular time in the course. Many lend themselves to sophisticated financial, industry, portfolio, and competitive analyses as well as discerning organizational, behavioral, and managerial practice inquiries. And many contain entrepreneurial and technological dimensions rarely found in strategy cases. Trying to figure out what is going on should be challenging as well as fun!

Case Discussion

Management cases provide a concrete information base for students to analyze and share as they discuss management issues. Without this focus, discussions of theory can become quite confusing. You may have in mind an image of an organization or situation that is very different from that of other discussants. As a result, what appars to be a difference in theory will—after much argument—often turn out to be simply a difference in perception of the realities surrounding these examples.

In this text we try to provide three levels of learning: *first,* a chance to share the generalized insights of leading theoreticians (in the readings); *second,* an opportunity to test the applicability and limits of these theories in specific (case) situations; *third,* the capacity to develop one's own special amalgam of insights based upon empirical observations and inductive reasoning (from case analyses). All are useful approaches; some students and professors will find one mix more productive for their special level of experience or mind set. Another will prefer a quite different mix. Hence, we include a wide selection of cases and readings.

The cases are not intended as *examples* of either weak or exceptionally good management practices. Nor, as we noted, do they provide *examples* of the concepts in a particular reading. They are discussion vehicles for probing the benefits and limits of various approaches. And they are analytical vehicles for applying and testing concepts and tools developed in your education and experience. Almost every case has its marketing, operations, accounting, financial, human relations, planning and control, external environmental, ethical, political, and quantitative dimensions. Each dimension should be addressed in preparations and classroom discussions, although some aspects will inevitably emerge as more important in one situation than another.

In each case you should look for several sets of issues. First, you should understand what went on in that situation. Why did it happen this way? What are the strong or weak features of what happened? What could have been changed to advantage? How? Why? Second, there are always issues of what should be done next. What are the key issues to be resolved? What are the major alternatives available? What outcomes could the organization expect from each? Which alternative

should it select? Why? Third, there will almost always be "hard" quantitative data and "soft" qualitative impressions about each situation. Both deserve attention. Because the cases deal with real companies, and real people, in real situations, their data bases can be *extended* as far as students and professors wish. They only have to consult their libraries and daily newspapers.

But remember, no realistic strategy situation is *just* an organization behavior problem or *just* a financial or economic analytical one. Both sets of information should be considered, and an *integrated* solution developed. Our cases are consciously constructed for this. Given their complexity we have tried to keep the cases as short as possible. And we have tried to capture some of the flavor of the real organization. Moreover, we have sought to mix product and services cases, technological and "nontech" cases, entrepreneurial, small company, and large enterprise situations. In this cross section, we have tried to capture some of the most important and exciting issues, concepts, and products of our times. We believe management is fun, and important. The cases try to convey this.

There is no "correct" answer to any case. There may be several "good" answers and many poor ones. The purpose of a strategy course should be to help you understand the nature of these "better" answers, what to look for, how to analyze alternatives, and how to see through the complexities of reaching solutions and implanting them in real organizations. A strategy course can only improve your probability of success, not ensure it. The total number of variables in a real strategy situation is typically beyond the control of any one person or group. Hence another caveat: don't rely on what a company actually did as a guide to effective action. The company may have succeeded or failed not because of its specific decisions, but because of luck, an outstanding personality, the bizarre action of an opponent, international actions over which it had no control, and so on. One of the products of a successful strategy course should be a little humility.

Case Study Guides

We have posed a few questions at the end of each case as discussion guides. Students have generally found these helpful in organizing their thinking about each case. If you answer these questions well, you can probably deal with anything that comes up in class. But each professor may conduct his or her class in a quite different fashion. The questions should help you see relevant issues, but they should not limit your thinking. From time to time there are intermediate "decision points" in a case. Work on the material up to that point just as you would a short case. The case materials immediately following these decision points consciously leave out much detail on what might have happened so that you can arrive at your own specific solutions. Later you can see them in the context of a longer time horizon, much like a mystery story unfolding in phases. Analyze the specific situations, consider alternatives, and arrive at specific conclusions—understanding that later events might have looked a bit different if your solution had been implemented. Like any good mystery story, a case provides many clues, never all, but, surprisingly, sometimes more than executives might have had time to absorb in the real situation.

Believing that no "canned approach" is viable for all strategic situations, we have selected cases that cut across a variety of issues and theoretical constructs. Almost any of these cases is so complex that it can be positioned at a number of different spots in a good strategy course. We have clustered them around the three major segments of the text for convenience to students and professors. But the cases could equally well be taught in a number of other sequences. We leave the final case selection to the style and wisdom of the professor and his or her students.

Not Formulation, Then Implementation

The first edition of this text offered a chapter format that was new to the policy or strategy field. Unlike most others, it had no specific chapter or section devoted to "implementation" per se. The assumption in other texts is that strategy is formulated and then implemented, with organizational structures, control systems, and the like following obediently behind strategy. In this text, as in reality, formulation and implementation are intertwined as complex interactive processes in which politics, values, organizational culture, and management styles determine or constrain particular strategic decisions. And strategy, structure, and systems mix together in complicated ways to influence outcomes. While strategy formulation and implementation may be separated in some situations—perhaps in crises, in some totally new ventures, as well as in organizations facing predictable futures—these events are rare. We certainly do not believe in building a whole book (let alone a whole field) around this conceptual distinction.

But Concepts, Then Contexts

The readings are divided roughly into two different parts. The first deals with *concepts,* the second with *contexts.* We introduce strategy and structure as well as power, culture, and several other concepts early in the text as equal partners in the complex web of ideas that make up what we call "the strategy process." In the second half of the text we weave these concepts together in a number of distinct situations, which we call *contexts.*

Our theme diagram illustrates this. Concepts, shown on top, are divided into two groups—strategy and organization—to represent the first two sections of the book. Contexts draw all these concepts together, in a variety of situations—covered in the third section—which we consider the key ones in the field of strategy today (though hardly the only ones). The outline of the text, chapter by chapter, proceeds as follows:

Section I: Strategy

The first section is called "*Strategy*"; it comprises five chapters (two introductory in nature and three on the processes by which strategy making takes place). Chapter 1 introduces *the strategy concept* and probes the meaning of this important word to broaden your view of it. Here the pattern is set of challenging you to question conventional views, especially when these act to narrow perspectives. The themes introduced in this chapter carry throughout the book and are worth care in understanding.

Chapter 2 introduces a very important character in this book, *the strategist* as general manager. This person may not be the only one who makes strategy in an organization, but he or she is clearly a key player. In examining the work of the general manager and the character of his or her job, we shall perhaps upset a number of widely accepted notions. We do this to help you understand the very real complexities and difficulties of making strategy and managing in contemporary organizations.

Chapters 3, 4, and 5 take up a theme that is treated extensively in the text—to the point of being reflected in its title: the development of an understanding of the *processes* by which strategies are made. Chapter 3 looks at *formulating strategy,*

STRATEGY PROCESS THEME DIAGRAM
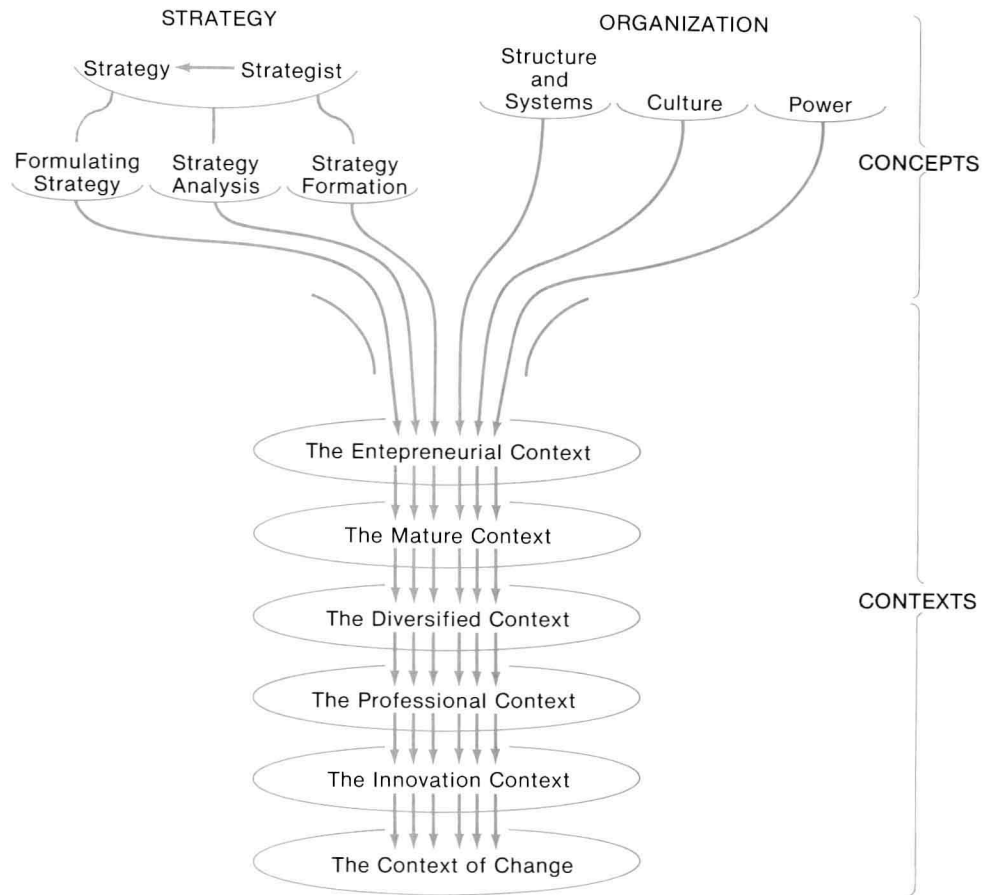
specifically at some widely accepted prescriptive models for how organizations should go about developing their strategies. Chapter 4 extends these ideas to more formal ways of doing *strategy analysis* and considering what, if any, "generic" forms a strategy can take. While readings in later chapters will challenge some of these precepts, what will not be questioned is the importance of having to understand them. They are fundamental to appreciating the strategy process today.

Chapter 5 switches from a prescriptive to a descriptive approach. Concerned with understanding *strategy formation,* it considers how strategies actually *do* form in organizations (not necessarily by being formulated) and *why* different processes may be effective in specific circumstances. This text takes an unconventional stand by viewing planning and other formal approaches as not the only—and often indeed not even the most desirable—ways to make strategy. You will find our emphasis on the descriptive process—as an equal partner with the more traditional concerns for technical and analytical issues—to be one of the unifying themes of this book.

Section II: Organization

In Section I, the readings introduced strategy, the strategist, and various ways in which strategy might be formulated and does in fact form. In Section II, entitled *Organization,* we introduce other concepts that constitute part of the strategy process.

In Chapter 6, we consider *structure and systems,* where particular attention is paid to the various forms that structure can take as well as the mechanisms that comprise it. In Chapter 7, we consider *culture,* especially how strong systems of beliefs, called "ideologies," impact on organizations and their strategies and so influence their effectiveness. In Chapter 8, *power* is the focus. We consider two aspects of power: first, the distribution of power among the various actors within the organization and its links to political activity; second, the organization as a political entity in its own right and its power to pursue its own ends, whether or not responsibly, in the face of opposing forces in society. Both aspects will be seen to influence significantly the processes by which strategies are formulated or form.

Section III: Context

Section III is called *Context.* We consider how all of the elements introduced so far —strategy, the processes by which it is formulated and gets formed, the strategist, structure, systems, culture and power—combine to suit particular contexts, six in all.

Chapter 9 deals with the *entrepreneurial context,* where a rather simple organization comes under the close control of a strong leader, often a person with vision. Chapter 10 examines the *mature context,* one common to many large business and government organizations involved in the mass production or distribution of goods or services. Chapter 11 introduces the *diversified context,* and deals with organizations that have diversified their product or service lines and usually divisionalized their structures to deal with the greater varieties of environments they face.

Chapters 12 and 13 develop the contexts of professionalism and innovation, both involving organizations of high expertise. In the professional context, the experts work relatively independently in rather stable conditions, while in the innovation context, they combine in project teams under more dynamic conditions. What these two contexts have in common, however, is that they act in ways that upset many of the widely accepted notions about how organizations should be structured and make strategy.

In considering each of these widely different contexts, we seek to discuss (where appropriate material is available) the situations in which each is most likely to be found, the structures most suited to it, the kinds of strategies that tend to be pursued, the processes by which these strategies tend to be formed and might be formulated, and the social issues associated with the context.

Chapter 14 is devoted not so much to a specific context as to *managing change* between contexts, or within a context (which we can, of course, characterize as the context of change). The major concerns are how organizations can cope with crises, turnarounds, revitalizations, and new stages in their own life cycles or those of their key products.

The readings end in Chapter 15 on a provocative note, designed to encourage *thinking strategically,* about strategy itself and the whole process of management.

Well, there you have it. We have worked hard on this book, in both the original and this revised edition, to get it right. We have tried to think things through from the basics, with a resulting text that in style, format, and content is unusual for the field of policy or strategy. Our product may not be perfect, but we believe it is good—indeed better than any other text available. Now it's your turn to find out if you agree. Have fun doing so!

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SECTION TWO ORGANIZATION

SECTION THREE CONTEXT