TABLE OF CONTENTS FOR BOOK SURVEY AT AMAZON.COM ON THE TOPIC OF "REINVENTING (MATURE INDUSTRY) PROFITABILITY"(+ COMMENTS)

DISCLAMIER*: All of this text is from Amazon.com. I have not asked permission to copy their information on these books, nor have I proofed this text for spelling or grammar errors, it is just as it was posted at Amazon.com*. **Bruce Merrifield**

DISCLAMIER*: All of this text is from Amazon.com. I have not asked permission to copy their information on these books, nor have I proofed this text for spelling or grammar errors, it is just as it was posted at Amazon.com*. **Bruce Merrifield**

I. "Paradigm Pliancy". Getting outside of our traditional thinking

PARADIGMS; BUSINESS OF DISCOVERING THE FUTURE by Barker
Paperback: 240 pages ; Dimensions (in inches): 0.60 x 8.03 x 5.28 **Publisher:** HarperBusiness; Reprint edition (May 26, 1993) **ISBN:** 0887306470

Promo Copy:
Since it was first published, this book has become a "must read" for those who are struggling to understand what is happening and, more to the point, what will probably be happening in the global marketplace. Drucker has suggested that one of the greatest challenges for any organization is to manage the consequences and implications of a future which has already occurred. I agree. However, I also agree with Barker that it is possible to recognize what he calls a "paradigm shift": a major change of the rules and regulations that establish or define boundaries, a change which suggests that new behavior will be required within those redefined boundaries.

One of the most important concepts in the book is what Barker calls "paradigm pliancy": "the purposeful seeking out of new ways of doing things. It is an active behavior in which you challenge your paradigms [i.e. the status quo, assumptions and premises] by asking the Paradigm Shift Question: What do I believe is impossible to do in my field, but if it could be done, would fundamentally change my business?" Have you asked this question? Do you realize that one or more of your competitors may have already asked that question?

Although the book's subtitle is "The Business of Discovering the Future", the fact remains that (back to Drucker) the challenge is to identity and then measure the degree of probability of various contingencies...many of which may have already occurred or are now in process.
Barker asserts that every organization must anticipate and then innovate to achieve excellence in an age during which change is the only constant. He suggests that there are five components to "strategic exploration": Understanding influences which shape our perceptions, divergent thinking which enables us to consider more than "one right answer", convergent thinking which enables us to integrate data while prioritizing choices, mapping which reveals pathways from the present to the future, and finally, imaging which (with words or drawings or models) documents what is learned during the process of exploration. This is a business "classic" which will continue to be relevant so long as leaders of organizations remain hostage to assumptions and premises which are either already obsolete now or will soon become so. What about yours?

Review:
For years I wondered why it is often very difficult to convince even highly-intelligent of a new fact or idea, no matter how much evidence there may be supporting the new concept. Then I read this book and learned that even intelligent people often find it difficult to hear or see evidence for anything which lies outside their current mindset -- or "paradigm." Even great scientists and astute businessmen time and again fail to see or hear compelling evidence for new concepts that lie outside their current paradigm thus, significant ideas and opportunities are lost to them. However, in the present time of rapid change, we simply cannot continue to be held back by our old paradigms. This book is essential reading for those who wish to be able to cope with the rapidly-changing present and future.

II. Redefine to Revive Our Historic Core Business

<u>Angel Customers and Demon Customers: Discover Which is Which and Turbo-Charge Your Stock</u>
by Selden, Colvin
Hardcover**:** 243 pages ; Dimensions (in inches): 0.89 x 9.32 x 6.34 **Publisher:** Portfolio; (May 22, 2003)
ISBN: 1591840074

<u>Promo Copy:</u>
How businesses can thrive by learning which customers are creating the most profit-and which are losing them money. One of the oldest myths in business is that every customer is a valuable customer. Even in the age of high-tech data collection, many businesses don't realize that some of their customers are deeply unprofitable, and that simply doing business with them is costing them money. In many places, it's typical that the top 20 percent of customers are generating almost all the profit while the bottom 20 percent are actually destroying value. Managers are missing tremendous opportunities if they are not aware which of their customers are truly profitable and which are not. According to Larry Selden and Geoff Colvin, there is a way to fix this problem: manage your business not as a collection of products and services but as a customer portfolio. Selden and Colvin show readers how to analyze customer data to understand how you can get the most out of your most critical customer segments. The authors reveal how some companies (such as Best Buy and Fidelity Investments) have already moved in this direction, and what customer-centric strategies are likely to become widespread in the coming years. For corporate leaders, middle managers, or small business owners, this book offers a breakthrough plan to delight their best customers and drive shareowner value.

<u>Review:</u>
I believe that the reviewer who said, "this book stated the obvious and that outside of a novice business student, anyone who finds this book interesting or useful may want to consider another profession than business" has missed the point of this book...completely. The importance of this book is NOT in stating that "the customer is important … some more than others". This we all know. The importance of this book is in outlining a practical method for asserting which customers are money making ones and which are not money making ones **by going at the junction of customer marketing and customer finance**. It is by offering a practical way to relate the two perspectives (the qualitative and the quantitative one) that this book was useful to me.

The key thing I learned from this book is the introduction of detailed customer-finance reasoning to evaluate clients. I also was greatly inspired by their concept of CUSTOMER DEAVERAGING. I often see a company that thinks in terms of their "average customers" and thereby miss any valuable & actionable insight on how to relate to their customers in a way that is both more profitable and more meaningful (from both the customer and the client perspective). For companies who are like that, I think this is a GREAT book that uncovers what needs to be done in both a practical and theoretically sound way.

I can testify that having applied a big part of the framework of this book to solve one strategy problem for one of my European clients. We did uncover some really devious customers (50% of their client acquisition was focusing on customers from which there will never be enough money generated to cover the initial customer acquisition expense) and some really angel ones (25% of their customer acqusition was focused on clients that represents 65% of their actual profit). We were also able to do some detailed financial modeling to discover, in their specific case, where they should refocus their attention on the angel customers and probably completely change their business model and value proposition for dealing with their demon ones.

If I had one critic it would be on the part that is relating customer oriented strategy and the stock valuation. This is treated without enough precision.

Having said that, I can also state the customer business I was speaking about is a recurrent one and that the benefit of acquiring an angel customer goes well beyond the financial revenue derived from them in the first year. So, beyond the immediate profit improvements that are likely to result from their refocusing on the right customers this year, I anticipate this company to achieve a surge of their financial results in the following years. (This hopefully will ultimately also find a reflection in their stock price.)

Good to Great: Why Some Companies Make the Leap... and Others Don't by Collins
Hardcover: 320 pages; Dimensions (in inches): 1.05 x 9.62 x 6.46 **Publisher:** HarperCollins; 1st edition (October 16, 2001) **ISBN:** 0066620996

Promo Copy:

The Challenge

Built to Last, the defining management study of the nineties, showed how great companies triumph over time and how long-term sustained performance can be engineered into the DNA of an enterprise from the very beginning.

But what about the company that is not born with great DNA? How can good companies, mediocre companies, even bad companies achieve enduring greatness?

The Study

For years, this question preyed on the mind of Jim Collins. Are there companies that defy gravity and convert long-term mediocrity or worse into long-term superiority? And if so, what are the universal distinguishing characteristics that cause a company to go from good to great?

The Standards

Using tough benchmarks, Collins and his research team identified a set of elite companies that made the leap to great results and sustained those results for at least fifteen years. How great? After the leap, the good-to-great companies generated cumulative stock returns that beat the general stock market by an average of seven times in fifteen years, better than twice the results delivered by a composite index of the world's greatest companies, including Coca-Cola, Intel, General Electric, and Merck.

The Comparisons

The research team contrasted the good-to-great companies with a carefully selected set of comparison companies that failed to make the leap from good to great. What was different? Why did one set of companies become truly great performers while the other set remained only good?

Over five years, the team analyzed the histories of all twenty-eight companies in the study. After sifting through mountains of data and thousands of pages of interviews, Collins and his crew discovered the key determinants of greatness -- why some companies make the leap and others don't.

The Findings

The findings of the Good to Great study will surprise many readers and shed light on virtually every area of management strategy and practice. The findings include:

Level 5 Leaders: The research team was shocked to discover the type of leadership required to achieve greatness. **The Hedgehog Concept** (Simplicity within the Three Circles): To go from good to great requires transcending the curse of competence. **A Culture of Discipline:** When you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great results. Technology Accelerators: Good-to-great companies think differently about the role of technology. **The Flywheel and the Doom Loop:** Those who launch radical change programs and wrenching restructurings will almost certainly fail to make the leap.

“Some of the key concepts discerned in the study,” comments Jim Collins, "fly in the face of our modern business culture and will, quite frankly, upset some people.”

Perhaps, but who can afford to ignore these findings?

Review:

I've been something of a connoisseur of business books for over 20 years, going back to Drucker and Porter, but this is beyond a doubt one of the best I've ever encountered. What distinguishes it first and foremost is the sheer rigor of the research that went into it. Many popular business books are long on ideas and supporting anecdotes, but short on clinical research. This one is firmly grounded in exhaustive study and real numbers. In fact, Collins mentions that a professional statistician who reviewed his methodology stated categorically that the likelihood of any of his key findings being purely coincidental was 1 in 1.7MM! Yet it doesn't read like a dry, clinical report at all. It's simply an extraordinarily lucid investigation of what allows a few companies to become great when so many of their peers remain just good. And frankly, I don't care how busy an executive is - from the CEO down - the only excuse for not reading this book is a latent fear that he or she may not have the goods to take a company to "great". Mr. Collins simply lays out a path too clear to be ignored that should guide the thinking of any business leader whether his or her company is large or small, not-for-profit or profit obsessed. It's a great book. (And the perfect gift for any Board member or senior Executive currently wrestling with how to turn in strong results and not run afoul of Sarbanes-Oxley.)

Strategy Maps: Converting Intangible Assets into Tangible Outcomes by Kaplan and Norton
Hardcover: 324 pages; Dimensions (in inches): 1.58 x 9.58 x 6.12 **Publisher:** Harvard Business School Press; (February 2, 2004) **ISBN:** 1591391342

Promo Copy:
More than a decade ago, Robert S. Kaplan and David P. Norton introduced the Balanced Scorecard, a revolutionary performance measurement system that allowed organizations to quantify intangible assets such as people, information, and customer relationships. Then, in *The Strategy-Focused Organization*, Kaplan and Norton showed how organizations achieved breakthrough performance with a management system that put the Balanced Scorecard into action.
Now, using their ongoing research with hundreds of Balanced Scorecard adopters across the globe, the authors have created a powerful new tool-the "strategy map"-that enables companies to describe the links between intangible assets and value creation with a clarity and precision never before possible.
Kaplan and Norton argue that the most critical aspect of strategy-implementing it in a way that ensures sustained value creation-depends on managing four key internal processes: operations, customer relationships, innovation, and regulatory and social processes. The authors show how companies can use strategy maps to link those processes to desired outcomes; evaluate, measure, and improve the processes most critical to success; and target investments in human, informational, and organizational capital.
Providing a visual epiphany for executives everywhere who can't figure out why their strategy isn't working, *Strategy Maps* is a blueprint any organization can follow to align processes, people, and information technology for superior performance.

Review:
Kaplan and Norton co-authored an article which was published in the Harvard Business Review (January/February 1993). In it they introduce an exciting new concept: the balanced scorecard. They have since published three books: this one, preceded by The Balanced Scorecard: Translating Strategy into Action (1996) and The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment (2000). Here's some background on the two books before we shift our attention to Strategy Maps.

In The Balanced Scorecard, as Kaplan and Norton explain in their Preface, "the Balanced Scorecard evolved from an improved measurement system to an improved management system." The distinction is critically important to understanding this book. Senior executives in various companies have used the Balanced Scorecard as the central organizing framework for important managerial processes such as individual and team goal setting, compensation, resource allocation, budgeting and planning, and strategic feedback and learning. When writing this book, it was the authors' hope that the observations they share would help more executives to launch and implement Balanced Scorecard programs in their organizations.

Then in The Strategy-Focused Organization, Kaplan and Norton note that, according to an abundance of research data, only 5% of the workforce understand their company's strategy, that only 25% of managers have incentives linked to strategy, that 60% of organizations don't link budgets to strategy, and 85% of executive teams spend less than one hour per month discussing strategy. These and other research findings help to explain why Kaplan and Norton believe so strongly in the power of the Balanced Scorecard. As they suggest, it provides "the central organizing framework for important managerial processes such as individual and team goal setting, compensation, resource allocation, budgeting and planning, and strategic feedback and learning." After rigorous and extensive research of their own, obtained while working closely with several dozen different organizations, Kaplan and Norton observed five common principles of a Strategy-Focused Organization:

1. Translate the strategy to operational terms
2. Align the organization to the strategy
3. Make strategy everyone's job
4. Make strategy a continual process
5. Mobilize change through executive leadership

The first four principles focus on the Balanced Scorecard tool, framework, and supporting resources; the importance of the fifth principle is self-evident. "With a Balanced Scorecard that tells the story of the strategy, we now have a reliable foundation for the design of a management system to create Strategy-Focused Organizations." Those who have not as yet read The Balanced Scorecard and/or The Strategy-Focused Organization are strongly urged to do so. Brief comments about them in commentaries such as these merely indicate the nature and extent of the brilliant thinking which Kaplan and Norton provide in each.

What we have in Strategy Maps are two separate but related components: Further development and refinement of core concepts introduced in the earlier two books, and, a rigorous examination of new ideas and new applications by which to convert intangible assets into tangible outcomes. In the Introduction, Kaplan and Norton explain that their direct involvement with more than 300 organizations provided them with an extensive database of strategies, strategy maps, and balanced scorecards. This abundance of material has revealed a number of strategies and tactics by which literally any organization (regardless of size or nature) can create and then increase value. The strategies and tactics are embraced within three targeted approaches for aligning intangible assets to strategy:

"1. Strategic job families that align human capital to the strategic themes
2. The strategic IT portfolio that aligns information capital to the strategic themes
3. An organization change agenda that integrates and aligns organizational capital for continued learning and improvement in the strategic themes."

Kaplan and Norton carefully organize their material within five Parts. I presume to suggest that Part I be read and then re-read before proceeding to Value-Creating Processes, Intangible Assets, and Building Strategies and Strategy Maps. Part Five provides a number of case files generated by private-sector, public-sector, and nonprofit organizations. In fact, I strongly suggest that Chapter 2 be re-read several times because it offers an invaluable primer on strategy maps. When reading and then re-reading Chapter 2, be sure to check back on Figure 1-2 (Page 8) and Figure 1-3 (Page 11) in the Introduction.
One word of caution from Kaplan and Norton: "It is important (if not imperative) to describe an organization's strategy with word statements of strategic objectives in the four linked perspectives BEFORE turning to measurements. Many organizations building BSCs attempt to go directly from somewhat vague strategy statements to measures without this step, and often omit critical aspects of the strategy or else select from measures that are already available, rather than selecting measures that quantify their strategic objectives."

This is a much longer review than I usually compose because I am convinced that only what is measurable is manageable. Also because, after extensive prior experience helping corporate clients with formulating process maps of various kinds, I am convinced that organizational "journeys" to increased sales, profits, and value need maps by which to reach those destinations just as those who drive vehicles do when seeking their own destinations. One of the greatest benefits of strategy maps is that the process by which they are devised helps to ensure that the most appropriate destination is identified. Think of Kaplan and Norton as travel agents and cartographers, to be sure, but also as consultants whose services you can retain merely by purchasing their three books, then by absorbing and digesting the information and counsel those three books provide. For many decision-makers in all manner of organizations, Strategy Maps may well prove to be the most valuable business book they ever read.

Profit From the Core: Growth Strategy in an Era of Turbulence by Zook, et.al
Hardcover: 194 pages; Dimensions (in inches): 0.83 x 9.51 x 6.37 **Publisher:** Harvard Business School Press; (February 2001) **ISBN:** 1578512301

Promo Copy:
Spawned by a 10-year study of 2,000 firms conducted at Bain & Company, a global consultancy specializing in business strategy, *Profit from the Core* is based on the fundamental but oft-ignored maxim that prolonged corporate growth is most profitably achieved by concentrating on a single core business. To help companies identify this true essence, narrow their focus accordingly, and move forward in a manner that builds upon existing structure, Bain director Chris Zook and former Bain director James Allen present "a set of practical and proven principles, diagnostic tests, and questions for management teams to use as tools for reexamining or revising their strategies in search of the next wave of profitable growth." Bolstering their argument with real-world examples--including companies such as Disney, which succeeded by taking this approach, and Bausch & Lomb, which faltered by eschewing it--the authors show how to effectively uncover true corporate strengths, elevate them to realize their potential, identify related new businesses that could be successfully added, and even completely redefine a core when confronted with factors forcing such action. (For example: they offer a step-by-step method for mapping "adjacent opportunities" that may prove complementary, ranking them according to potential, and developing strategies to further evaluate and ultimately implement them.) The result is recommended for anyone tired of the management theory du jour who seeks a proven way to propel their company into the future. --*Howard Rothman*

Review:
Chris Zook thinks it's time for corporate leaders to get a big fat reality check on their dreams of continual, double-digit growth. He argues that the mindset that has developed around growth projections is totally unrealistic for most companies -- even considering the past decade of strong, economic expansion -- and he has numbers to prove it.
After examining the performance of close to 2,000 companies between 1988 and 1998, Mr. Zook found that only one in eight, or 13 per cent, managed to meet even modest growth targets.
If you don't understand and protect your core, you can't possibly select the right growth initiatives. If you select wrong, you face a double-whammy of wasting resources and leaving the true core undefended. This happens to start-ups and large corporations, to the weak and even more to the strong. Looking at the odds, it is probably happening to your business.

Review-2:
This book shows all of the weaknesses of a data-heavy backward look at business. It describes the outlines of what has happened, but is very light on insights into what the lessons of that experience are. The book's key conclusions will be very reassuring to those who are not inclined to look very far away from where they are today. The book is "a call back to the basics." "The better performing of your

business units are likely to be those operating the furthest below their full potential." "The stronger your core business, the more opportunities . . . to move into profitable adjacencies and to lose focus." "The management team . . . most successful in building a strong core business . . . and benefited from adjacencies are . . . most vulnerable." "All organizations inhibit growth." "From focus comes growth; by narrowing scope one creates expansion."

As you can see, the apparent meaning of the words makes little surface sense. The buggy whip manufacturer should narrow focus to grow faster, perhaps by just focusing on one type of buggy ship.

The problem just described relates to a slippery concept of what your core is. You are to consider your most:

- potentially profitable, franchise customers (what does that mean?)
- differentiated and strategic capabilities
- critical product offering (what if you offer services?)
- important channels (what if you don't sell through channels?)
- other critical strategic advantages {such as?).

Then, you have a lot of questions to answer about these areas, and then you will know what your core is. It was opaque to me. But I do know from reading the book that Enterprise Rent-a-Car's core is renting to people with car insurance after accidents.

The problem is then described through a metaphor to the fact that Alexander the Great's empire did not last under one person after he died. I'm not quite sure why that metaphor applies. Alexander the Great got wonderful results from his empire for almost all of the time while he was alive. That seems like a success example. Isn't that the General Electric problem? No one describes General Electric as having been a big failure for the last 20 years.

Then we get into a discussion of industry turbulence. The authors cite Arie de Geus (The Living Company) as saying that companies will have to redefine their core quite often. Charles Schwab says you have to do it in their business every year. But, there wasn't much here to tell me how to redefine my core (if I knew what it was).

If you are like me, you're more confused now. Southwest Airlines seems to be doing about the same things now that made it successful for the last 30 years now. Why doesn't it have to redefine its core? Isn't the airline industry turbulent? Dell Computer has been redefining its core like crazy (adding servers and storage for the same corporate customers), operates its business very effectively, and is having a horrible time.

What I suspect is happening in this book is that the authors got too hung up on the idea that success has to be the combination of high revenue growth, high profit growth, and high stock price growth. That pretty much focuses you into newer, technology businesses.

But what if you just ran your business a lot better than your competitors? Isn't that success? Those cases are excluded here. I guess those companies didn't narrow their focus enough to grow rapidly. Shame on Nucor! I thought they were successful.

The main value of this book would be for arguing against a large, "bet the company" unrelated acquisition into a weak business. If your company or business isn't overly distracted by running off in all sorts of different directions, I suggest you skip this book.

After you finish reading the book (or the review, if you do skip the book), I suggest that you think about places where historical statistics can be very misleading. Take the level of the NASDAQ. Is it crashing now or is it pausing in a tremendous bull market? You can use historical data to make either point.

Be cautious when people tell you what to do based on best fitting the most recent experience. What connection does that have to the future?

Do you believe that if a coin comes up heads six times in a row (and is a fair coin), that it is more likely to come up heads or tails this time? If you believe that, you'll love this book!

Make profits by outperforming competitors in efficiently and effectively serving customers! I suggest reading The Loyalty Effect or The Living Company instead, either of which can help you achieve that beneficial result.

<u>The Innovator's Dilemma</u> by Christiansen
Paperback: 320 pages; Dimensions (in inches): 0.82 x 8.04 x 5.32 **Publisher:** HarperBusiness; (January 7, 2003) **ISBN:** 0060521996

<u>Promo Copy:</u>
In this revolutionary bestseller, Harvard professor Clayton M. Christensen says outstanding companies can do everything right and still lose their market leadership, or worse, disappear completely. And he not only proves what he says, he tells others how to avoid a similar fate.
Focusing on "disruptive technology" of the Honda Supercub, Intel's 8088 processor, and the hydraulic excavator, Christensen shows why most companies miss "the next great wave." Whether in electronics or retailing, a successful company with established products will get pushed aside unless managers know when to abandon traditional business practices. Using the lessons of successes and failures from leading companies, *The Innovator's Dilemma* presents a set of rules for capitalizing on the phenomenon of disruptive innovation.

Review:
This is one of the most insightful books on business that I have ever read. It explains a very important concept - how radically new (disruptive) technologies can dislodge existing well-established (sustaining) technologies and in the process beat market leaders at their own game. First a brief explanation of the nature of disruptive technologies and how different they are from sustaining technologies. Then comes the inability of established firms to pursue these technologies due to "resource dependence". Excellent managers fail miserably when confronted by these disruptive forces. The conventional processes of being extremely customer focussed, profit driven and rational decision making for technology selection are the soft spots that eventually lead to the demise of these firms when attacked by disruptive products.
Disruptive technologies initially offer products that perform slightly lower on a given parameter but are typically smaller, have lower unit costs and more convenient to use. Mainstream users initially reject these products due to lower performance. Hence disruptive products soon find small niches for themselves in totally new markets (value networks) where they are appropriate for use. Due to this adoption and growth in volumes in these segments the technology trajectory begins to move upwards intersecting and invading the territory of the conventional market from below. Incumbents ignore the threat even at this stage and before they realize their folly, they are soon filing for Chapter 11.
Large companies ignore small markets (markets for disruptive technologies are initially small) and look for growth in established markets (markets for disruptive technologies are not initially known at all). Executives of large companies are reluctant to take on challenges in small and unknown terrain since they are always trained to "think big".
The hypothesis is explained very clearly using the disk drive industry (I would like to use the term " high clock speed" industry) and extended to industries as diverse as steel, escavators, retail and pharmaceuticals.
The case study on automobile industry is frightening for those serving the sustaining gasoline segment. Yesterday evening I was struggling through the chaotic New Year eve traffic at 6: 30 PM in Bangalore, India to reach home early in my 1.3 liter mid segment petrol engine car. While I was virtually trapped in the chaos, I observed a cute small battery powered car navigate effortlessly through the gaps and finally was far ahead of the crowd. What next? I decided to revisit this book.

III. Books on the Total Process for Reviving the Core and Growing From It

DOUBLE DIGIT GROWTH: by Michael Treacy
Hardcover: 224 pages; Dimensions (in inches): 1.04 x 9.32 x 6.53 **Publisher:** Portfolio; (August 21, 2003)

Promo Copy:
After Michael Treacy finished writing his bestseller, *The Discipline of Market Leaders*, he continued to track the companies profiled to answer one major question: how do market-leading companies foster growth? In *Double-Digit Growth: How Great Companies Achieve It—No Matter What* the MIT Management Professor addresses this problem with a five-part portfolio of management disciplines. He offers case studies of well known and little-known companies that have achieved growth year after year based on this diversified approach.
His first three disciplines--"keep the growth you have already earned," "take business from your competitors," and "show up where the growth is going to happen"--may seem obvious, and even beyond the control of the average executive. But Treacy provides frameworks for applying each as business practice, not just wishful thinking. His fourth and fifth disciplines, "invade adjacent markets" and "invest in new lines of business," are perhaps the most controversial. Here, though, he is not advising rampant conglomeration. Rather, he stresses the need for acquisitions and expansions made based on reliable data predicting long-term growth with risk spread over diversified investments.
Treacy is not presenting a step-by-step formula for success. Through his quick, readable prose he offers instead a course in mental re-training for executives. A management team must construct tools for tracking and measuring its success against each of the five growth disciplines, and it must build a corporate culture that instills growth as a core goal. While he offers no guarantees, his arguments are compelling, and the nuanced management strategies he suggests seem a plausible base for attaining predictable growth. *--Patrick O'Kelley*

Review:
As with The Discipline of Market Leaders, Mr. Treacy looks at a few successful companies that have met his targets in the past (Johnson Controls, Mohawk Industries, Paychex, Biomet, Oshkosh Truck and Dell) and extrapolates what they did into a few simple lessons. The strategic lessons are:
1) Spread your risk by pursuing many growth initiatives
2) Take on small growth challenges so you don't become overwhelmed by the size of the task
3) Use a variety of strategies involving organic growth and acquisitions, as appropriate to grow
4) Be committed to providing superior value
5) Develop your management to handle growth opportunities before tackling more opportunities
6) Make growth a central focus of your management processes (using Balanced Scorecard-like measures).
To implement these six strategic perspectives, he counsels that each company should focus on five management disciplines:
a) Reduce customer turnover
b) Take business from competitors
c) Emphasize those areas in your industry that are growing fastest
d) Invade adjacent markets where you can bring important advantages to bear
e) Invest in new lines of business
The heart of the book is devoted to these five disciplines. Each receives a chapter that talks about the difficulties involved and how to over come those difficulties. I thought that the book's advice was most practical and interesting when it talked about the disciplines.
If I look back to when I was first learning about strategy, I think that every article or book I read talked about the last four disciplines . . . but omitted the first. In fact, the best chapter in the book is on the first discipline, especially in debunking those who advocate that you can build loyalty in customers with any method other than making your value proposition be terrific.

Another excellent part of the book comes in the case history of First Data, which used these disciplines to improve its situation. Presumably First Data was a consulting client of Mr. Treacy's.
I was pleased to see that Mr. Treacy noted that many of his champion growers frequently changed business models in positive ways (especially Paychex and Dell). Double-Digit Growth is rare book in noting and describing such management excellence. In doing so, the book's only weaknesses were that few examples of continuing business model innovation were included and not enough attention was paid to describing the key elements of this new and important management discipline. I hope in future books that Mr. Treacy will place more emphasis on the best practices in this area.
The book's perspective is that of the strategist and marketing executive, so those who come from other perspectives will probably gain the most from this book. Double-Digit Growth will give other executives a chance to understand what they should be focusing on as they meld their talents together with others in the organization.
If you are, however, a veteran strategist or marketing executive, you may get little benefit except from reading whichever company cases in the book (listed above) you have not read or heard about before.
As I finished the book, I wondered about how companies can make it more exciting to work on customer retention. Perhaps Raving Fans! has it right in that regard.
If you are not in a high growth market, though, I would still rate your chances of double-digit growth in revenues or gross profits to be slim . . . unless you become a master of continuing business model innovation.

Review-2:
Mr. Treacy's book offers clear and concise information about how to grow a company. I was drawn to this book because I am so tired of listening to all of the negativity about the economy, corporate scandals and the recession. Treacy proves- through excellent examples-- that several companies, of all shapes and sizes were able to grow during these challenging years. Ultimately this book touts wise management, a plan to grow and the need to grow. Every American company would be wise to make this book required reading among their management teams.

HOW TO GROW WHEN MARKETS DON'T Slywotsky, et.al.
Hardcover: 272 pages; Dimensions (in inches): 1.14 x 7.80 x 5.30 **Publisher:** Warner Books; (April 3, 2003) **ISBN:** 0446531774

Promo Copy:
Growth has always been a challenge and passion for top management. Mature markets, fierce competition, greater expectations from customers, investors and employees contribute to setting of tough growth targets and the difficulty in attaining them. It is interesting to note that only single digit (7) percentage of companies are able to achieve double digit growth in today's markets. This book takes a closer look at some of these and the means that they adopt to achieve it.
According to the authors, the conventional focus on product innovation, R&D and market penetration strategies have all hit a wall. To break free from this syndrome, companies have to adopt innovative approaches- Demand Innovation. Instead of focusing on the current offering, companies have to look from a customer perspective into the entire value chain of which the current offering could be a small part. The approach is to explore the surrounding processes, products and services.
Cardinal Health Care is a good example with which the authors effectively start demonstrating this concept. Cardinal was struck on the periphery of wholesale drug distribution with shrinking growth and negligible margins. Cardinal soon realizes that for its customers, primarily big hospitals, procurement of drugs is just a part of the solution that seeks to reach the prescribed drugs to the patients' stomach. Suddenly a big opportunity for dispensing, accounting, re-ordering, billing and information processing of drugs in hospitals emerges. Cardinal decides to seize this opportunity. Through extended processes and

acquisitions, Cardinal steps into the customers' premises, providing them with end to end solutions in procurement, storage, accounting and dispensing of drugs. The concept looks simple, but the revenue streams are deep and margins healthy. A healthy prescription for growth.
General Motors' On Star service is another success story. Instead of just delivering a machine for transportation, GM now assures safety, security and other value added services to the harassed drivers on the road. It is now a part of the customer throughout the product's useful life enjoying a steady stream of revenues, with higher margins and delighted customers. An example where communications and information technology is used to wrap value added services to an otherwise routine product delivery.
The book is split into logical parts and includes chapters on the role of senior managers, unlocking hidden organizational assets like customer contacts, technical expertise, process excellence and a framework to put the ideas into practice and thereby manage growth over an extended timeframe.
Look through the glasses of Demand Innovation and growth will appear closer and bigger.
Recommended reading for managers across all industries.

“Most Helpful Review”:
I frequently refer to Adrian Slywotzky's previous books as we respond to a rapidly changing market environment among our software customers, and found How to Grow to be a very useful source of new ideas. Slywotzky and co-author Rick Wise concisely frame the growth challenge faced in many industries today, and help the reader in identifying several tangible options for driving revenue and profitability, even in the current market.
The overall format is familiar to readers of Slywotzky's Profit Zone: The first chapter describes the challenge and suggests a response. The middle chapters provide fresh case studies that illustrate how companies across a range of industries have successfully overcome declining growth trends in their traditional business model. The final chapters bring together the common themes from the case examples, and construct an initial set of tools that a leadership team can use can use to identify tangible new opportunities in their own business.
The factors driving the growth challenge--- maturity and commoditization of many key product lines, decreasing returns to new product and line extension investment, increasing saturation of new geographic markets, limited remaining industry consolidation opportunity in many markets, to name a few-are becoming well understood. Forbes publisher Rich Karlgaard frequently writes that even the tech industry is waking up to find that many more customers care about products being cheaper than being faster. Slywotzky and Wise don't dwell on this topic, but encourage the reader to ask which drivers may be slowing growth in their own industry.
I found the examples of "demand innovation" to be particularly helpful. These are drawn from a range of industries, presumably including several of Slywotzky's and Wise's consulting clients. Many examples are industries seldom used as case studies on the business speaker circuit, including check printing, lawn care equipment, and automobiles. The fresh material is very instructive. It is quite likely that the reader will find a case example that provides a close analogy to his or her own business.
As with the Profit Zone, the book concludes by providing an outline and set of tools of how to engage an organization in a process to define their own growth challenge and identify actionable responses. It doesn't try to be a recipe book, but it's a very helpful "preflight check list", which increases the likelihood that a valuable opportunity isn't overlooked. The menu of options emphasizes the importance of understanding the customer structure, the customer's activity chain around the product, and the value of the information created in the interaction with the customers. Even companies that have implemented effective downstream business models are likely to find ideas that help extend the creativity in identifying new opportunities.
I read through the book quickly to understand the major themes and keep it handy as a reference when developing new initiatives.

IV. Growing into "adjacencies" from the core.

Beyond the Core: Expand Your Market Without Abandoning Your Roots by Zook
Hardcover: 256 pages; Dimensions (in inches): 0.91 x 9.56 x 6.38 **Publisher:** Harvard Business School Press; (January 2, 2004) **ISBN:** 1578519519

Promo Copy:
All companies must grow to survive-but only one in five growth strategies succeeds. In *Profit from the Core*, strategy expert Chris Zook revealed how to grow profitably by focusing on and achieving full potential in the core business. But what happens when your core business provides insufficient new growth or even hits the wall?
In *Beyond the Core*, Zook outlines an expansion strategy based on putting together combinations of adjacency moves into areas away from, but related to, the core business, such as new product lines or new channels of distribution. These sequences of moves carry less risk than diversification, yet they can create enormous competitive advantage, because they stem directly from what the company already knows and does best.
Based on extensive research on the growth patterns of thousands of companies worldwide, including CEO interviews with twenty-five top performers in adjacency growth, *Beyond the Core* (1) identifies the adjacency pattern that most dramatically increases the odds of success: "relentless repeatability;" (2) offers a systematic approach for choosing among a range of possible adjacency moves; and 3) shows how to time adjacency moves during a variety of typical business situations.
Beyond the Core shows how to find and leverage the best avenues for growth-without damaging the heart of the firm.

Review:
Perhaps you have already read Profit From the Core: Growth Strategy in the Age of Turbulence, which Zook co-authored with James Allen. It was based on rigorous research which revealed the key strategic decisions that most often determine growth or stagnation in business. They note: "Central to our findings are three ideas: the concept of the core business and its boundaries; the idea that every business has a level of full-potential performance that usually exceeds what the company imagines; and the idea that performance-yield loss occurs at many levels, from strategy to leadership to organizational capabilities to execution." In the five chapters that follow, Zook (with Allen) examines "the types of strategic business decisions that most often seem to tilt the odds of future success or failure." Zook correctly suggests in this book that many organizations cannot resist the appeal ("the siren's song") of "miracle cures" of their problems. Zook focuses entirely on what has been verified in real-world experience, on what is practical, and on what will reliably achieve the desired results of sound strategic decisions.
In the first chapter of this book, Zook discusses what he calls "the growth crisis" which many (most?) organizations encounter. He observes, "Finding or maintaining a source of sustained and profitable growth has become the number one concern of most CEOs. And moves that push out the boundaries of their core business into 'adjacencies' are where they are most often look these days." I agree with Zook that these strategies have three distinctive features: "First, they are of significant size, or they can lead to a sequence of related adjacency moves that generate substantial growth. Second, they build on, indeed are bolted on, a strong core business. Thus the adjacent area draws from the strength of the core and at the same time may serve to reinforce or defend that core. Third, adjacency strategies are a journey into the unknown, a true extension of the core, a pushing out of the boundaries, a step-up in risk from typical forms of organic growth." Much of the material in this brilliant book is guided and informed by what Zook claims is "the new math of profitable growth." Specifics are best provided by Zook himself.
Zook presumes that those who read this book already know what a core business is, and more specifically, what the core business is of their respective organizations. Given his objectives, that assumption is probably necessary so that he can explore the opportunities which (key word) appropriate

adjancies offer. Fair enough. However, my own experience suggests that companies frequently extend the boundaries of a core business without fully understanding what that core business is. Railroads probably offer the best example. Only much too late (if then) did senior-level executives at major railroads realize that their core business was transporting people and cargo, NOT "railroading." Obviously, trains are confined to the tracks, as are ships to the water and trucks to the roadways over which they proceed. Early on, what if owners of railroads and their associates had addressed questions such as those Zook poses in his Preface (Page ix)? Had they done so, presumably they would have recognized appropriate adjacencies which include taxicabs, Super Shuttle, local delivery services, and "overnight" delivery services (e.g. DHL, FedEx, and UPS). While they're at it, why not own or forge strategic partnerships with over-the-road trucking companies and cargo airlines? Given the central locations of railroad stations in major metropolitan areas, it would have been easy enough to combine a full-range of travel services within an upscale retail mall.
The question to ask, therefore, is not what an organization's core business is. Rather, what could AND SHOULD it be? The correct answer to that question is important, of course, because without a proper core, there can be chaos. Also, the correct answer suggests appropriate adjacencies by which to achieve and then sustain increasingly more profitable growth.
In the Afterword, Zook imagines himself engaged in what he calls the proverbial "elevator" conversation during which he reviews the "key messages" contained within his book. It serves no good purpose to list them here because each must be carefully considered within a meticulously formulated context. However, once the book has been read, I strongly recommend that all of these "key messages" be reviewed on a monthly (if not weekly) basis. For decision-makers in at least some companies, this may well prove to be the most valuable book they have read in recent years.

VALUE MIGRATION: Slywotzky
Hardcover: 327 pages ; Dimensions (in inches): 1.13 x 9.53 x 6.28 **Publisher:** Harvard Business School Press; (January 1996) **ISBN:** 0875846327

Promo Copy:
Slywotzky, an international strategy consultant, looks at new, aggressive companies such as Microsoft, Nucor, and Starbucks, and their superior business design methods. He charts the path of Value Migration from obsolete to new business designs, identifying seven patterns of Value Migration. He demonstrates a step-by-step method for evaluating any company's situation, and reveals specific strategic tools for recognizing the patterns of shifting value. For business owners and managers. Annotation c. by Book News, Inc., Portland, Or.

Review:
I normally do not read business books of this book's scope; however, it was recommended by my co-author for an article on which we were collaborating. Our challenge was to support the assertion that the U.S. software industry is being supplanted by India, and a shift in off-shore development resources from the U.S. consumer to Indian provider is actually moving to Indian consumer to Russian and Egyptian providers. This is obviously value migration in its truest form and is consistent with the ideas set forth by Mr. Slywotzky in this book.
Using the inflow-stability-outflow model that is one of the basic paradigms in this book, we developed a model upon which we were able to build a case supporting our assertion. More interestingly, the whole concept and numerous case studies that reinforce it throughout the book provided me with a deeper understanding of the macro and micro issues of value migration - this was eye opening.
My favorite chapter is at the very end of the book. Titled, "Five Moves ... or Fewer," it showed how major companies captured or recaptured the biggest share of value available, and each of the examples involved five or less moves. I was personally fascinated.

Although my initial reason for reading this book was to research an article, it has changed my way of thinking on a number of levels that go well beyond a single-topic research project. The writing style is clear and engaging, and the concepts and ideas ring true. I am giving this remarkable book 5 stars and highly recommend it to anyone who wants to see a bigger picture of economics or develop a keen business strategy.

Review-2:
According to Slywotsky, there are three phases of what he calls "value migration": In "inflow," the initial phase, a company starts to absorb value from other parts of its industry because its business design proves superior in satisfying customers' priorities; the second phase, "stability," is characterized by business designs that are well matched to customer priorities and by overall competitive equilibrium; in "outflow," the third phase, value starts to move away from an organization's traditional activities toward business designs that more effectively meet evolving customer priorities. Slywotsky explains that Part I of this book describes the basic rules of Value Migration" and the workings of what he refers to as "the new game of business." As when playing chess, winning at this game requires an understanding of the individual pieces (i.e. when to deploy them and how to capture them). One must master basic moves and simple techniques such as openings, traps to avoid, end-game moves, etc. It is also important to understand the importance of controlling (as in chess) "the four central ones." In business as in chess, one must become familiar with certain "basic patterns" which will ultimately determine success or failure. These "patterns" are examined in Part II. There are seven: Multidirectional Migration (from steel to materials), Migration to a Non-Profit Industry (airlines), Blockbuster Migration (pharmaceuticals), Multicategory Migration (coffee), From Integration to Specialization (computing), From Conventional Selling to Low-Cost Distribution, ands finally, From Conventional Selling to High-End Solutions. Slywotsky shifts his attention in Part III to explaining how to play the Value Migration "game" well on a day-to-day basis. He identifies certain specific initiatives to take which help to (a) avoid value loss and (b) preempt the next cycle of value growth. "The final chapter of the book focuses on the increasingly high-stakes nature of the decisions that determine future value growth."
There are more than a dozen charts, which effectively illustrate Slywotsky's key points. For example, Figure 15-1 presents "The Grand Masters of Value Growth" and identifies them, their key moves, and the value each created (in terms of billions of dollars) from 1980 until 1994. All of these visionary leaders (Welch, Walton, Vagelos, Gates, Petersen, Grove, Malone, Platt, Noorda, Iverson, and Kelleher) focused on making the right moves and thereby created enormous value for their respective companies. "Business chess is a game that is as demanding as [football and basketball], but in very different ways. It is not physical stamina, but stamina of thought. It is not transactional concentration, but constant shuttling between a focus on the current move and imagining the next several moves out. It is an unrelenting exercise of matching patterns on the current game board to the countless patterns in your mind." Slywotsky concludes the final chapter with a suggestion that this question be asked: What five moves will capture most of the given industry's value growth? "Give yourself a couple of months to analyze and assimilate the grand masters' key moves. Then come back and determine the five (or fewer) critical moves for your company." In this exceptionally thought-provoking book, Slywotsky indicates why he would be an indispensable guide throughout that difficult but necessary process.

This book is an invaluable study on those business designs that are based on the Value Chain model. Its premise: Changing customer priorities are responsible for the displacements of old business models which in turn catalyzes the need for the creation of new business designs. This book describes the process that triggers the migration of values from a non profitable design to a more profitable one with the help of seven patterns (multidirectional migration, migration to a non-profit industry, blockbuster migration, multicategory migration, from integration to specialization, from conventional selling to low-cost distribution, and from conventional selling to high-end solutions). Useful Case studies are given to illustrate the problems. Overall, this is a very informative book although this book is not as clear and direct as the author's book 'Profit Patterns.' However, it does serve to provide a better understanding on the value chain/migration thesis a lot better than the 'Profit Patterns'.

<u>THE PROFIT ZONE</u> : Slywotsky, et. al
Paperback: 352 pages ; Dimensions (in inches): 0.74 x 7.92 x 5.26 **Publisher:** Three Rivers Press; (February 26, 2002) **ISBN:** 0812933044

<u>Promo Copy:</u>
For years, the prevailing wisdom in business was that profitability was a byproduct of market share; get the biggest piece of the market and profit will surely follow. But in the last 10 years, this formula has time and again proved itself wrong. Companies such as DEC, GM, Ford, United Airlines, Kodak, and Sears have all demonstrated that market share does not necessarily lead to profitability.
The Profit Zone looks at how profit happens in today's customer-driven economy. The authors demonstrate why market share often leads to a "no-profit zone" and identify 22 profit models that have helped dozens of companies consistently make money. Included are in-depth looks at companies--Disney, GE, Microsoft, Intel, Charles Schwab--that have successfully redesigned their businesses and dramatically increased the value of their companies. Instead of focusing on market share, these innovators first looked at their customers' needs and how they could profit from fulfilling them. The book considers example after example of how the profit zone works, from Disney's theme parks to Schwab's marketing and selling of mutual funds. The final chapter is a handbook that allows managers to apply the ideas to their own companies. Clearly written and immensely practical, *The Profit Zone* deserves a place on every manager's bookshelf.

<u>Review:</u>
Slywotsky (Value Migration, McGraw-Hill, 1995) and Morrison, partners in a management consultancy, offer a number of insights into corporate strategy, presenting a theoretical framework that crosses a number of enterprise sectors and employs a number of specific strategies. The authors' point out that market share, once the sine qua non, can no longer be equated with profitability. For the authors, profitability today comes when organizations move from a value chain based on core competencies to

<u>Review-2:</u>
This book definitely sharpens your thinking on how profit happens - the reason you're in business in the first place. Many managers and "business designers" would do well to read the parts on how a too single-minded focus on things such as market share and revenue growth actually might lead to value being destroyed rather than created. This book shows how value does get created: how innovative thinking and business designing will induce your present and future customers to pay for your profit.

<u>Review-3:</u>
There are some wonderful ideas in the profit zone and many reminders of things we have heard about for years and often forget. For example, the real focus on the customer is critical to success and we must always identify which parts of the business generate the profits, or are THE PROFIT ZONE. I remember a study done in the 1970s which found that most of a brand's profit came from the smallest size can that the product could be purchased in. There are lots of other examples here. The author's are correct in that the most successful companies have been innovators in business design. Ten companies are profiled, although surprisingly, Dell Computer is not one of them, having innovated a new profitable business model based on their "Customer Initiative". The authors get into a little trouble when they try to get quantitative. The Value Growth Curves have too few points to draw useful long-term conclusions, but the Business Design Tables are interesting because they will make you think about your business structure. The two best parts of the book are the Pilot's Checklists of questions to ask yourself and Chapter 15, the

"How To" section to get discussion and hopefully agreement going inside your company to find and grow THE PROFIT ZONE. For more ideas on how to develop new business models that allow you to achieve twenty times the usual benefits or get there twenty times as fast, I also recommend you read THE 2,000 PERCENT SOLUTION. THE PROFIT ZONE may just be one of your solutions. --

---

THE FUTURE OF COMPETITION: CO-CREATING UNIQUE VALUE WITH CUSTOMERS:
by Prahalad, et.al.
Hardcover: 257 pages ; Dimensions (in inches): 0.99 x 9.46 x 6.58 **Publisher:** Harvard Business School Press; (February 18, 2004) **ISBN:** 1578519535

Promo Copy:
According to this turgid volume of business metaphysics, dwindling profit margins caused by intensified competition, a glut of commodity production and knowledgeable, web-empowered consumers will usher in "a new industrial system" characterized by "co-creating value through personalized experiences unique to the individual consumer." Under the new regime, headstrong consumers will "seek to exercise their influence in every part of the business system," and companies will accommodate them by, for example, allowing them to design their own individualized cosmetics and houseboats (an innovation whose benefits include "emotional bonding with... the company" and "a greater degree of self-esteem"). Rather than simply selling their products and services, companies will design "experience environments" that comfort the consumer in any contingency, such as General Motors' On-Star satellite communications system, which can summon help after an accident, open the car doors if the driver is locked out and direct motorists to the nearest Italian restaurant. Beneath the avant-garde terminology, the book mostly boils down to a medley of strategies to make business more consumer-friendly, like flexible pricing schemes, electronic gadgets that are easy to use instead of baffling, options and add-ons, meticulous market research and lavish customer service and support. But business professors Ramaswamy and Prahalad, co-author of Competing for the Future, inflate this rather familiar "customer-is-king" approach to a level of abstraction and mystification-the health-care industry, for instance, is actually "a complex, evolving wellness space"-that is needlessly opaque and portentous. Managers who thought their job was to make or do something that people might want to buy will be scratching their heads over this book.

Promo Copy-2:
In this visionary book, C. K. Prahalad and Venkat Ramaswamy explore why, despite unbounded opportunities for innovation, companies still can't satisfy customers and sustain profitable growth. The explanation for this apparent paradox lies in recognizing the structural changes brought about by the convergence of industries and technologies; ubiquitous connectivity and globalization; and, as a consequence, the evolving role of the consumer from passive recipient to active co-creator of value. Managers need a new framework for value creation. *This book is about the emerging "next practices" in value creation.*
Increasingly, individual customers interact with a network of firms and consumer communities to *co-create* value. No longer can firms autonomously create value. Neither is value embedded in products and services per se. Products are but an artifact around which compelling individual experiences are created. As a result, the focus of innovation will shift from products and services to experience environments that individuals can interact with to co-construct their own experiences. These *personalized co-creation experiences* are the source of unique value for consumers and companies alike.
In this emerging opportunity space, companies must build new strategic capital-a new theory on how to compete. This book presents a detailed view of the new functional, organizational, infrastructure, and governance capabilities that will be required for competing on experiences and co-creating unique value. This is the future of competition.

<u>Review:</u>
These two professors from the University of Michigan Business School have written a great business strategy book. In our World, every products and services appear to become commoditized at the speed of light shortly after their innovation.
These two authors show how a business can differentiate itself and offer a substantial value added. By delivering superior goods and services, these will not be subject to commodity pricing anymore, and will reward their respective companies with premium pricing, higher ROE, and higher shareholder value.
The value added comes from involving the customer in co-designing the product he wants, and servicing the product with the customer's ongoing online feedback. The author gives several examples of companies that are using these practices of the future today. Sumerset Houseboats, a houseboat construction company, actively engages its customers in the boat designing process. Deere, the farming equipment manufacturer, has developed a GPS system that monitors and diagnoses farming equipment usage and equipment problems by its farming customers.
There is no question that such intense customer centric practices represent substantial competitive edges. The companies that can innovate and deliver such services at a profit will become the winners of tomorrow.
Imagine if nowadays you could truly benefit of such troubleshooting services on your home PC. Offsite, the computer manufacturer would monitor that the latest virus, bugs, spyware have not infected your system. If it did, it would clean up your system automatically and restore it to health. Would not you think that such a PC would be worth a 100% mark up over the current commoditized PC that typically falls apart within months after being attacked endlessly by bugs.
The type of co-created added value the two authors talk about is the best step forward in protecting the U.S. technological lead going forward. The companies that do that well will survive and thrive. The ones who do not will see their products being taken away by lower cost competitors delivering the same commoditized products utilizing Chinese manufacturing and Indian programming. Given that the two professors are of Indian origins, no one can argue they did not give us a fair warning.
This book is well written and very innovative. If you are an entrepreneur, business strategist, business consultant, MBA student or professor, this is a must read. If you are none of those, it is still a very interesting and important book showing a good roadmap on how the U.S. can maintain its technological leadership.

<u>Review-2:</u>
I bought this book with a specific goal in mind - - finding specific examples of how companies are inviting their customers into the design of their products and services in innovative ways.
There is a little bit of that in here - - but you must muddle through poorly highly academic/esoteric/jargon-laden prose to find it (For example: "Thus, a key variable in the quality of the transaction experience is consumer heterogeneity").
Beyond that, the book goes way off focus at times, spending pages, for example, to discuss how a company built an information network that let its employees worldwide find a solution together for a particular customer problem. That is neither new, nor "co-creating value WITH CUSTOMERS."
Most disappointing of all - - there is lots of discussion about what companies are doing, but virtually no ROI info attached to prove that what they are doing is really better for the companies' bottom lines or shareholders.
What the authors are saying about the future of the relationship between companies and their customers is fundamentally true. It is a shame they did not engage a stronger writer and/or editor who could help them make their case more persuasively.

V. How Big Ideas are Discovered and Implemented Profitably

<u>THE INNOVATOR'S SOLUTION</u>: by Christiansen
Hardcover: 288 pages ; Dimensions (in inches): 1.19 x 9.58 x 6.38 **Publisher:** Harvard Business School Press; (September 2003) **ISBN:** 1578518520

<u>Promo Copy:</u>
Christensen (The Innovator's Dilemma) analyzes the strategies that allow corporations to successfully grow new businesses and outpace the other players in the marketplace. Christensen's earlier book examined how focusing on profits can destroy even well-run corporations, while this book focuses on companies expanding by being "disruptors" who are able to outpace their entrenched competition. The authors (Christensen is a professor at Harvard Business School and Raynor, a director at Deloitte Research) examine the nine business decisions integral to growth, including product development, organizational structure, financing and key customer base. They cite such companies as IBM, AT&T, Sony, Microsoft and others to illustrate their points. Generally, the writing is clear and specific. For example, in discussing whether a company has the resources necessary for growth, the authors say, "In order to be confident that managers have developed the skills required to succeed at a new assignment, one should examine the sorts of problems they have wrestled with in the past. It is not as important that managers have succeeded with the problem as it is for them to have wrestled with it and developed the skills and intuition for how to meet the challenge successfully the next time around"; they then provide a real-life example of a software company. Similar important strategies give readers insights that they can use in their own workplaces. People looking for quick fixes may find the charts, diagrams and extensive footnotes daunting, but readers familiar with more technical business management tomes will find this one both stimulating and beneficial.

<u>Promo Copy-2:</u>
The Growth Paradox
At best one company in ten is able to sustain profitable growth. Yet capital markets demand that all companies seek it relentlessly and mercilessly punish those who fail. Why is consistent, persistent growth so difficult to achieve? Surprisingly, it's not for lack of great ideas or capable managers, nor is it because customers are too fickle or innovation too unpredictable. Innovation fails, say Clayton M. Christensen and Michael E. Raynor, because organizations unwittingly strip the disruptive potential from new ideas before they ever see the light of day.
In his worldwide bestseller The Innovator's Dilemma, Christensen explained how industry leaders get blindsided by disruptive innovations precisely because they focus too closely on their most profitable customers and businesses. The Innovator's Solution shows how companies get to the other side of this dilemma, creating disruptions rather than being destroyed by them.
Drawing on years of in-depth research and illustrated by company examples across many industries, Christensen and Raynor argue that innovation can be a predictable process that delivers sustainable, profitable growth. They identify the forces that cause managers to make bad decisions as they package and shape new ideas—and offer new frameworks to help managers create the right conditions, at the right time, for a disruption to succeed. The Innovator's Solution addresses a wide range of issues, including:
• How can we tell if an idea has disruptive potential?
• Which competitive situations favor incumbents, and which favor entrants?
• Which customer segments are primed to embrace a new offering?
• Which activities should we outsource, and which should we keep in-house?
• How should we structure and fund a new venture?
• How do we choose the right managers to lead it?
• How can we position ourselves where profits will be made in the future?
Revealing counterintuitive insights that will change your perspective on innovation forever, this landmark book shows how to create a disruptive growth engine that fuels ongoing success.

Review:
While The Innovator's Dilemma described the phenomena, The Innovator's Solution is the business playbook to capitalize on it. The authors categorize business innovations into two types: Sustaining innovations target demanding, high-end customers with better performance than previously available, and disruptive innovations that introduce a product or service to new or less demanding customers, usually by providing a new level of convenience, or similar performance at a lower price.
Christensen and Raynor argue that both innovations are important to companies, although disruptive innovations are the ones that have the greater potential for growth. Unfortunately, disruptive innovations are difficult to identify, and as the authors demonstrate, often are not properly confronted and dealt with by managers. This book shows how businesses can identify the nature of innovations, and how best to allocate resources and plan strategically depending on whether an innovation is sustaining or disruptive.

Review-2:
Though it is advisable to read "The Innovator's Dilemma" before reading this book, Christensen and Raynor have brought out the fundamentals of "Disruptive Innovations" very clearly in the initial chapters, both as a refresher and reinforcement.
While the concept of disruptive innovation cuts across industries , the principles of harnessing the power of such disruptions are equally applicable across various disciplines of management. It is here that the book is a clear winner. It provides solution frameworks for design, manufacturing, distribution, organizing and financing of successful strategies of disruption.
Companies have been constantly grappling with the problem of managing and sustaining growth. Growth is the agenda point # 1 for CEOs of publicly held companies. Big companies have the capacity to attract the best talent and invest large sums of money in growth opportunities, but bigness creates the problem of "stalling" since innovations that address small markets get eliminated in the resource allocation process. A 5 billion-dollar company needs 1 billion dollars in growth while a 50 billion-dollar company needs a 10 billion-dollar opportunity to achieve the same rate of growth. Simple arithmetic, but a very tough situation. Consider the fact that between 1955 and 1995, of the 172 companies that were on the list of 50 biggest companies, only 5 percent were able to sustain inflation adjusted growth of 6 percent. Even across shorter time spans, the number of companies achieving double-digit growth rates is in single digits. Size and success suddenly become liabilities of large companies.
Conventional market research techniques fail to unearth the potential for markets that do not exist. Disruptive innovations are targeted at exploiting the markets of products that are "good enough" or are competing against "non consumption". The concept of "hiring products for jobs to do" under the "categorization of circumstances" is bound to generate good debates on how we analyze and size market opportunities. MBA classrooms and corporate boardrooms will be intellectually challenged by this concept and its impact on the resource allocation process.
The authors have used the graphical framework of plotting performance trajectories and customer needs to further analyze the implications for product design and supply chain decisions. The distinction between modular and interdependent architectures and inputs for organizational structure emerging from this framework is an example.
Soft issues on managerial and leadership capabilities, attitudes of investors towards profitability and growth are also discussed.
References at the end of each chapter themselves provide a quick summary of some very interesting theories and findings from other researchers that have been utilized effectively in this book.
This book can lead to excellent research in many industry verticals. In the auto industry for example, what would be the trajectories for fuel cell and battery powered vehicles ? What strategies should car manufacturers adopt on outsourcing of components ? Where would the profits of the industry flow ? What should be the profile of managers who would be leading this transition ?
You have a choice to exercise. Either read this book or regret later.

<u>How Breakthroughs Happen: The Surprising Truth About How Companies Innovate</u> by Hargadon, et.al. **Hardcover:** 272 pages ; Dimensions (in inches): 0.98 x 9.42 x 6.38 **Publisher:** Harvard Business School Press; (June 5, 2003) **ISBN:** 1578519047

<u>Promo copy:</u>
Lessons from Famous "Invention Factories" Past and Present
Did you know that the incandescent lightbulb first emerged some thirty years before Thomas Edison famously "turned night into day"? Or that Henry Ford's revolutionary assembly line came from an unlikely blend of observations from Singer sewing machines, meatpacking, and Campbell's Soup?
In this fascinating study of innovation, engineer and social scientist Andrew Hargadon argues that our romantic notions about innovation as invention are actually undermining our ability to pursue breakthrough innovations.
Based on ten years of study into the origins of historic inventions and modern innovations from the lightbulb to the transistor to the Reebok Pump athletic shoe, *How Breakthroughs Happen* takes us beyond the simple recognition that revolutionary innovations do not result from flashes of brilliance by lone inventors or organizations. In fact, innovation is really about creatively recombining ideas, people, and objects from past technologies in ways that spark new technological revolutions.
This process of "technology brokering" is so powerful, explains Hargadon, because it exploits the networked nature-the social side-of the innovation process. Moving between historical accounts of labs and factory floors where past technological revolutions originated and field studies of similar processes in today's organizations, Hargadon shows how technology brokers create an enduring capacity for breakthrough innovations.
Technology brokers simultaneously bridge the gaps in existing networks that separate distant industries, firms, and divisions to see how established ideas can be applied in new ways and places, and build new networks to guide these creative recombinations to mass acceptance. *How Breakthroughs Happen* identifies three distinct strategies for technology brokering that managers can implement in their organizations.
Hargadon suggests that Edison and his counterparts were no smarter than the rest of us-they were simply better at moving through the networked world of their time. Intriguing, practical, and counterintuitive, *How Breakthroughs Happen* can help managers transform their own firms into modern-day invention factories.

<u>Review:</u>
This looks to answer the question, "Can Innovation really be routine?" This book not only answers that question but actually gets into the details of "How". The title of the book is "How Breakthroughs Happen" and Hargadon definitely successfully explains the 'How'. He doesn't proclaim that it is easy, but he does give a road map of how to achieve innovation through technology brokering, he even explains the different paths that apply to different types of companies. This book is ambitious since it is going to go in the face of popular belief that innovation is the sole province of geniuses. But it also isn't just another create an "innovative work space" through giving break/games rooms, adding free soda machines and providing all employees with Herman Miller chairs! This isn't a superficial answer to innovation; you can't just throw money at this and hope that innovation will just happen! But follow his rules and strategies you should be able to create an environment where recombinant ideas can flourish.
The central thesis of the book is that Innovation can be achieved through some best practices but first companies need to overcome the romantic preconception that innovation is the sole province of lone geniuses. Hargadon is a social scientist that has been researching innovation for the past decade. He explores the concept of technology brokering and creating Innovation factories a subject he first wrote about in a Harvard Business Review article - Building an Innovation Factory.

Hargadon's research explores in detail Edison's Menlo Park as an example of one of the first documented innovation brokerages. He also looks at modern day examples such as IDEO (a company he has worked at) and Design Continuum.

One of the most interesting topics that is discussed is the debunking of the 'Lone Genius Myth' and how the media could be responsible for putting American companies years behind the Innovation race by propagating and even probably being the original instigators of this myth. America's love affair with heroes is behind this myth; everyone wants to believe the stories of the lone genius in the garage inventing the next great technology that will change the world. This is not to say that lone geniuses don't come up with great inventions, but more to the point, they aren't the only source of innovation. Hargadon even goes as far as to explore the theory that Edison propagated this myth as a marketing exercise, he tapped into the America's need for heroes and played up his role as the lone inventor in the lab. In actuality his lab was a perfect example of innovation factory. He had a lot of very smart engineers that worked at the lab and most of his long list of inventions was really a product of their combined genius. Menlo Park, New Jersey represented the first dedicated R&D facility and showed the industrial world the power of organized innovation. Menlo Park exemplifies Hargadon's model for innovation; by linking people, objects and ideas together from diverse worlds of knowledge you can create an environment where innovation through recombination happens. An modern day example of 'Recombinant Innovation' is taken from Design Continuum; they combined the concept of an 'inflatable splint' and a basketball shoe to create the concept of a basketball shoe that is used to prevent injuries by providing inflatable ankle support. They created these 'air bladders' from medical IV bags.

Menlo Park created an environment where recombinant innovation could happen by modeling the lab on machine shops from which Edison emerged. These machine shops were where mechanics and independent entrepreneurs/inventors worked side by side, sharing tools/machines, stories and inevitably ideas. Edison built his organization to redistribute the ideas emerging from the telegraph industry and applying it to any new industry that electricity was being applied to. By bringing these diverse industries together, by creating an environment where people with diverse background worked on diverse projects, side by side he had created one of the first Innovation Factories. People, Industries and ideas were brought together in an environment conducive to sharing.

Hargadon goes on to explain some of the underpinnings of his theory drawing from network theory and the theory of "small worlds". He then gets into the "how" by showing different brokering strategies:

- A company committed to a full time strategy i.e. IDEO, Menlo Park
- Remain focused on the core business but dedicate groups that bridge different worlds (departments) and help broker ideas - Xerox Parc, 3M's Optical Technology Center
- Develop a strategy to seize on one-time opportunities for brokering i.e. Microsoft and building the Xbox.

Hargadon completes the book by listing 8 rules that are the basis of an organized pursuit of innovation through technology brokering.

If you truly want to create an innovation factory, you should read this book and then apply what it teaches you.

WHAT'S THE BIG IDEA?; CREATING AND CAPITALIZING ON THE BEST NEW MANAGEMENT THINKING: by Davenport

Hardcover: 256 pages ; Dimensions (in inches): 0.95 x 9.52 x 6.44 **Publisher:** Harvard Business School Press; (April 2003) **ISBN:** 1578519314

Promo Copy:

The Secrets of Successful Idea Practitioners

Change management. Reengineering. Knowledge management. Major new management ideas are thrown at today's companies with increasing frequency-and each comes with evangelizing gurus and eager-to-

assist implementation consultants. Only a handful of these ideas will be a good fit for your organization. Choose the right idea at the right time and your company can become more efficient, more effective, and more innovative. Choose the wrong one-or jump on the right bandwagon too late-and your company could fall hopelessly behind.
Thomas H. Davenport and Laurence Prusak say that some managers have found ways to improve their odds of success in the risky but essential game of idea management. In *What's the Big Idea?*, they introduce a largely unsung class of managers they call-idea practitioners-individuals who do the real work of importing and implementing new ideas into businesses. While gurus reap most of the credit when big ideas take flight, Davenport and Prusak's research reveals that idea practitioners actually play the most important role: They turn the *right* ideas into action.
Drawing from decades of consulting, academic, and business experience and from their novel study of more than 100 of these critical change leaders, What's the Big Idea? offers tools and frameworks for:

- Assessing the merits of the top business gurus
- Scanning and tracking emerging ideas in the marketplace
- Distinguishing promising ideas from rhetoric
- Refining ideas to suit your organization's particular needs
- Packaging and selling the idea internally
- Ensuring successful implementation

Davenport and Prusak prove that there are no faddish management ideas-only faddish ways of adopting them. Encouraging managers to embrace the power of ideas while avoiding the hype that often accompanies them, this pragmatic guide shows how passion and reason combine to build innovative companies.

Review:
A most interesting and delightfully opinionated book is the latest offering from Tom Davenport and Larry Prusak. Easily digested, this book attempts to 'out-meta' the competition in the game of management idea mindshare, by giving a framework by which other ideas are evaluated for their applicability to your organization. 'He who owns the process wins' is an oft-quoted cliché at ManyWorlds.com and this book makes a good claim for the process. But more seriously, it does introduce some important (dare I say new) thinking into the faddish and/or fatigued of management ideas.
The most critical of those is that of the 'idea practitioner' - the role of the unsung heroes in organizations that translate the guru's missives from on high to that of the real-world working business. They are defined as 'individuals who use business improvement ideas to bring about change in organizations'. And to help you seek out these people in your company, Davenport and Prusak helpfully profile a number of real idea practitioners across a range of companies such as BP, Clarica, World Bank, BIC and many others. But chances are that if you are attracted to this book, you are probably an idea practitioner yourself, even in latent form.

The idea practitioner is an idea filterer who possesses the key skills of 'translation, harmonization and timing' and applies them to new ideas around the organization. It's the skill of knowing when to introduce an idea, to maximize its impact and benefit to the organization.
What's the Big Idea? examines the lifecycles of ideas, internal and external adoption rates as well as describing the categories of gurus. These include academic gurus (think Michael Porter), consultant gurus (think Adrian Slywotzky), practicing manager gurus (think Jack Welch) and journalist gurus (think Tom Stewart). Of course these categories are blurred but the distinction is useful. An interesting step would be to consider what type of guru your company seems most interested in. My guess would be that hard asset companies are likely to be swayed by practicing manager and consultant type gurus, high growth companies by journalist gurus and very large enterprises by academic gurus.

But the problem with being an idea practitioner is while you may be rewarded by a good profile in Davenport's next book, you may not be appreciated for your network and filtering skills by your own organization. Indeed, pursuing your interest in ideas may only be tolerated once you have proved yourself in more operational roles. Even so, such an idea driven route can be career limiting, since in every idea you sell to the organization, there will always be an ounce of personal credibility that has to go with it. But by taking the core of the idea, the 'zeitgeist' and perhaps even innovating a little on top of it to make it more acceptable to your organization, you can build on the foundation of initiatives before it.
Which is just as ideas themselves do. In every idea, the authors would argue, there is a kernel of good practice that should be adopted. The problem is that there is often so much emotion wrapped up around a guru, or a leading company or the idea itself is that this kernel is often ignored or dismissed. But gurus themselves are also guilty of this practice. They often battle against each other, dismiss others' ideas or do not give credit to their sources, teams or inspiration. Sounds just like the local management corporate politics wrestled with in 90% of companies, doesn't it? Thus the role of idea practitioner becomes all the more important to the corporation, navigating both the external and internal battlefields.
Overall, a highly recommended read .Additional highlights including a non-partisan ranking of the top 200 business gurus (contrast that with our traffic based rankings on ManyWorlds.com) and an interview with the immensely smart Steve Kerr, previously CLO at GE and now at Goldman Sachs, on how he 'idea practitions'.

Review-2:
Thomas Davenport is now officially one of my "heroes" by championing the cause of us "idea introducers" and "boundary spanners". Unfortunately, being one of these people myself, I find that companies with an unhealthy culture (and with the associated weak/passive H.R. dept that perpetuate this sickness), ultimately cannot innovate.
Their Mavericks (also known as "the man in the brown suit") get laid-off, fired, or strategically bumped out of the way. And instead, go along to get along behavior is rewarded, crafty executives who change jobs ever 2-3 years (i.e. they quit BEFORE they get fired) swoop in long enough to go for the low-hanging fruit and then leave before they ever really build anything, and in the meantime the uninvolved & uncommitted (the ones who kept their head down and did what they were told) get promoted based on seniority & politics instead of competence & contribution.
So as I contemplate Davenport and Friends' latest book offering, I am moved to share this simple truth: Unhealthy culture eats: strategy for breakfast, the project schedule for lunch, troublemaker and soon to be laid-off maverick employees for dinner, and all remaining discretionary funds in the annual operating budget 6-months early for a midnight snack.
We can talk until the cows come home about the latest and greatest ideas for maximizing the productivity of knowledge workers -- but the $500 question is: WHEN will executive management start treating culture management as a fiduciary responsibility?
Until this happens, NOTHING else will happen -- except for the razorblade ride down to zero margins. Also, 80% of all new jobs are in companies with less than 25 employees. For the larger companies in the business landscape who think that they're going places -- there's a MESSAGE there.
I really appreciate Davenport's perspective on things; and he's always been a good collaborator with other leading minds. Davenport's focus has now shifted away from I.T. and K.M. and full tilt into Human Capital and Organizational Effectiveness. AMEN! It's about time! I'm an I.T. veteran of 20+ years who is SICK of living and working in a cess-pool of low morale by staff in tandem with displacement of responsibility by executive management.
CIO's everywhere sit up and take heed -- the goldmine that you seek is NOT in integration of your processes or technology; those are merely 2nd & 3rd order consequences of what's really important -- and this your Human Capital / workforce capability.
...

Focus FIRST on organizational effectiveness or else find yourself on a downward spiraling path to failure because the culture and the organizational defensive routines are stronger than any 1 executive's resolve. Heed this advice or else "CIO" really does mean "career is over".

Review-3:
For anyone who has felt overwhelmed by the barrage of business and management ideas and movements, and at times even skeptical of their individual and cumulative claims, and that is most of us, this is the perfect book. Davenport and Prusak are veterans of the last two decades of management revolutions-they have been in the game long enough to look back at some of the ideas with which they have been associated with critical detachment, and to make some novel and deep sociological observations about how ideas get made, marketed, used, abused, and superceded. However, they are less interested in a blanket judgment on the idea trade than in taking a closer look and identifying what works and who is doing the working. According to D & P, none of the ideas pushed over the past couple of decades is entirely new, and none is without merit. However, none of the ideas is, or ever was, the best solution for each company in every set of circumstances. So much depends on the particular company's situation, and so much of a company's success depends on those inside the corporation-the "idea practitioners"-who select, advocate, refine, and implement the otherwise general and abstract ideas of management gurus. D & P (& W) have done a great service in refocusing attention and credit from the brand names to the practitioners, without, of course, slighting the great contributions of gurus, like themselves, to the agility and productivity of the modern enterprise.

Post Script:
Who is to bell the cat? Who will risk his own life to save his neighbors? Any one who encounters great personal hazard for the sake of others undertakes to “bell the cat.” The allusion is to the fable of the cunning old mouse, who suggested that they should hang a bell on the cat's neck to give notice to all mice of her approach. “Excellent,” said a wise young mouse, “but who is to undertake the job?”

PROFIT PATTERNS: Moser, Slywotsky, et.al
Hardcover: 432 pages ; Dimensions (in inches): 1.50 x 9.75 x 7.75 **Publisher:** Random House; 1st edition (March 16, 1999)

Promo Copy:
Profit Patterns opens with a series of chaotic paintings by Pablo Picasso. Each piece is increasingly difficult to recognize; the final portrait is little more than a jumble of shapes and colors. But what does Picasso have to do with profitability? By recognizing industry patterns--by seeing the order beneath the surface chaos--managers, investors, and entrepreneurs can prepare for change before it even occurs. And while the Picasso-as-business-strategy metaphor may be a stretch, Slywotzky's theories are fundamentally sound, designed to spot and capitalize upon market trends in an ever-turbulent business world.
Adrian Slywotzky--whose bestselling *The Profit Zone* explained how profits happen--this time focuses on making *sure* profits happen. He begins by defining the types of changes common to modern businesses, explaining why polarization is spreading among industries, and emphasizing the importance of mindshare. He then lists the 30 most common patterns that businesses fall into, such as microsegmentation, where "growing customer heterogeneity and increasing customer sophistication change the fundamental nature of the market."
But even if a business is adept at seeing patterns, it's helpless if it can't mobilize its troops in time to capitalize upon pending change. Case studies of successful companies such as Cisco Systems, Nokia, and Dell Computer show how a company can detect industry trends, organize its workforce, and build giant leads over its competition. No wonder Picasso was a good businessman. --

Promo Copy-2:
Picasso changed the way we look at art. Profit Patterns will change the way we look at business. Picasso's work reflected the social and technological changes that swept through the early twentieth century. Equally pronounced changes are sweeping through today's business landscape, often at breathtaking speed.
Profit Patterns provides a powerful discipline to see order beneath the surface chaos. Pattern thinking helps entrepreneurs, managers, investors, and key talent anticipate the likely direction of changes even before they happen. It reveals the economic meaning of these changes and provides the tools to capitalize on them.
Based on groundbreaking research into over two hundred companies in forty industries, from major industrial firms to upstart competitors, Profit Patterns contains a set of ideas and action steps that can be taken by you and your team. Here's a sampling of what you'll find:
Practical STRATEGIC ideas:
Strategic Anticipation--the ability to "get it," to spot an emerging opportunity and chart a path there before the competition does.
Polarization--the winner-takes-all game, and why it's spreading to more and more industries.
Mindshare--the importance of seizing and holding on to the attention of key customers, investors, and talent.
Thirty Patterns: A repertoire of moves and countermoves to help you understand and exploit the forces changing your industry. This knowledge base of patterns will allow you to harness the strategic learning of the past two decades, eliminating the need to create strategies from scratch.
In-Depth Examples:
How Cisco Systems, Honeywell, Capital One, SAP, Staples, Nokia, Dell Computer, Amazon.com, and Bang & Olufsen detected patterns in their industries and put them to work and, in many cases, developed an almost insurmountable lead over their competitors.
A Workbook:
An aid to launching your own process of responding to change.
In today's turbulent and discontinuous business world, it's no longer useful to analyze your industry in static, conventional ways. Profit Patterns provides the means to act before the ground shifts beneath you once again. It is the mental operating system for winning when the rules of the game change with such great frequency.

Review:
Slywotzky and Morrison have accomplished something with this book that regular readers of business books would have thought impossible - they've applied intelligence and creativity to strategic business thinking and created a masterpiece of originality and insight. Their categorization of business models into patterns based on their effects on either customers, distribution channels, products, knowledge, or organization is one of those flashes of insight that seems obvious only after someone has articulated it as clearly as Slywotzky and Morrison have done here. The clarity of expression and organization, and the case studies of real-world examples that illustrate the use of these patterns of business strategy and competition, make this a central holding of any serious business reader's library. Every management consultant, business owner or manager, or executive, should understand the business strategies outlined here.

The Art of Profitability: Slywotzky
Hardcover: 206 pages ; Dimensions (in inches): 0.99 x 8.56 x 6.30 **Publisher:** Warner Books; (September 2002) **ISBN:** 0446531502

Promo Copy:

This book is focused on explaining 23 different models of profitability that different firms have followed. The author uses the relationship between a wise mentor and an eager mentee to take the reader through the process of understanding the different models. The book is aimed at describing and giving the reader some insight into each model; it is not an in depth analysis of profitability. Given its aim, it is well written.
It is not a step by step process to apply at a business. This is a book to make a manager reflect, not follow.
Each chapter is one story that describes a model; the style seems to follow the general outline of Harvard Business School cases, which, given the author's professorship there, is not so surprising.
I highly recommend it to someone looking for an entertaining read that will make one reflect. However, disregard the recommendation that you go through one chapter per week. It is too little, I think I would probably lose the book by the 3rd week. It is, instead, a book to be read in 3 days, and be referred back for ideas.

Review:
OK, "The Goal" this isn't, despite the comments of previous reviewers. However, the narrative style of the book does make a sometimes very dry subject readable. It did make me think, and that alone makes the book worth three stars.
Obviously, (looking at the date of the review vs. the release date) I did not follow the instructions in the beginning that advise the reader to read only a chapter a week, spending the interim doing the "homework" assigned by the book's magus figure, David Zhao. However, the book's recommended list of books, articles, and authors does pique one's interest to dig deeper.
Overall, the intent of the book seems to be to briefly visit multiple business models giving just enough info to whet the appetite. If this is truly the intent, it succeeds. However, there is one major flaw that really bothers me. The author uses his lead character as a shill for his other books. It's done discretely, with only the titles mentioned without disclosing the author. However, because every other book and article reference includes the author's names, the omissions are a red flag.
I found the book interesting and I probably will explore the author's writing further, but the self-referencing turns the book from a good high-level discussion of strategy to an infomercial. If only the author could have resisted temptation!
Perhaps the last lesson should be "Spam is not a profit model!"

A Stake in the Outcome : Building a Culture of Ownership for the Long-Term Success of Your Business By Jack Stack, et.al. **Paperback:** 272 pages ; Dimensions (in inches): 0.65 x 8.18 x 5.52 **Publisher:** Currency; (September 16, 2003) **ISBN:** 0385505094
Promo copy:
A refreshingly sensitive and sensible guide to motivating employees, this new volume by Stack and Burlingham (The Great Game of Business) is a standout in its crowded genre. Stack is the president and CEO of SRC Holdings Corporation, an employee-owned supplier of renovated engines to auto companies and a celebrated business success story. In 1983, when it looked like SRC's parent company, International Harvester, might shut down its southwestern Missouri "remanufacturing" plant, Stack and 12 other employees bought the place and fashioned a system of employee ownership that turned SRC into a corporation of 22 companies with more than $100 million in sales. Using the experiences of SRC as well as other companies with "ownership cultures" as examples, Stack and Burlingham, an editor at Inc. magazine, give the lowdown on how to keep employees energized, creative and acting like true owners of their company (beyond offering stock options). Their strategy, which is especially resonant after the Enron debacle, hinges largely on opening up the books to all employees and keeping the staff posted on financial matters. Also fascinating is the authors' idea of spinning workers off into an entirely new company as a way of stirring up new ideas from entrenched employees. This is an invigorating and

surprisingly helpful text for those who want a humane but profitable way to manage their company.

Review:
Cold, hard, ruthless, and magnificent!
A lot of "business management" books are all fluff; not here.
There is not one wasted word in this wonderful book, which should be mandatory reading in every business in America.
Inadvertently, Stack addressed the issue of a "culture of ownership" just in time to face a generational shift in the work force.
"Theory X" worked for the veterans of WWII; "Theory Y" worked, to a degree, for the Baby Boomers.
"Generation X," and "Generation Y," see the cultural climate of business in an entirely different light; yet, they must find a voice in working with American business, for the good of all.
Incredibly distrustful of authority, and poorly served by the education system they have left, something new is needed to bring order out of the chaos of their perceptions.
If you are looking for silver bullets, look no further than Stack's books (and Ricardo Semler's "Maverick").
In "The Great Game of Business," Stack discussed the restructuring of Springfield Remanufacturing, starting with a debt/equity ratio of 89 to 1.
Success brought a new, painful awareness of two basic issues: one, growth leads to conflict arising, and must be resolved; and two, businesses do not scale very well.
A larger business requires a qualitatively different framework to resolve conflicts in; the price of the necessary knowledge is very high, indeed.
Good news!
Stack and the people at SRC Holdings Corporation - the name should give you a hint of the magnitude of change required - have done the heavy lifting for you!
The best accompaniment you can have as you try to apply his principles is a good primer on economic value added (EVA) accounting.
Incidentally, Chapter 10, "Crossing the Great Divide," includes a great story about "The Secret of the Chinese Firecracker Factory," where the issue of scaling the business model is addressed following an insight gained from the manufacturing process of Chinese firecrackers.
The same insight was expressed in Chapter 15 of "Maverick," by Ricardo Semler. Called "Divide and Prosper," Semler addresses the issue of the appropriate scale and structure of the business in the same light as Stack. Semler also addressed a good many of the issues Stack faced from an invaluable perspective, particularly management structure (see Chapter 21 of "Maverick.")
Stack has given one and all an invaluable guide to The Next Step after Open Books; keep it close to hand, give it to all of your people, and let people who wonder about "who moved their cheese," keep wondering!

VI. Leading Change and Enabling “Transition” Successfully

LEADING CHANGE by Kotter
Hardcover: 187 pages ; Dimensions (in inches): 0.84 x 9.46 x 6.38 **Publisher:** Harvard Business School Press; 1st edition (January 15, 1996) **ISBN:** 0875847471

Review:
John P. Kotter is Professor of Leadership at the Harvard Business School. He has written several books and articles on general management and leadership issues. This particular book builds on his 1995 Harvard Business Review-article 'Leading Change: Why Transformation Efforts Fail'.

The book is split up into three parts. In the first part - The Change Problem and Its Solution - Kotter discusses the eight main reasons why in many situations the improvements have been disappointing, with wasted resources and burned-out, scared, or frustrated employees. Each of these eight errors are discussed in detail, using simple, clear examples. "Making any of the eight errors in common to transformation efforts can have serious consequences." But Kotter argues that these errors are not inevitable. And this is why Kotter has written this book. "The key lies in understanding why organizations resist needed change, what exactly is the multistage process that can overcome destructive inertia, and, most of all, how the leadership that is required to drive that process in a socially healthy way means more than good management." In Chapter 2, Kotter discusses the reasons why organizations (can) need changes and improvements. Although some people suggest otherwise, Kotter believes that organizations can implement change successfully. "The methods used in successful transformations are all based on one fundamental insight: that major change will not happen easily for a long list of reasons." Kotter introduces an eight-stage process for creating major change.
This eight-stage process is discussed in Part Two of this book:
(1) The first stage of the process involves the establishment of a sense of urgency, which is required to overcome complacency. The nine sources of complacency are discussed, whereby Kotter emphasizes that "a good rule of thumb in a major change effort is: Never underestimate the magnitude of the forces that reinforce complacency and that help maintain the status quo." He further discusses methods for raising urgency levels, the role of crises, and the role of middle and lower-level managers.
(2) The second stage involves the creation of a guiding coalition. "A strong guiding coalition is always needed - one with the right composition, level of trust, and shared objective." According to the author the four key characteristics to effective guiding coalition are position power, expertise, credibility, and leadership. And he emphasizes that management and leadership must work in tandem, teamwork style.
(3) The third stage requires the development of a vision and strategy. Good vision clarifies the general direction for change, motivates people to take action in the right direction, and it helps coordinate people's actions. The characteristics of an effective vision are imaginable, desirable, feasible, focused, flexible, and communicable. But vision alone is not enough. "This is where strategy plays an important role. Strategy provides both logic and a first level detail to show how a vision can be accomplished."
(4) The power of a vision is most powerful when all people within an organization have a common understanding of its goals and direction. Although the general myth is that failures to communicate vision are attributed to either limited intellectual capabilities among lower-level employees or a general human resistance to change. But that is not really the problem. The vision needs to be communicated in a clear, simple message (focused and jargon-free). Kotter discusses each of the seven key elements in the communication of vision.
(5) Empowering employees for broad-based action - "Discouraged and disempowered employees never make enterprises winners in a globalizing economic environment. But with the right structure, training, systems, and supervisors to build on a well-communicated vision, increasing numbers of firms are finding that they can tap an enormous source of power to improve organizational performance. They can mobilize hundreds or thousands of people to help provide leadership to produce needed changes."
(6) Major change takes time and it is therefore advisable to pay serious attention to short-term wins. Short-term wins should be visible, unambiguous, and related to the change effort. Short-term wins play various roles in a change effort, most notably building the necessary momentum.
(7) Many forces can stall a change process short of the finish line. And we should be aware that irrational and political resistance to change never fully dissipates. We should not let the celebration of short-term wins allow complacency back into the organization. We should also be aware that progress can slip away for two reasons: corporate culture (see more in the next stage) and increased interdependence as a result from interconnections.
(8) "Culture refers to norms of behavior and shared values among a group of people." In large organizations, there are some social forces (corporate culture) that affect everyone. Corporate cultures have a powerful influence on human behavior, since it is almost impossible to change and invisible.

Kotter believes that "culture is powerful for three reasons: (i) Because individuals are selected and indoctrinated so well. (ii) Because the culture exerts itself through the actions of hundreds or thousands of people. (iii) Because all of this happens without much conscious intent and thus is difficult to challenge or even discuss." He provides with one other important warning: "most cultural change happens in stage 8, not stage 1."
Part III - Implications for the Twenty-First Century - consists of two chapters. In the first chapter, Kotter discusses the organization of the future. In particular, the impact of the future on the eight stages in the change process. There is an interesting table, which compares the differences in structure, systems, and culture between 20th-century and 21st-century organizations. "The key to creating and sustaining the kind of successful 21st-century organization is leadership - not only at the top of the hierarchy, with a capital L, but also in a more modest sense (l) throughout the enterprise." These two notions are discussed in detail in the final chapter of the book.
Yes, this is an excellent book on controlling change. The book provides an extremely useful framework for a change process and should be kept as a checklist. Although the process looks rigid, the stages are flexible and take place concurrently. I recommend this book to all people involved in a major change process within larger organizations. The author uses simple business US-English.

THE HEART OF CHANGE by Kotter
Hardcover: 208 pages ; Dimensions (in inches): 0.85 x 9.56 x 6.36 **Publisher:** Harvard Business School Press; 1st edition (August 1, 2002) **ISBN:** 1578512549

Promo Copy:
The Heart of Change is the follow-up to John Kotter's enormously popular book *Leading Change*, in which he outlines a framework for implementing change that sidesteps many of the pitfalls common to organizations looking to turn themselves around. The essence of Kotter's message is this: the reason so many change initiatives fail is that they rely too much on "data gathering, analysis, report writing, and presentations" instead of a more creative approach aimed at grabbing the "feelings that motivate useful action." In *The Heart of Change*, Kotter, with the help of Dan Cohen, a partner at Deloitte Consulting, shows how his eight-step approach has worked at over 100 organizations. In just about every case, change happened because the players were led to "see" and "feel" the change. In one example, a sales representative underscores a sense of urgency to change a manufacturing process by showing a videotaped interview with an unhappy customer; in another, a purchasing manager makes his point to senior management about corporate waste by displaying on the company's boardroom table the 424 different kinds of gloves that the company had procured through different vendors at vastly different prices. Well written and loaded with real-life examples and practical advice, *The Heart of Change* towers over other change-management titles. Managers and employees at organizations both big and small will find much to draw from. Highly recommended. --*Harry C. Edwards*

Review:
As the title indicates it's a "how to" book of real life stories of how people changed their organizations. This is not a quick fix-it remedy book. It has real take-away values and merits applicable not only for the corporate environment but for any organization where people are recognized as the key to success through change. Kotter introduces his book with the premise that people are more willing to change if shown a "truth that will influence their feelings" rather than be bombarded with analytical data that force them to change their thinking. He then introduces his 8-step process which will lead to successful large-scale change. To further validate his viewpoint Kotter includes examples of real stories of individuals(managers, tech people, presidents, etc) who succeeded in bringing about positive change to their companies of course sometimes after much frustration and repeating of certain steps. I strongly recommend this book for those who are "change agents." The book also lists an interactive site for

additional tips to one's personal change effort. The book is dynamic and forceful and an excellent resource for those organizations/communities of practice with the vision for the future and a "heart for change."

MANAGING TRANSITIONS by Bridges
Paperback: 144 pages ; Dimensions (in inches): 0.51 x 9.20 x 7.40 **Publisher:** Perseus Publishing; 2nd edition (May 27, 2003)

Promo Copy:
From the most trusted voice on transition, a revised edition of the classic practical guide to dealing with the human side of organizational change.
The business world is a place of constant change, with stories of corporate mergers, layoffs, bankruptcy, and restructuring hitting the news every day. Yet as veteran consultant William Bridges maintains, the situational changes are not as difficult for companies to make as the psychological transitions. In the best-selling *Managing Transitions*, Bridges provides a clear understanding of what change does to employees and what employees in transition can do to an organization.
Directed at managers and employees in today's corporations, Bridges shows how to minimize the distress and disruptions caused by change. *Managing Transitions* addresses the fact that it is people who have to carry out the change. When the book was originally published a decade ago, Bridges was the first to provide any real sense of the emotional impact of change and what can be done to keep it from disrupting the entire organization. With new information and commentary on layoffs, corporate suspicion, and the increasing tumult in the business world, *Managing Transitions* remains the definitive guide to dealing with change.

Review:
William Bridges is one of the world's leading experts in the area of managing the human side of change. Bridges originally introduced the notion of "transition" in his first book, Transitions: Making Sense of Life's Changes (1980), which was a primer on coping with the tumultuous life changes we all face on a personal level. In Managing Transitions, Bridges applies the concept of transition within the context of organizational change.
Bridges asserts that transition is not synonymous with "change." A change occurs when something in the external environment is altered. In an organizational setting this would include changes in management, organizational structure, job design, systems, processes, etc. These changes trigger an internal psychological reorientation process in those who are expected to carry out or respond to the change. Transition is this internal process that people must go through in order to come to terms with a new situation. Unless transition occurs, change will not work.
Bridges believes that the failure to identify and prepare for the inevitable human psychological adjustments that change produces is the largest single problem that organizations encounter when they implement major change initiatives.
Unfortunately, many managers, when confronted with predictable change-induced resistance by those charged with implementing a change, respond in punitive and inappropriate ways that only serve to undermine the change effort. Due to their lack of understanding of transition, they do not possess the skills to facilitate it effectively.
Leaders and managers often assume that when necessary changes are decided upon and well planned, they will just happen. Unless the transition process is handled successfully by management, all that careful decision making and detailed planning will matter little.
We must face the fact that for a change to occur, people must own it. Unless people go through the inner process of transition, they will not develop the new behavior and attitudes the change requires. Change efforts that disregard the process of transition are doomed.

Bridges presents the reader with a simple three-phase transition model that eliminates much of the mystery surrounding the human side of change. He then provides would-be change agents with a series of checklists that serve as a road map for managing transitions in the real world.
Both research and experience remind us that although a change can be implemented quickly, the psychological process of transition takes time. Transitions can take a very long time if they are not well managed. Few organizations can afford to wait that long for the results.
The good news is that leaders can learn basic transition management strategies. Armed with these skills, they can lead employees through complex and difficult changes with renewed energy and purpose, and can actually accelerate the process of transition.
With as many as half of all major organizational change efforts failing, leaders must learn new strategies and skills that will increase the odds of success. Bridges has provided us with a toolkit for managing the human side of change that is well worth considering.

CHANGE WITHOUT PAIN: HOW MANAGERS CAN OVERCOME INITIATIVE OVERLOAD. ORGANIZATIONAL CHAOS AND EMPLOYEE BURNOUT by Eric Abrahamson
Hardcover: 288 pages ; Dimensions (in inches): 0.90 x 9.44 x 6.60 **Publisher:** Harvard Business School Press; (December 4, 2003)

Promo Copy:
For more than two decades, businesses have been warned to "change or perish." Yet a growing number of companies are perishing because of change. What's going on?
Columbia Business School professor Eric Abrahamson argues that while change is necessary for companies to grow and prosper, many organizations have blindly taken the mandate too far. The "creative destruction" advocated by change champions has resulted in a painful cycle of initiative overload, change-related chaos, and widespread employee cynicism.
To reverse this cycle, Abrahamson says, companies must learn to change how they change. Drawing on a decade of research and dozens of company examples, this book offers a positive new approach to change called "creative recombination." Rather than obliterating and then reinventing anew, creative recombination seeks sustainable, repeatable transformation by reconfiguring the people, structures, culture, processes, and networks the company already has. Abrahamson offers a broad toolkit of techniques for achieving smoother, more cost-efficient, less painful organizational change-and helpful guidance for how and when to implement each tool.
A refreshing paradigm for change has arrived-and companies don't need anything new, revolutionary, or radical to make it happen. The inspiring result: Change will actually work, for a change.
Review:
Having been a consultant with a large consulting firm for many years, I have seen many "transformational" fads come and go. Consultants and change management gurus, of course, have a certain vested interest in pushing the "new, new thing." And usually there is at least some kernel of truth or insight in these pronouncements. But marketing puffery aside, it is interesting to see how many corporations feel compelled to jump on these bandwagons. It strikes me as an example of what C.S. Lewis referred to as "chronological snobbery," that is, assuming something is no longer good simply because it is old.
Abrahamson's book tackles this notion in a very thought-provoking way. His idea of recombining things from the corporate basement, so to speak, is a nice metaphor for thinking critically and discerningly about what it is you need to accomplish and what resources you already have at your disposal to make it so. I think he provides an excellent counterbalance to the advice of many who advocate constant, dramatic change.

Review-2:

Change Without Pain criticizes subtly, but unabashedly, the advocates of big, destructive, revolutionary change. Authors like Garry Hammel, Leading the Revolution, or Sarah Kaplan and Richard Foster, Creative Destruction. Remember, Hammel is the guru, and Kaplan and Foster, the McKinsey consultants, who held up Enron in their books as a model of revolutionary change.
For my money, Change Without Pain, is worth reading for two reasons. Firstly, the book introduces a completely different and novel approach to change. An approach that turns almost everything written about change management on its head. The book is not the final say. It is a start, however, in a very promising direction that others will have to follow up on.
Secondly, the book is worth reading because it provides a long overdue "poke in the eye" of a small group of gurus and consultants. Advice givers like Kotter, Hammel, Kaplan and Foster whom advocated the most disrupting approach to change with little regard to the risk to companies, the financial cost to shareholders, and the human toll placed on employees executing these changes.
You can be certain of one thing, this book is going to challenge, annoy, and even infuriate the change-management establishment.