Index

absorptive capacity 64
accounting system conversion to US GAAP standard 118
account management 170
activity-disaggregation exercise 50
agenda determining 19
airline industry 72
aluminium industry 55
Amazon
  on-line book reviews from customers 95
ambitions 65
analysis level 18, 114–15
Andechs Monastery, Germany, Benedictines
  rules of order as management tool 175
  rule to ‘stop grumbling’ 175
Andrews, K.R.
  Business Policy: Text and Cases 7
Ansoff, Igor
  Corporate Strategy 7
Apple Computer
  co-evolutionary process with major industries 97
archival records and documents
  source of company evidence 111–12
aspartame (NutraSweet), artificial sweetener
  international patents on 55
asset management 137, 165
  efficient 47
  Hungary 129–30
asset management focus 119
asset utilization 48
AT&T’s corporate diversification
  ‘computers and telecom’ 100
  simple rules, 100
Automation and Lighting Systems 121, 123
  economic downturn 113–14
  machine-tool control technology 180
  transparent factory 123
automation systems 122
automobile industry or transport industry 45
automobile industry, US 70
  definition 44–5
Automotive and Rail 114, 121, 123, 132, 137
  on service sector 145
  value-added services 163
Automotive and Rail Quality Management 133
autonomous behavior 7
balanced scorecards 199
banking industry 79
Barney (1991)
  creative imagination 35–6
barriers to entry 55
belief system in an industry 89
benchmarking 53, 192
  areas for 53
  by ElectroCorp 138
  definition 67
  projects 132
  technology 131
benchmarks 89, 180
best practice
  benchmarking 58
  competition 58
  core competencies 143
  sharing 143, 192
  transfer 89
Best Practice Marketplace 143
bid preparation 129
‘Black Belts’ Energy Solutions 134
Boston Consulting Group (BCG) 27, 30, 49, 54, 60, 92
brand awareness, deteriorating 56
brand investment 71
brand name, ElectroCorp 158
brand names, well-established
  barriers to entry 55
business development 129
business drivers 160, 199
Business Driver Scorecards 159
business ecosystem 97
Business Excellence Program 116, 119, 128, 151
on benchmarking 126
ElectroCorp 108
enhancement measures 117
portfolio management 125
six-step approach 133
business-relevant knowledge 129
business segment organizing 117
business units analysis 114–15
Communications Solutions Mobile 114
Calloway Golf 82
capacity-driven industries 149
capital intensity, degree of 47
capital structure improvement 118
case-study evidence 197
causal relationship 17
Center for E-Excellence
ElectroCorp as E-Company 164
central cost cutting 119
Chandler, Alfred
Strategy and Structure 7
changes in society 87
Cisco 96
Coca-Cola 56
codification of knowledge areas 150
co-evolution 96–7
communities of practice 183–4
cognitive knowledge (know-what) 155
coherence ensuring 83–7, 168, 170
collaboration for solutions 92
collaborative relationships in business 96
common goals 92
communication frequency 18
Communication Solutions 114–19, 121, 123, 136
business units 139
sales, Germany 146
technology 141
unit 182
communication strategy 163
communities of practice, building of knowledge of 185–6
Community of Practice Knowledge
Management 184
cOMPANY and industry situation 112–14
cOMPANY integration 186
cOMPANY interaction
with stakeholders and shareholders 104
COMPANY internal communication 112
COMPANY competencies, unique combination of 142
COMPANY competition
anticipation of market trends 32
innovation and productivity 147
quick response to customer requirements 32
COMPANY responsible 104
COMPANY competition on basis of differentiation
second generic strategy 58
COMPANY competitive actions, types and range 44
COMPANY competitive advantage 23, 32, 53, 59, 86, 102
COMPANY local environment 46
COMPANY competitive angst 59–60, 135, 138
COMPANY cultivating 137
COMPANY competitive benchmarking 66
COMPANY competitive environment 26–7, 37, 61–2, 85
COMPANY competitive intelligence 60
COMPANY competitive landscape 35, 44, 72, 183
COMPANY competitive pricing 177
COMPANY competitive strategy 66
COMPANY competitor benchmarking 60, 131–2
COMPANY competitors
average 44
infatuation with 68
transcending 67–9, 146–9
COMPANY complexity theory 39, 84
COMPANY comprehensiveness 17
COMPANY computers for children 86
COMPANY conceiving strategies 19–20, 30
COMPANY concepts, need for 19
COMPANY configuration of value chains 129
COMPANY consistency 201
COMPANY constructive conflict 90
COMPANY constructive criticism, insight from psychology 90
COMPANY constructive dissent 91
COMPANY culture of 89–92, 174–6
COMPANY consumers as source of knowledge 95
COMPANY continuous innovation 199
convergence 86
coopera tion by co-evolving 96
co-operative strategy 104
coordination of globally dispersed firms 51
core competencies 36, 62–5, 140–44, 156, 195
transfer 76
core rigidities, challenging 39, 87
core skills, combining 69
corporate and business unit level 114–15
corporate development 156
corporate involvement and coherence 168
corporate knowledge pool 77
Corporate Responsibility Report 192–3
cost and efficiency factors 47
cost-leadership 58, 135
cost minimization, as first generic strategy 57–8
cost position 131
cost reduction and quality 197
cost-shifting 177
crafting strategy 60
creative capabilities of firms 34
generic steps 37
creativity 104
credit card industry 72
AT&T 70
crisis strategy 195
cross-industry technologies 141
cross-subsidies 173
cultural differences, coordination 51
customer competence 94–5
account management system 181
co-opting of 180–82
customer dimension 120
customer orientation, partnership 180
customer perspective 80, 148–9
customer planning 129
customer requirements 167
customers
demands 69
integration 95
into innovation process 162
irritations from industry 88
market and 159–60
needs, changing 66, 167
relationship management 95
satisfaction 164
Daimler Chrysler 70
data collection for ElectroCorp 109–12
data management solutions 189, 190
data resources 59
data triangulation 111
DAX Index, Germany 113
decision-making techniques 18
decision sciences 9
deconstructionist philosophy of science 39
deconstruction of concepts 40
Dell Computers 96
transaction segment, relationship segment 98
demand-side considerations 45
denominator management 67
dependent and independent variables 17
descriptive imagination 24, 26, 33, 44, 63, 196
strategy marking, ElectroCorp 119–26
three-step approach 44–62
devil’s advocate position 111
differentiation creation 58
differentiation leadership 135
differentiation versus cost advantage 80
diffusion of knowledge areas 150
Digital Equipment Corporation (DEC) microcomputer design 62
direct observation 166
company research 120, 175, 197
observational techniques 110–11
distinctive advantage of firm 57
divestments 50, 117
downsizing 66
Du Pont frameworks 24, 26
dynamic capabilities perspectives 24
dynamic capability approach 3, 5, 12
dynamic growth markets 156
dynamic interpretations of resource positions
‘challenging imagination’ 11
dynamic markets 41
dynamic process 201
dysfunctional personal conflict 91
earnings-oriented sales 197
Easyjet
e-business 135
e-business 135
Center for E-Excellence 181
e-commerce 179
economic cycles, national 126
economic downturns 185
economic environment, strategy making in 1
economic of information, economics of things 93
economic value-added 116
economic value of company 56
efficiency and profitability 48
e-knowledge management 179
electrical and electronic market, growth of 122
electrical engineering and electronics 139–40
ElectroCorp 1, 5, 107–94
automation 112
bid preparation 128
brand investment 133, 140
Business Excellence Program 108
business portfolio 126
communication solutions 112
customer-orientation 163
energy solutions 112
global business content 158
healthcare services 112
lighting systems 112
multidivisional firm, levels of complexity 109
response to market challenges 118–19
strategy-making process 108, 198
technology base 140
transnational company 109
worldwide presence 140
ElectroCorp Business Services 114
ElectroCorp Communications Solutions Network 153–4
ElectroCorp, Visions of Tomorrow, Business Excellence Program 144
Electronic bus and train ticket, 'The Card' 121
electronic networking 179
electronics and electrical engineering 142
core business for ElectroCorp 169
emotional appeal 81
industry competition 80
‘Employee Dialogue’ 175
employee forum 120, 166, 175, 197
employee motivation 159, 160
Encyclopedia Britannica, example 86
energy industry and supply 124–5
Energy Solutions 114, 121, 123, 160, 186
enlightenment 33
entrepreneurial spirit 20
entry barriers 55
environmental considerations 60–62, 138–40, 167
environment, relating company to 26
envisaging, conceiving and realizing strategies 197
envisaging strategies 19, 30
e-procurement 179
E-readiness
Portfolio Optimization Program 179
established wisdom, disputing 87
ethics 9
evaluation in the global market 127
Evans and Wurster
on 'information revolution' 92
existentialist philosophy 33
external capital 79
extrapolation and retropolation 166–7
factor input markets 63
fax technology 172
feasibility sieve 67
feedback mechanism
quality assurance system 189
finance 159–61
financial claims, design of 48
financial performance, area for benchmarking 53
Financial Times interview data 110
firm resources 12, 64
focused strategies 135
formal processes for strategy 6, 7
formulation 7
Fortune 500 companies 89
frame-breaking tactics 90–91
frameworks, comparison 5–6, 28–30
free competition 55
functional appeal, industry competition 80
‘functionality trap’ 173
functional performance, industry competition 80
future shock 78

Game, South African retail chain worries about competition 59
game theory 11
General Electric
competitive angst 60
intent to be primary contender in market 19
simple rules, ‘boundary’, ‘timing’ and ‘exit’ rules 100
General Foods, US coffee market 81
General Motors 69–70
competitive angst 59
regaining market share 54
generic positions, exploiting 55
generic steps 35
envisaging, conceiving, realizing 32, 37
generic strategies 55–6
discriminating, 56–9, 135–7
global configuration in value chain activities 130
global economy problems 113
globalization 167
governance structure of firm 48
growth opportunities 88
growth rate 47
growth share matrices 24

habitual interaction 101
Hamel, Gary on ‘strategy as revolution’ 41
Healthcare industry 114, 121, 123
improved technology 124
healthcare services 89
healthy conflict 90
heedful interaction, 100–103, 187–91
Hewlett Packard
emergent and established technology link 98
high-resolution images for diagnostic accuracy 124
high-technology industry 203
Honda 69
competition with other companies 48
versus General Motors 59, 68
hospitality industry 79
human capital 79
human imagination 15
human invention 33
hyper-competitive environments 173
imagination challenging 38–42, 83–106, 204, 206
anti-imagination 40
defying old paradigms 87
disciplined 201
in strategy making 168–93
imagination, descriptive, creative and challenging 200
imagination in strategy crafting 1, 23–42, 56
Imagination Lab Foundation
‘heedfulness’ 101
imaginative strategies 15–43, 78–83, 196
envisaging 44–50, 62–9, 83–92, 120, 140–49, 168–76
imitability 36
on Internet 56
imitation
involuntary external replication 103
implementation 7
incentives for shares 189
incentives, of individual managers coordination 51
incentive system 130, 199
Industrial Automation division
major competitor, Mitsubishi 138
industrial organization approach 5, 12, 24, 39, 46
industries, driven by customer, capacity, knowledge, and service 71
condition, shaping of 34
growth rate 47
profitability 55
revolution, 39–40
structure, 24, 70, 205
wide variety 203
industry analysis 44
industry boundaries 31
defining, 44–8, 69–72, 87, 120, 149–51
industry dynamics, diagnosis 44, 46–8, 122
industry framework 27
industry knowledge, lack of 88
industry life cycle stages
emergence, growth, shake out, maturity, decline 47
‘Information Age’ 78
information and communications
technology 167
for hospitals, medical practices, pharmacies 124
information and knowledge 72
information as key resource 71
information goods
and physical goods 93
information technology
influence on value chain activities 52
information technology networking 142
innovation 104, 131, 144, 148, 159–60, 193
integrated approach 4
intellectual capital 78–9
competitive advantage 64
intelligent enterprises 75–7, 155–8
interaction, heedful 101–3
interdependent economy 104
inter-firm competition 63
internal capital 79
internal firm resources 195
internal processes 159–60
internal replication 102–3
international markets
competitiveness 46
interdependency 46
Internet and customer scrutiny 164
Internet applications, openness of 58
Internet business 179
customer engagement as challenge 182
Internet, effect on barriers to entry
reduction of 56
Internet, impact on value chain 52
Internet Protocol 123, 197
Internet, rapid diffusion 94
inter-product competition 63
interviews, qualitative, in social sciences 109
invasive techniques, minimal 124
investment portfolio, balancing 48–50, 125–7
invisible assets 64
issues, not personalities, focus 91
Japanese companies, success of, over US rivals 68
Japanese consumer electronics market 58
Japanese rivals to Xerox 66
joint value creation 181
key leverage points
cost reduction and quality 116
earnings-oriented sales 116
optimization 116
tied-up assets, reduction 116
key projects, investigation of 115–19
knowledge
acquisition 102
value generator 95
knowledge assets 64, 101
internal replications 188
knowledge-based business 78
knowledge-driven industries 149
‘Knowledge Economy’ 78
knowledge intensive industries 153
ElectroCorp competition in 149
knowledge landscape 96–8
coevolution with 183–6
knowledge leverage 85–6
knowledge links 75
knowledge management 34, 181–2, 192
at ElectroCorp 171
knowledge maps 142
knowledge networks 141
knowledge resources 73–4
knowledge sharing 134, 168, 188–9
across corporate boundaries 103
knowledge, strategic importance of 64–5
‘Knowledge Strategy Process’ 150–51
knowledge transfer 184
Knowledge Web initiative 155
Knowledge Web Quality Assurance and Reward System
airmiles scheme 189
Knowledge Web Shares 188
Komatsu versus Caterpillar 68–9
language differences, coordination 51
Lao Tse, writings 59
law of diminishing returns 73
law of increasing returns 73, 92, 152
Law of Nemesis, of economists 57
leveraging internal resources 151–5
leveraging resources across markets 35, 72–5
life cycle frameworks 26
life cycle of product 47
light bulbs 75
Lightings Systems business unit
  on speed in knowledge management 185
light trucks, for transport in US 45
limitations of the study 203–4
listening to customer, case-study evidence 148–9
local rivalry 48
logistical risks, outsourcing to suppliers plastic parts section 157
long-range price wars 156
low-growth markets 50
Lufthansa
  ground transport 83
magnetic levitation (Mag-Lev) train 124
magnetic resonance systems 148
managerial control, boundaries of 94
market expansion 47
market growth share matrices 26, 30
market power and profitability 46
market share 48, 50
market space, new
  avoidance of competition ‘head-to-head’ 81–3
Marks & Spencer, competition with banks
  customer financial services 70
  ‘Matrioshka dolls’ approach dolls’ interdependence 203
maturity of industry life cycle 47–8
McDonald’s in US, growth of 87–8
media boom in US 113
media industry 167
medical care at home
  cardiac infarction, or stroke 124
medical doctors
  computer-aided diagnosis 124
  computer technology 124
microelectronics 142
Microsoft
  inefficiency in building shared identity 105
  Microsoft Windows 2000
    customer testing 96
  middle management 8
  mimetic impulse 26
  Mitsubishi, competitor 138
  mobile phone games, partnerships 156
  mobile phones 151
  mobile telephony industries 79
  modernity 33
  monopoly rents 52, 55
  motorcycles (BMW), Bayerische Motorenwerke 81
Motorola 97
multidimensional performance objectives 78, 159–60
multinational software firms 51
multiple alternatives 90
  precondition for dissent 91
  multiple frames of reference 201
multi-service companies 125
music industry
  performers’ biographies 94
negation of sense of progress 40–41
Nestlé, US coffee market 81
networks of knowledge 141
new market space, creation of 164–7
New York Stock Exchange listing 118
Nissan 59
non-core competencies 64, 77
nuclear power plants 151
numerator management 65
objective determining 19
official company press releases 112
old paradigms, defying ‘shock therapy’ 173–4
online auctions 164
online business 178
operational effectiveness 57
operational management and strategy making 35
opportunities and threats 35
opportunities, emerging 65
optical networks 197
organizational knowledge 64
organizational sociology 9
overemphasis 31
participant observation workshop 111, 148
passenger cars for transport 45
past successes and future adversity 59
‘patching’, re-mapping of businesses changing market opportunities 97–8
patent applications 165
path-dependent behavioral patterns 172
PayPal, settlement services on Internet 56
perfect competition 55, 89
performance yardstick (value-added) 197
personal computer industries 79
personal development targets 176
personnel management 199
perspectives of reality 201
pharmaceutical industry 93, 170
global industry 45
philosophy of science, constructionist 33
philosophy of science, positivist 26
physical distribution cost 86
physical goods and information goods 93
physical infrastructure 206
planning 18
political structures 167
Porterian industrial economics 3, 4, 11
Porter’s concept of framework 5, 6, 27, 30, 46
portfolio management 173, 197, 199
Portfolio Optimization Program 116, 128, 131, 136, 145, 151, 186
profitability growth 117
portfolio strengthening 117
position defending 54–6, 133–5
military origins of 54
position, establishing 52–4, 131–3
power generation 167
practice sharing 183
Prahalad and Hamel (1994) creative imagination 35–6
price/performance gap 69
price wars 68
prior industry knowledge 174
process benchmarking 131–3
‘process’ clarification of term 2, 10, 17, 18
process excellence 157
process optimization 165
Procter and Gamble, US coffee market 81
product breadth 48
product development costs 73
product differentiability 47
product excellence 157
productivity, innovation and growth 116
product life cycles 27
product lines, extension of alternatives for 54
product market positioning 32, 35, 63
product quality 48
product standardization 132
product testing by customers 95
proficiency 150
profitability of particular industry 53, 91
desire of 46
profit margins, eroding 68
psychology 9
quality management 66, 165
management attention 134
training programs 134
transparency and qualification 134
quality of services 48
R&D-intensive industries 93
R&D investment
Microsoft Windows 2000 96
rarity and competition 36
reach of a business 94
internet businesses 93
realizing strategies 19, 30, 56–62
organizational learning 20
real learning company 192
reduction of tied-up capital 118
research and development 3–4, 71
costs, 45
research avenues, further 204–6
research findings 112–19
research methodology and procedures 107–12
convenience of access for research site 108
research setting identification 108
resource allocation 49
resource-based approach 3–5, 12–13, 34, 39, 70–71
‘creative imagination’ 11
resource-based industry typologies 24, 27
resource-based strategy 63
resource blending and borrowing 74–7
resource endowments of firms 34, 63
resource-exchange partnerships 75–6
resource internalization 77
resource positions and competitive environment, 35–41
resources, firm
  creative imagination 204
resource stock 77
restructuring costs 118
retropolation 167
return on investment (ROI) 65–6
reuse feedback 189
revenue growth, sustained 89
rich customer information 94
richness, competing on 94
road-mapping (extrapolation) 166–7
role blurring of companies and consumers 94

SABRE airline computer reservation system 72
Sainsbury’s, competition with banks
  customer financial services 70
  sales force 146
  sales stimulation 165–6
  scanning 18
  scenario techniques 26
  scorecards 160, 199
  selective perception 58
  self-motivated creativity (care-why) 155
  semiconductor stabilization
    Semiconductor Technologies 117
service-intensive business 153
shared identity building 103–6, 191–3
  heterogeneity 105
  inability to control or plan 105
  inefficiency in short term 105
  mutual directedness 105
  trust as key ingredient 105
shared identity in business 191
shareholder expectations 136–7
shareholders and stakeholders in business 191
share price of ElectroCorp 146
simple versus complex rules 99–100
  Portfolio Optimization Program 186
single-embedded case studies 203
Six Sigma approach, statistical techniques 134

skill-sharing 76
skills (know-how) 155
smart machines 78
social responsibility 192
social science literature
  challenging imagination 25
  creative imagination 24
  descriptive imagination 24
software agents 93, 122
software architecture development tools 51, 58
software packages, major 142
solution selling with competitors 129, 189
Sony music industry 94, 97
  versions of Walkman, rivalry in market segment 58
Southwest Airlines
  short-haul air transport 83
stakeholder theory 205
Standard Industrial Classification (SIC) 45
Starbucks coffee, US coffee market 81
static industry boundaries 32
steel industry 206
strategic alternatives, evaluation of 199
strategic assets 64
strategic choice, politics for 92
strategic intent, propagation of 65–7, 144–6
strategic nihilism 41–2
Strategic Planning Institute
  decision-making tools for investment opportunities 49
strategy conceiving 15, 17, 197
strategy content research 2–3, 8–14, 23–4, 135
strategy convergence 66
strategy crafting, with imagination 196
strategy envisaging 15, 17, 197
strategy framing 204
strategy making
  creative imagination 5–6
  diversity 201
  ElectroCorp 140–68
  evolution of 7
  generic steps 21–5
  matrix 16, 44, 205, 206
  steps 197–200
  team 151
  three imaginations 195–200