Mile and snow

Week 4 Reading Summary/takeaway

Hambrick, D. C. 2003. On the staying power of defenders, analyzers, and prospectors. Academy of Management Executive, 17(4): 115.

1. In Miles and Snow's view there are four basic strategy types in the business landscape:

– Defenders: businesses prospering through stability, reliability and efficiency

-Prospectors: businesses prospering by stimulating and meeting new product market opportunities

-Analyzer: businesses prospering by purposely being more innovative in their product market initiatives than Defenders but doing so more cautiously and selectively then Prospectors

-Reactors vacillate in their approach to their environment and don't prosper at all

At a broad level, each type was thought to have many commonalities, so we can have the making of generalization and powerful predictions.

2. Mile and Snow introduced the idea of the adaptive cycle: this portrays the business as continuously cycling through sets of decisions on three fronts:

-the entrepreneurial problem: selecting and adjusting the product market domain

-the engineering problem: producing and delivering products

-the administrative problem: establishing roles, relationships and organizational processes

3. Strategic equifinality is the idea that within a particular industry or environment, there is more than one way to prosper but there are not an endless number of ways to prosper

4. There are numerous places to use Mike and Snow’s typology, the author pointed out three areas:

-Porter’s conception: the best way for any organization to achieve a sustainable competitive advantage is to reinforce its chosen strategy with a host of activities, including functional policies, staffing decisions, structure, etc.

-Research about business risk: To advance the currently booming interest in business risk

-Ways to use Analyzer type: To address the practical challenges of pursuing the most complicated of Mike and Snow’ strategic types: the Analyzer.

Nohria, N., Joyce, W., & Roberson, B. 2003. What Really Works. Harvard Business Review, 81(7): 42.

1. Without exception, companies outperformed their industry peers excelled at four primary management practices: strategy, execution, culture and structure. In addition, they did a mastery of any two out of four secondary management practices: talent, innovation, leadership and mergers and partnerships. This is called the 4+2 formula for business success.

2. Excel at four primary practices:

– Strategy: devise and maintain a clearly stated, focuses strategy. It should be clear about what your strategy is and consistently communicate it to customers, employees and shareholders.

– Execution: develop and maintain flawless operation execution

– Culture: develop and maintain a performance oriented culture

– Structure: build and maintain a fast, flexible, flat organization

3. Four secondary practices:

– Talent: hold on to talented employees and find more

– Innovation: make industry transforming innovations

– Leadership: find leaders who are committed to the business and its people

– Mergers and partnership: seek growth through mergers and partnerships

Slywotzky, A., & Nadler, D. 2004. 3| The Strategy Is the Structure. Harvard Business Review, 82(2): 16.

1. The traditional strategy process that started by defining a strategic goal then recasting organization to serve it seems out of date.

2. Strategy and organization change should happen in parallel and they should be allowed to influence each other, this lead to new model: concurrent enterprise design

Freeman, J., & Engel, J. S. 2007. Models of Innovation: Startups And Mature Corporations. California Management Review, 50(1): 94.

1. The paradox of creativity and control: the greater the emphasis on speed, the more difficult is the reconciliation. The more radical or fundamental the innovation, the more difficult it is plan the process of commercialization.

2. Solutions for this paradox are to build organizational units that are specialized to the creative portion of the innovation problem, or to segment it in time.

3. Central elements in the innovation process are the mobility of resources and alignment of incentives. Existing mature corporations find innovation especially challenging because innovations are most disruptive of existing markets, organizational structures, and management processes.

4. The Entrepreneurial and Corporation Models of innovation combine. By focusing on the vector of innovation, we see that bringing new innovation to market often involves a partnership, where entrepreneurial ventures and mature corporations each contribute-ultimately for the benefit of both, as well as their key stakeholders, founders, investors, employees, and customers.

O’Reilly Iii, C. A., & Tushman, M. L. 2004. The Ambidextrous Organization. Harvard Business Review, 82(4): 74.

1. General managers and corporate executives should act like the Roman God Janus. They must look backward, attending to the products and

processes of the past, while also gazing forward, preparing for the innovations that will define the future.

2. Ambidextrous organizations: that separate their new, exploratory units from their traditional, exploitative ones, allowing for different processes, structures, and cultures; at the same time they maintain tight links across units at the senior executive level. In order words, they manage organizational separation through a tightly integrated senior team.

3. There are several types of innovation:

a. Incremental innovation: small improvements in existing products and operations that let them operate more efficiently and deliver ever greater value to customers.

b. Architectural innovation: applying technological or process advances to fundamentally change some component or element of the businesses

c. Discontinuous innovation: radical advances like digital photography

4. Four basic ways to structure breakthrough projects:

a. Functional design

b. Cross-functional teams

c. Unsupported teams

d. Ambidextrous organizations

He Z. L., & Wong P. K. 2004. Exploration vs. Exploitation: An Empirical Test of the Ambidexterity Hypothesis. Organization Science, 15(4), p481-494

1. Two broad types of activities which firms divide attention and resources:

a. Exploration: search, discovery, experimentation, risk taking and innovation.

b. Exploitation: refinement, implementation, efficiency, production and selection.

2. Studies have shown that exploration and exploitation require substantially different structures, processes, strategies, capabilities, and culture to pursue and may have different impacts on firm adaptation and performance. Explorative firms generate larger performance variation by experiencing substantial success as well as failure, while exploitative firms are likely to generate more stable performance.

3. Authors did research in 209 manufacturing firms in Singapore and Penang during the year 1999-2000 and found evidence consistent with the ambidexterity hypothesis by showing that:

a. The interaction between explorative and exploitative innovation strategies is positively related to sales growth rate

b. The relative imbalance between explorative and exploitative innovation strategies is negative related to sales growth rate

Question for discussion:

1. Should company stay with a specific good 4+2 for a long term?

2. Can we point out some examples of Defenders, Analyzers and Prospectors?

3. Do you think of any other strategy types that are not classified to any ones that are mentioned by Miles and Snow?

4. If you were a manager, which strategy you prefer? Exploitation or exploration? Why?

5. What are the advantages and disadvantages of exploration and exploitation strategy?