

## Book Reviews

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### Competing on the edge: Strategy as structured chaos

Shona L. Brown and Kathleen M. Eisenhardt, Harvard Business School Press, Boston MA 1998, 1299 pp, \$27.95/£20.99, ISBN 0-87584-754-4

In a subject as important, dynamic and rapidly developing as strategic management, it is not surprising that new book titles invariably appear with astonishing regularity. A cursory glance along the bookshelves in my office reveals an interesting collection of recently published texts all purporting to offer something new or different to assist in our appreciation and understanding of a subject that is both complex and fascinating.

I have books on 'Strategic Decision Making'; 'Culture, Strategy and Performance' and 'Gaining and Sustaining Competitive Advantage'. I even have a text on 'Flexible Strategic Management' — such is the adaptability of the subject matter and the fertile imagination of the author. The reality is that most of these and other books are for the most part differentiated only by their title and degree of emphasis in respect of certain sections and/or subjects. The number of texts that are original in either content, treatment and discussion of the subject matter, theoretical advances and innovative research methodology are few and far between. I am reminded of the opening paragraph from an article by Coyne and Subramamam that appeared in *The McKinsey Quarterly* at the end of 1996, that stated:

'Strategy today is an extraordinarily demanding, complex, and subtle discipline. But you would never know that from reading the management journals and business best sellers of the past five years. Each season brings a new crop of experts proclaiming that their framework—core competences, customer retention, management ecosystems, strategic intent, time-based competition, TQM, 'white spaces', managing chaos, value migration — is *the* definitive way to think

about strategy. Applied to certain specific cases, these solutions sometimes prove an exquisite fit, but just as often they offer only a mediocre approximation.'

At a recent corporate strategy workshop, a keynote speaker described strategic management as 'the least developed and least mature of all business school disciplines', advocating the need for development of the subject 'as a theory-grounded, research-based discipline'. At the same venue another prominent academic added to the discussion by quoting Schendel's work, stating: 'What will most benefit strategic management ... is not the search for a unifying paradigm, but the articulation of the fundamental issues underlying the field and a refocusing of the research to confront them.' Well yes, it is hard not to agree but when is that likely to occur to a subject that draws its subject roots and theoretical underpinning from *inter alia*, economics, organisational behaviour, finance and accounting and psychology?

However, there is hope for the enlightened development of strategic thinking and practice when a book as well written and researched as *Competing On The Edge* appears. The authors both have impressive pedigrees. Shona L. Brown and Kathleen M. Eisenhardt are respectively a consultant with McKinsey & Company and a professor of strategy and organisation at Stanford University. Their thesis is that everywhere and in every industry, markets are emerging, closing, shrinking, splitting, colliding and growing — and traditional approaches to business strategy are no longer adequate. Accordingly, they contend that to thrive in these volatile conditions, standard survival strategies must be abandoned in favour of an entirely

new paradigm: *Competing On The Edge*. To quote from the book's jacket:

'Competing On The Edge' is an unpredictable, uncontrollable, often even inefficient strategy — yet a singularly effective one in an era driven by change. By linking the practical concerns of business managers to some of the most exciting ideas from science concerning complexity and evolution, the authors have created a bold new strategy that harnesses the dynamic nature of change to create a continuous flow of competitive advantages. To compete on the edge is to chart a course along the edge of chaos, where a delicate compromise is struck between anarchy and order. It requires manoeuvring on the edge of time, where current business is the primary focus, and actions are shaped by past legacies and future opportunities. By adroitly competing on these edges, managers can avoid reacting to change, and instead set their own rhythmic pace for change that others must follow, thereby shaping the competitive landscape — and their own destiny.'

The evidence for Brown and Eisenhardt's new paradigm is based on qualitative research carried out in six pairs of businesses in the computing industry and interviews with over 100 managers. This sector was chosen because 'it is probably the most dynamic and fast-paced industry in the world', and one in which they admit represented real interest for them, stating that, 'it was difficult not to be caught up in the energy and excitement of the hi-tech scene.'

Five core concepts underpin the 'competing on the edge' strategy: *Improvisation*, *Coadaptation*, *Regeneration*, *Experimentation* and *Time Pacing*. This is further distilled into ten 'rules' that articulate the key assumptions and best practices about strategy, organisation and leadership that were found to characterise those firms that managed successful business development and strategic change.

The authors provide forceful and articulate case study evidence that to remain successful, innovative and profitable, organisations should strive to construct and shape their cultures in order for 'continual reinvention' to occur on a cyclical or rhythmic basis. In order to undertake this effectively, sensitive and proactive management of the delicate balance between control and freedom is required, avoiding the pitfalls of either

chaos or gridlock. (A subject close to the heart of John Prescott!) Managers are invited to embrace the thinking that can lead to superior performance in today's volatile environments, by focusing on today's business strengths first; developing a growing and shifting core from which to regenerate older parts of the organisation and experiment with new ones; and pace this activity so as to coincide with that of its chosen market. This requires leadership skills, which allow strategy to emerge from within businesses and encourage actions and decisions to be taken at the business unit level. Further, it is necessary to have the vision and ability to see patterns in data emerge over time and create and adapt responses that are in sympathy with developments in the marketplace.

*Competing On The Edge* differs from many other corporate strategy models and constructs which judge success by traditional measures such as increases in profit or market share. It recognises and emphasises that there are equally valid and important gains to be made in the 'softer' issues that impact on corporate performance and longevity. Managers should see organisations as complex ecosystems, which at different times need either encouragement or pruning. Furthermore, it takes both imaginative flair and a measure of confidence in your subject matter to use examples such as the Grateful Dead rock group as the appropriate analogy for managerial improvisation. (My old university tutor in business policy would throw a blue fit if he read this!)

I am in no doubt about the value and contribution of this important book to the study and practice of strategic management for *all* businesses. It is a seminal text that provides original thinking, fresh insights and understanding for anyone with an interest in, or responsibility for, business strategy. Of the several endorsements given by prominent academics, consultants and practitioners on the jacket of the book, I would commend the statement by Karl Weick of the University of Michigan Business School as perhaps the most apt, namely:

'Two of today's most powerful ideas — the edge of chaos and high velocity systems — are brought together here by two of the best minds to observe and explain these ideas in action. The authors' compelling argument should drive the rigid world of strategy to its own edge of chaos and reanimate that world.'

## REFERENCES

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## A marketing action plan for the growing business (2nd edn)

**Shailendra Vyakarnam and John Leppard, Kogan Page, London, 1999, 218 pp, £12.99, ISBN 0-7494-2649-7**

This book's title suggests a highly specialised volume. A book not about any old planning process, but a particular type of plan, and for a particular type of business. In fact, Vyakarnam and Leppard's book is *not* specialised at all. It is a carpet-bag of a book with everything taken along just in case. This is a book not so much about 'marketing action plans for growing businesses' as it is a book about marketing *and* planning — as well as action, and also growth, and a broad range of other business issues besides.

Perhaps by way of excusing themselves, the authors note at the beginning of one of their chapters that: 'Marketing activities are subject to so many external forces that it is easy to be side-tracked and take one's eye off the ball.' Do not be misled. The fact that this book is about much more than marketing plans should be seen as a strength and not a weakness by its target audience. The book is written for those at the 'helm of growing businesses' — people with often little formal business education, and with little likelihood of being able or willing to spend lots of time making good the deficiency now. To quote the authors again:

'Staff training is rarely planned in the smaller company. To say this, is not meant as a criticism, merely a statement of fact. Any training which is done is invariably learned on the job either by trial and error or by being given cursory instruction.'

It is easy to suggest that this book also falls into the category of 'cursory instruction'. However, this is not meant as a criticism but as a statement of fact. This book manages to pack more into its pages that will probably be used by those with only cursory time to spare than most books of its type — and let's face it, there are *lots* of such books to choose from. The first chapter is typical of the whole of the book. The authors cram in force-field analysis, SWOT analysis, Gap analysis, PEST (or CESPIT or LEPEST or STEP depending on your upbringing and disposition) analysis — and a chatty running commentary — all within 20 pages. This is just a taster for later chapters in which we are taken giddily through much, much more, from sources of information, through ratio analysis to mini-questionnaires for the reader to use for purposes of personal self-analysis; from training needs analysis through remuneration strategy and Johari's window — to how to conduct a brainstorming exercise. There is also lots of stuff on marketing, segmentation, product life-cycles, marketing mix and so on.

But this is more than merely an anthology of tools and techniques for the uninitiated. The book as a whole is fairly tightly structured around a series of options well known to those already familiar with the Ansoff matrix, but made even more useful to those not blessed with this familiarity. It is the principles and their application that matter here, not the 'review of the literature' and

the citation of endless sources. That the book offers little that is new, indeed little that would have been considered new when the book was in first edition five years ago, is not necessarily a weakness. This book is not meant to be cutting edge it is based on 'ideas which have been tried, tested and found to work'. This is indeed a non-sense, do-it-yourself guide to business analysis for those who cannot call on internal expertise and are reluctant (for whatever reason) to call on external expertise. The main part of the book closes with a dot-to-dot plan of action that also serves to repeat the key points of the previous 180 pages. And the last pages are given over to an index — a small point, but many books of this type do not go to the bother of producing one. Interestingly, the index mentions no business thinkers or 'gurus' by name at all, though all the thought is there and carefully referenced.

In the Preface the authors suggest that they have been surprised to learn that the readership of the first edition extended to those involved in big companies. I share their surprise, and note that the book is still very much a manual for those involved in smaller businesses. It covers territory that should be familiar to those responsible for analysis, planning, marketing or strategy in big business — and certainly familiar to those who have had a recent exposure to business education. Unlike many business texts with big business in mind, this book is exceptionally easy to read. I assume that big-business managers have been turning to it for a bit of surreptitious revision on the

way to big meetings with other big businesses.

The book is written in an easy, chummy style. The illustrations are simple and to the point. However, it is a pity that the authors have not called on their experience of advising growing businesses more specifically by way of more illustration. By and large the models cited are applied to companies imaginatively named A, B or C, and based in locations 1, 2 or 3, which gives the book a text-book flavour at odds with its style and its objectives. On the other hand, the book's pace is so fast, and the list of tools wielded so long, that there is not really much time for chewing the cud and real-time worldly anecdote. Yes, there is a little repetition, and a few statements of the blindingly obvious — I doubt that many will be surprised to find out that Yellow Pages is a useful source of information on contacts in particular industries—but these are niggles rather than trends.

For those who like to think they are 'in the know' this book should offer little that they do not know already. For those only too pleased *not* to be in the know, but nevertheless up to their necks in the mire of running a small business, this book offers lots. Vyakarnam and Leppard are practical and sensible. If only all business books were as cursory as theirs.

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