

IMPLANTING STRATEGIC MANAGEMENT

SECOND EDITION

H. Igor Ansoff

*Distinguished Professor of Strategic Management
United States International University
San Diego, California*

Edward J. McDonnell

*Professor, Los Angeles City College
Los Angeles, California*



Prentice Hall

NEW YORK LONDON TORONTO SYDNEY TOKYO SINGAPORE

CONTENTS

The titles of sections containing step-by-step procedures are asterisked. A reader primarily interested in the conceptual framework can omit these sections containing details of the analysis.

Introduction	xv
Preface to the Second Edition	xix
Notes on the Second Edition	xxi

PART ONE EVOLUTION OF CHALLENGES AND MANAGEMENT SYSTEMS

Chapter 1.1 Evolution of Challenges	
1.1.1 The mass production era	3
1.1.2 The mass marketing era	4
1.1.3 The postindustrial era	5
1.1.4 Acceleration of change	9
1.1.5 Summary	11
1.1.6 Exercises	11
Chapter 1.2 Evolution of Management Systems	12
1.2.1 Evolution of management systems	12
1.2.2 Long range planning and strategic planning	13
1.2.3 Strategic posture management	16
1.2.4 Strategic issue management	18
1.2.5 Weak signals and graduated response	20
1.2.6 Strategic surprise management	21
* 1.2.7 Choosing the management system for a firm	23
1.2.8 Managing complexity	24
1.2.9 Summary	24
1.2.10 Exercises	25

PART TWO PLANNING STRATEGIC POSTURE

Chapter 2.1 Strategic Diagnosis	29
2.1.1 Two key problems for strategic management	29

2.6.22	Summary of techniques for strategic analysis	156
2.6.23	From strategy to action	157
2.6.24	Diversification through strategic learning	160
2.6.25	New workload for general management	163
2.6.26	Summary	165
2.6.27	Exercises	166
Chapter 2.7	Strategic Dimensions of Technology	167
	Role of technology in business strategy	
2.7.1	Emergence of technology as a competitive tool	167
2.7.2	Technological turbulence	168
2.7.3	Influence and role of R&D	171
2.7.4	Closing the gap between general managers and technologists	173
*2.7.5	Determining the impact of technology on business strategy	176
2.7.6	Integrating technology factors into competitive strategy formulation	179
	 Management capability for technology-intensive strategies	
2.7.7	R&D investment ratio	181
2.7.8	R vs. D intensive organization	183
2.7.9	Downstream coupling	185
2.7.10	Product life cycle	186
2.7.11	Distance to the state of the art	188
2.7.12	Summary	190
2.7.13	Exercises	191
Chapter 2.8	Societal Strategy for the Business Firm	192
2.8.1	Introduction	193
2.8.2	Evolution of the social predicament	194
2.8.3	Alternative scenarios	199
2.8.4	Elements of the legitimacy strategy	201
2.8.5	Aspirations analysis	202
*2.8.6	Impact of constraints	204
*2.8.7	Power field analysis	207
2.8.8	Analysis of legitimacy strategy	208
2.8.9	Impact on business and social responsibility strategies	209
2.8.10	Need for new management capabilities	212
2.8.11	Summary	213
2.8.12	Exercises	213
Chapter 2.9	Strategic Dimensions of Internationalization	215
2.9.1	Distinctive aspects of internationalization	215
2.9.2	Objectives of internationalization	217
2.9.3	Objectives and strategic criteria	219
2.9.4	Degrees of internationalization	221
2.9.5	Global synergies vs. local responsiveness	224
*2.9.6	Choosing the strategy	228

2.9.7	Shared authority/responsibility	229
2.9.8	Using a progressive commitment process in internationalization	232
2.9.9	Management capabilities for internationalization	234
2.9.10	Summary	235
2.9.11	Exercises	235

PART THREE MATCHING CAPABILITY TO ENVIRONMENTAL TURBULENCE

Chapter 3.1	The Original Concept of Strategic Management	239
3.1.1	Two styles of organizational behavior	239
3.1.2	Entrepreneurial behavior	240
3.1.3	Differences in organizational profiles	242
3.1.4	Strategic and operations management	242
3.1.5	Summary	245
3.1.6	Exercises	246
Chapter 3.2	From Strategic Planning to Strategic Management	247
3.2.1	Doubts about strategic planning	247
3.2.2	Does planning pay?	248
3.2.3	Design of the study	249
3.2.4	Results of the study	250
3.2.5	The Chandlerian perspective	251
3.2.6	Four stages of evolution	253
3.2.7	Theoretical underpinnings of strategic posture management	255
3.2.8	Summary	257
3.2.9	Exercises	257
Chapter 3.3	Concept of Organizational Capability	258
3.3.1	Functional capability	258
3.3.2	Evolution of general management capability	260
3.3.3	Definition of general management capability	262
3.3.4	General management capability profile	264
3.3.5	An illustrative example	265
3.3.6	Summary	266
3.3.7	Exercises	267
Chapter 3.4	Diagnosing Future General Management Capability	268
3.4.1	Effect of strategic mismatch on profit potential	268
3.4.2	Differences between the long and short versions of strategic diagnosis	269
*3.4.3	Steps in the diagnosis	270
*3.4.4	Diaenosine turbulence	271

*3.4.5	Diagnosing the general management capability of the firm	274
*3.4.6	Choosing the future capability	278
3.4.7	The multicapability problem	282
3.4.8	Managing strategic posture transformation	284
3.4.9	Summary	285
3.4.10	Exercises	286

PART FOUR MANAGERS, SYSTEMS, STRUCTURE

Chapter 4.1	General Managers for Diversified Firms	291
	Management as a problem-solving cycle	291
	Manager archetypes	293
	General manager as the man of the moment	295
	The firm of the future	296
	The work of general managers	299
	Developing expertise in using experts	299
4.	Toward multiple general managers	302
4.	Summary	303
4.1.9	Exercises	304
Chapter 4.2	Selecting a Management System to Fit the Firm	305
4.2.1	Systems and structure	305
4.2.2	Systems vs. structure	306
4.2.3	Implementation management	308
4.2.4	Control management	309
4.2.5	Extrapolative management	310
4.2.6	Entrepreneurial management	313
4.2.7	System building blocks	314
*4.2.8	Choosing the system for the firm	316
*4.2.9	System readiness diagnosis	318
4.2.10	Roles and responsibilities in design and use of systems	319
4.2.11	Organizational flow of planning	320
4.2.12	The human dimensions of systems	321
4.2.13	Future trends	321
4.2.14	Summary	323
4.2.15	Exercises	324
Chapter 4.3	Designing the Firm's Structure	325
4.3.1	Evolution of structure	325
4.3.2	Organizational responsiveness	327
*4.3.3	Determining the preferred responsiveness	332
4.3.4	Patterns of responsiveness	335
4.3.5	Dimensions of organizational design	336
4.3.6	The functional form	340
4.3.7	The divisional form	342

4.3.8	The matrix form	346
4.3.9	The multistructure	348
4.3.10	The role of the headquarters	349
4.3.11	Staffs and overhead functions	350
•4.3.12	Redesigning the structure	353
4.3.13	Summary	354
4.3.14	Exercises	354

PART FIVE REAL-TIME STRATEGIC RESPONSE

Chapter 5.1	Management Response to Surprising Changes	357
5.1.1	Introduction	357
5.1.2	Basic model	358
5.1.3	Decisive vs. reactive management	359
5.1.4	Planned management	360
5.1.5	Posttrigger behaviors	363
5.1.6	Comparison of behaviors	365
5.1.7	Summary	367
5.1.8	Exercises	368
Chapter 5.2	Strategic Issue Management	369
5.2.1	Why strategic issue management?	369
5.2.2	What is a strategic issue management system?	370
*5.2.3	Issue identification	373
*5.2.4	Estimating impact/urgency	375
*5.2.5	The Eurequip matrix	377
5.2.6	Periodic planning and SIM	379
5.2.7	The behavioral factor	380
5.2.8	Summary	381
5.2.9	Exercises	382
Chapter 5.3	Using Weak Signals	383
5.3.1	Why weak signals?	383
5.3.2	States of knowledge	384
5.3.3	Strong and weak signals	385
5.3.4	Gaining acceptance for weak signal management	386
5.3.5	Detection of weak signals	386
*5.3.6	Estimating impact	387
5.3.7	Alternative response strategies	388
5.3.8	Feasible responses	390
5.3.9	Dynamics of response	391
*5.3.10	Preparedness diagnosis	392
*5.3.11	Opportunity-vulnerability profile	394
5.3.12	Decision options	395
•5.3.13	Choice among periodic planning, strong signal and weak signal management	396

5.3.14	Summary	398
5.3.15	Exercises	399

PART SIX MANAGING STRATEGIC CHANGE

Chapter 6.1	Behavioral Resistance to Change	403
	Sources of resistance	
6.1.1	The phenomenon of resistance	403
6.1.2	Resistance defined	405
6.1.3	Resistance and rate of change	406
6.1.4	An illustrative example	407
.5	Resistance by individuals	408
.6	Group resistance	408
.7	Organizational loyalty	409
.8	Perception vs. reality	410
.9	The cultural-political field	411
.10	Summary of contributing factors	412
	Managing resistance	
6.1.11	From reactive to proactive management	412
6.1.12	Building a launching platform	413
6.1.13	Diagnosing the nature of change	413
6.1.14	Building a supportive climate	414
6.1.15	Designing behavioral features into the plan for change	414
6.1.16	Behavioral management of the process	415
6.1.17	Summary	416
6.1.18	Exercises	416
Chapter 6.2	Systemic Resistance	418
6.2.1	Duality of organizational activity	418
6.2.2	Strategic capacity	419
6.2.3	Operating vs. strategic capability	420
6.2.4	Resistance and the capability gap	421
6.2.5	Resistance-inducing sequence	423
6.2.6	Motivating change sequence	425
6.2.7	Resistance and power	427
6.2.8	Designing systemic features into the plan for change	428
6.2.9	Summary	428
6.2.10	Exercises	429
Chapter 6.3	Alternative Methods for Managing a Discontinuous Change	430
6.3.1	Coercive change management	430
6.3.2	Adaptive change	431
6.3.3	Crisis management	432
6.3.4	Managed resistance ("accordion") method	433
6.3.5	Comparison of methods	434

•6.3.6	Choosing the appropriate method	434
6.3.7	Summary	436
6.3.8	Exercises	437
Chapter 6.4	Managed Resistance ('Accordion') Method for Introducing a Discontinuous Change	438
6.4.1	Application of resistance management to the alternative methods	438
6.4.2	Japanese and Western decision-making	439
6.4.3	Building the launching platform	440
6.4.4	Preparing a modular plan for change	443
6.4.5	Building implementability into the planning	444
6.4.6	Controlling the planning process	445
6.4.7	Progressive decision-making and early implementation	446
6.4.8	Institutionalizing a new strategy	447
6.4.9	Summary	448
6.4.10	Exercise	448
Chapter 6.5	Institutionalizing Strategic Responsiveness	450
6.5.1	Introduction	450
6.5.2	Why strategic planning does not work	450
6.5.3	Dual management system	451
6.5.4	Strategic control and strategic rewards	453
6.5.5	Dual budgeting	455
6.5.6	Dual structure	457
6.5.7	Institutionalizing strategic culture and power structure	458
6.5.8	Managing the institutionalization process	459
6.5.9	How far to institutionalize	461
6.5.10	Summary	461
•6.5.11	Checklist for managing change	462
6.5.12	Exercises	463

PART SEVEN OVERVIEW

Chapter 7.1	Epistemological Underpinnings	467
7.1.1	The contingency perspective	467
7.1.2	Simplicity, complexity and requisite variety	468
Chapter 7.2	Modes of Strategic Behavior	471
7.2.1	Unmanaged organic adaptation	471
7.2.2	Systematic planning	472
7.2.3	Ad hoc management	473
7.2.4	Choice of strategic behavior mode	474
7.2.5	Strategic learning	476
7.2.6	A map of strategic management	479

Chapter 7.3	The Crystal Ball	481
	7.3.1 Predictions for trends in technology of strategic management	481
	7.3.2 Predictions for future strategic challenges	483
	Glossary	487
	Bibliography	493
	Index	515

r

r