

# CONTENTS



INTRODUCTION OVERWHELMING OBSTACLES	1
PART I GOOD AND BAD STRATEGY	9
CHAPTER 1 GOOD STRATEGY IS UNEXPECTED	11
<i>How Steve Jobs saved Apple • Business 101 is surprising • General Schwarzkopf's strategy in Desert Storm • Why "Plan A" remains a surprise</i>	
CHAPTER 2 DISCOVERING POWER	21
<i>David and Goliath is a basic strategy story • Discovering Wal-Mart's secret • Marshall and Roche's strategy for competing with the Soviet Union</i>	
CHAPTER 3 BAD STRATEGY	32
<i>Is U.S. national security strategy just slogans? • How to recognize fluff • Why not facing the problem creates bad strategy • Chad Logan's 20/20 plan mistakes goals for strategy • What's wrong with a dog's dinner of objectives? • How blue-sky objectives miss the mark</i>	
CHAPTER 4 WHY SO MUCH BAD STRATEGY?	58
<i>Strategy involves choice, and DEC's managers can't choose • The path from charisma to transformational leadership to fill-in-the-blanks template-style strategy • New Thought from Emerson to today and how it makes strategy seem superfluous</i>	
CHAPTER 5 THE KERNEL OF GOOD STRATEGY	77
<i>The mixture of argument and action lying behind any good strategy • Diagnosing Starbucks, K-12 schools, the Soviet challenge, and IBM • Guiding policies at Wells Fargo, IBM, and Stephanie's market • The president of the European Business Group hesitates to act • Incoherent action at Ford • Centralization, decentralization, and Roosevelt's strategy in WWII</i>	



**PART II SOURCES OF POWER**

95

**CHAPTER 6 USING LEVERAGE**

97

*Anticipation by Toyota and insurgents in Iraq • How Pierre Wack anticipated the oil crisis and oil prices • Pivot points at 7-Eleven and the Brandenburg Gate • Harold Williams uses concentration to make the Getty a world presence in art*

**CHAPTER 7 PROXIMATE OBJECTIVES**

106

*Why Kennedy's goal of landing on the moon was a proximate and strategic objective • Phyllis Buwalda resolves the ambiguity about the surface of the moon • A regional business school generates proximate objectives • A helicopter pilot explains hierarchies of skills • Why what is proximate for one organization is distant for another*

**CHAPTER 8 CHAIN-LINK SYSTEMS**

116

*Challenger's O-ring and chain-link systems • Stuck systems at GM and underdeveloped countries • Marco Tinelli explains how to get a chain-link system unstuck • IKEA shows how excellence is the flip side of being stuck*

**CHAPTER 9 USING DESIGN**

124

*Hannibal defeats the Roman army in 216 B.C. using anticipation and a coordinated design of action in time and space • How a design-type strategy is like a BMW • Designing the Voyager spacecraft at JPL • The trade-off between resources and tight configuration • How success leads to potent resources that, in turn, induce laxity and decline • Design shows itself as order imposed on chaos—the example of Paccar's heavy-truck business*

**CHAPTER 10 FOCUS**

142

*A class struggles to identify Crown Cork & Seal's strategy • Working back from policies to strategy • The particular pattern of policy and segmentation called "focus" • Why the strategy worked*

**CHAPTER 11 GROWTH**

151

*The all-out pursuit of size almost sinks Crown • A noxious adviser at Telecom Italia • Healthy growth*



**CHAPTER 12 USING ADVANTAGE****160**

*Advantage in Afghanistan and in business • Stewart and Lynda Resnick's serial entrepreneurship • What makes a business "interesting" • The puzzle of the silver machine • Why you cannot get richer by simply owning a competitive advantage • What bricklaying teaches us about deepening advantage • Broadening the Disney brand • The red tide of pomegranate juice • Oil fields, isolating mechanisms, and being a moving target*

**CHAPTER 13 USING DYNAMICS****178**

*Capturing the high ground by riding a wave of change • Jean-Bernard Lévy opens my eyes to tectonic shifts • The microprocessor changes everything • Why software is king and the rise of Cisco Systems • How Cisco rode three interlinked waves of change • Guideposts to strategy in transitions • Attractor states and the future of the New York Times*

**CHAPTER 14 INERTIA AND ENTROPY****202**

*The smothering effect of obsolete routine at Continental Airlines • Inertia at AT&T and the process of renewal • Inertia by proxy at PSFS and the DSL business • Applying hump charts to reveal entropy at Denton's • Entropy at GM*

**CHAPTER 15 PUTTING IT TOGETHER****223**

*Nvidia jumps from nowhere to dominance by riding a wave of change using a design-type strategy • How a game called Quake derailed the expected march of 3-D graphics • Nvidia's first product fails, and it devises a new strategy • How a faster release cycle made a difference • Why a powerful buyer like Dell can sometimes be an advantage • Intel fails twice in 3-D graphics and SGI goes bankrupt*

**PART III THINKING LIKE A STRATEGIST****239****CHAPTER 16 THE SCIENCE OF STRATEGY****241**

*Hughes engineers start to guess at strategies • Deduction is enough only if you already know everything worth knowing • Galileo heresy trial triggers the Enlightenment • Hypotheses, anomalies, and Italian espresso bars • Why Americans drank weak coffee • Howard Schultz as a scientist • Learning and vertical integration*



**CHAPTER 17 USING YOUR HEAD****257**

*A baffling comment is resolved fifteen years later • Frederick Taylor tells Andrew Carnegie to make a list • Being “strategic” largely means being less myopic than your undeliberative self • TiVo and quick closure • Thinking about thinking • Using mind tools: the kernel, problem-solution, create-destroy, and the panel of experts*

**CHAPTER 18 KEEPING YOUR HEAD****276**

*Can one be independent without being eccentric, doubting without being a curmudgeon? • Global Crossing builds a transatlantic cable • Build it for \$1.5 and sell it for \$8 • The worst industry structure imaginable • Kurt Gödel and stock prices • Why the 2008 financial crisis was almost certain to occur • The parallels among 2008, the Johnstown Flood, the Hindenburg, the Hurricane Katrina aftermath, and the gulf oil spill • How the inside view and social herding blinded people to the coming financial storm • The common cause of the panics and depressions of 1819, 1837, 1873, 1893, and 2008*

**NOTES****299****ACKNOWLEDGMENTS****311****INDEX****313**