THE INNOVATOR’S BOOK CLUB

A Linked In Book Club for Innovation and Business Books

Book Review Questions (July/August 2014)


1. Strategy is the “one” position that the company claims as its own. Choices include the who, what, and how to determine a complete strategy. Markides proposes that “success stems from exploitation of a unique strategic position” (pg. 8), yet established companies make poor innovators. This opinion is clearly shared by Clay Christensen (The Innovator’s Dilemma). What do you do in your firm to identify strategic choices while ensuring that unique position continues to evolve with changing markets and technologies?

2. Chapter 2, “Decide What Your Business Is,” emphasizes the importance of breaking mental models to generate new ideas for successful innovation. There is no one right way to determine the right strategy for any one business, either. A crucial element of defining strategy is to take action. Is the strategy for your innovation program clearly defined and actionable? Describe how the strategy elements are translated into business actions across the organization.

3. Much like Christensen’s solution to the innovator’s dilemma, Markides stipulates that any chosen strategy must be continually questioned to identify more attractive positions as competition changes over time. Many firms fail to search for new strategic opportunities once they select a given strategy. In fact, they may be missing critical opportunities for growing the business. Does your company actively search for alternate strategic positions? If not, do established practices hold innovation back in any way? Explain.

4. Just like deciding what the business is (and is not), Chapter 3 discusses the strategic aspects of customer. Importantly, Markides stresses that any company with limited resources (probably all companies!) must carefully choose its customers. It is impossible to be everything to everyone, and companies that try to do so normally fail. Deciding who the customers are involves two (iterative) steps (pg. 52): what customers could be possibly targeted and which ones should be targeted? Within your new product development efforts, describe how you select customers.

5. In addition to deciding “who” your customers are, Chapter 3 also delves into understanding what products will be offered to these customers. Again, the author cautions that you can’t sell everything to everybody. Instead, a firm should apply strategic criteria to all possible ideas and choose products that satisfy distinct customer needs and are attractive in the marketplace. A list of ways to identify new products and services is included as Exhibit 3-4 (pg. 73). Which two of these do you think are most important for your innovation program and why?

6. Chapter 4, “Decide How You Will Play the Game,” gets to the heart of applying strategy to action, including all aspects of the firm’s value chain. Markides presents the classic business case study of People Express, an airline that promised budget fares with traditional service. Compare and contrast the strategy (“how to play the game”) of People Express with the strategy of Southwest Airlines (budget city-to-city fares with no major hubs). Why did People Express go out of business while Southwest is a growing major competitor in the United States?
7. Chapter 4 is entitled “Decide How You Will Play the Game.” The author explains that deciding “how” is the next step after deciding on the “who” (targeting the right customers) and the “what” (determining what products to offer). Strategy is described as combining activities into a system that will provide fit with the environment and actions taken by the company. While it seems that “how” should be easy, Markides gives several examples of firms that took actions that were inconsistent with their core business. Describe the processes that your firm uses to ensure that the “how” of innovation is consistent with the overall strategy of the business.

8. Creating fit with the organizational structure for a successful strategy relies upon several tactical arenas. First, adopt a questioning attitude. Then, monitor the strategic health of the firm and creative “positive crises”. Finally, build slack into the system. All of these actions allow the firm to be able to identify new market opportunities and to take advantage of new market openings as they arise. How does your firm apply questioning along with other innovation methods (Exhibit 4-3) to compete effectively in your industry?

9. The final piece of the puzzle in building a strategy in “All the Right Moves” is applying scarce resources to the strategic innovation problem. Every organization has a set of assets, skills, and capabilities that make it unique. The challenge in innovation is to ensure that these strategic assets are differentiated and not easily imitated by the competition. When developing a new product, describe how your firm ensure that the assets and capabilities applied to the problem are rare, not easy to imitate, and cannot be easily substituted (pgs. 115-116).

10. In Chapter 5, Markides argues that no strategy can be successful unless the organization has emotional commitment to it. In some cases, it might take years to build the case for a new strategy and create buy-in from the people who are implementing the strategy (e.g. the story of Canon). Describe two actions that your firm employs to ensure emotional commitment from new product development teams in executing a new strategy.

11. In Chapter 6, “Create the Right Organizational Environment,” the author describes the typical outcome of the “beer game” in which structural features force behaviors in a simulation of end-users, distributors, and suppliers. A lack of communication can exacerbate the costs incurred by teams in the simulation. However, when structural changes are put in place so that all parties are given access to end-user data, the discontinuities in the system are resolved. The lesson for new product development teams is that changing environmental behavior can change the results. Explain how you have implemented structural changes to improve innovation behaviors in your organization.

12. In Exhibits 6-3 and 6-4, Markides illustrates the key elements of strategy: structure, culture, people, and incentives. Examples of successful cultures (3M, Raychem) and those that did not adapt to new strategic objectives (People Express) further support the importance of a reinforcing system of structure, culture, people and incentives. How does your firm integrate these four elements to create a reinforcing innovation organization?

13. Chapter 7 brings together the key points from Part I of “All the Right Moves.” The author offers tips on rethinking the strategy by changing the order in identifying the “who, what, and how”. Another way to enhance the strategic outlook and to identify new ideas includes an approach to evaluate, experiment, learn, and modify. Designing a new strategy is partly through planning and partly by trial and error. Explain elements of the “evaluate, experiment, learn, and modify” cycle
in which your firm excels. Describe how you will approach improvements by using this strategic approach.

14. In Part II of “All the Right Moves,” the author describes how a firm can create and exploit a unique strategic position by using the tools described in earlier chapters. Disruptive innovation results from identifying new “who, what, and how” in the industry. Often established firms have difficulties addressing radical innovation, yet the costs are high in failing to adopt new strategic positions. How does your firm balance existing product success with new product innovation?

15. Chapter 9, “Evaluate and Respond to Strategic Innovation,” stresses the point that innovation decisions are difficult. Companies with successful products may find that pursuing risky ventures splits their attention and leaves the base business exposed. To solve this dilemma, Markides recommends performing not only a cost/benefit analysis but also a strategic fit analysis. If the new opportunities utilize the firm’s core capabilities and allow the organization to expand logically, then the business must learn how to attack the new innovations. One course of action is to slowly phase out the older business. In light of P&G’s recent announcement to sell off over 100 brands and concentrate on the core business, what comments do you have regarding a slow phase out in conjunction with a rigorous approach to new opportunities?

16. The last chapter of “All the Right Moves” summarizes the thoughts and strategic approaches put forth in the book. According to the author, the definition of strategy is to generate a lot of ideas, identify those ideas the firm will and will not pursue, and then implement the ideas with a degree of flexibility. Defining strategy is challenging and will be different for every firm in every industry. Explain how you would apply this particular definition of strategy to growing the innovation capabilities at your firm.

17. “All the Right Moves” is a classic text on developing strategy by a well-respected author (Constantinos Markides). Would you recommend “All the Right Moves” to your colleagues in new product development, innovation, and project management? Why or why not?