

Book Review

Robert M. Grant (2010). *Contemporary Strategy Analysis: Text & Cases* (7th ed.). Chichester: John Wiley & Sons. 944 pages, £42.99, ISBN-13: 978-0470747094.

Q. Why are there so many books on strategy?

A. Because it is a subject we know so little about.

There is an element of truth in this old joke. Strategy is both amorphous and important. Unlike most other subjects in business and management, it has no agreed beginning and certainly no end. It is difficult even to determine when "business policy" became "strategy", or whether strategy is the superset of organisational behaviour, human resources, marketing, operations, information systems, finance, accounting, and leadership, or a subset of each.

Selecting an approach - and a textbook - involves a baffling array of choices. We can choose from a huge assortment of cookbooks, too numerous to mention, offering recipes like 200g of PEST, 350g of SWOT, Five Forces, three (or four) Generic Strategies, and a sprinkling of Value Chain. What students will generate and remember is often just the shopping list, because they leave our kitchens before the warm and enticing smells start to waft from the strategy oven.

As an alternative, we can teach strategy as philosophy, picking from the charming *Strategy Safari* (Mintzberg, Ahlstrand, & Lampel, 2009), the demanding *Images of Strategy* (Cummings & Wilson, 2003) or the transcendental *What is Strategy?* (Whittington, 2001). Such books help lecturers escape more programmatic modes of thought, but with a risk. Students, especially those with limited first-hand experience of business, have not yet experienced enough of the physics beneath to scale the metaphysics above.

A third choice is to offer second-hand experience in lieu of the first-hand: a case study approach to build appreciation of theory from the experience of crafting a plan. The few hours we have with students often make this approach a luxury, and at the end we will have shown them only a small number of the instruments in our toolkits. A fourth organises teaching around categories of problems each tool helps to address, as *The Strategy Pathfinder* (Angwin, Cummings, & Smith, 2007) seeks to do, but these are problems students often have not yet seen.

These choices may not, of course, have been top of his mind when the editor of IJME requested a review of one of the many texts in the field, the new edition of Robert Grant's *Contemporary Strategy Analysis*. Now in its seventh iteration, the book comes in flavours of text-only, cases-only and text and cases combined to satisfy a variety of teaching methods. It is the first revision since Grant moved his main base from the United States to Europe, which has perhaps brought a broader vantage point in various corners what was already a good text, without losing the crisp, no-nonsense approach of his earlier editions. The five sections of the book remain the same: the concept of strategy, the tools, competitive advantage, industry contexts, and corporate strategy. This organisation is at once logical and arbitrary, comprehensive yet speckled with holes.

Grant begins with a history of strategy, starting with financial budgeting in the 1950s and on to planning, positioning, resources and advantage, and then innovation. The contemporary phase - labelled 2009 in the new edition and 2006 in the previous - is a collection of ethics, global markets and a "winner-takes-all" notion of how some business sectors have become, in effect, single company industries, when one company becomes a standard. This history underpins in part the logic of the book, but the subject soon imposes its messy self on the order he has tried to create. An example: Chapter 2 involves a plunge into the icy waters of financial analysis. When we emerge it is to an exhilarating - and, for students, frightening - encounter with real options, which draws lessons on valuation from a different and dark corner of finance. The logic of real options, however, arises more comfortably after a discussion of a resource-based approach to strategy, which we have not yet seen. We learn soon from Grant about resources and capabilities, of course, too soon if this were really an historical account, even before he discusses competitive advantage. Grant recounts Michael Porter's attempt to explain advantage by placing elements in different parts of the topology of this book. In doing so, Grant deprives Porter of the chance to present his integrated whole, but his work fits in better with Grant's structure.

The final chapter - one that students may never reach - is an example of the increasingly common attempt among textbook writers to provide a glimpse of "current thinking" - often a miscellany of things that did not fit elsewhere. In Grant's chapter we learn of volatility in the economy, economic crisis (new in this edition!), complexity, adaptability, and how to reorient the approach a business takes to shareholder value. Here lies the flaw of this part of the venture - indeed the root of the problem in selecting any approach to teaching and writing about strategy. These are huge subjects in themselves, treated here just in outline. As a result, their links to what we have learned from earlier chapters seem less than obvious: the focus in strategic

thinking on resources and capabilities arose, after all, in response to the need for adaptability in a complex and volatile business environment, one which had defeated more programmatic approaches to setting strategy through what Mintzberg calls planning, positioning and design. These themes - and the core topic of making decisions for an uncertain future - are integral to the study of strategy, not a bolt-on of things we lack the time to discuss in detail.

Grant's is a better book than many, with something approaching a narrative and less of the feel of an encyclopaedia, but describing this subject is a daunting task: each topic makes more sense when you have learned something else first. Textbook writers must therefore despair when the editor or a reviewer says the volume includes "too much portfolio analysis", "too little innovation", or even "Porter in the wrong order", when the material is as messy and disorderly - as complex - as this. Nonetheless, we long for a book that captures the richness of a field that has excited us to teach, think and write about it.

Perhaps the route lies in setting a path that describes strategy less as a series of objects or models to be memorised and manipulated, and more as a response of people in organisations to change. Our understanding would grow from the notion that rapid shifts in fad and fashion, disruptive technologies, market volatility - and indeed the slow and inexorable swings associated with demography, natural resources and the climate - inform how businesses organise resources and select where to invest. It might combine elements of the empirical research we now call "strategy as practice" with a collection of tools that have worked, more or less, in one setting or another, some of the time, for some companies. The loops and twists in Grant's text approximate this knowledge, as he attempts to link the contemporary to the ancient world of strategy, the external focus of competitive advantage to the introspective one of resources.

The approach I suggest might not lend itself to the linear flow of a book with Chapters 1 to 18 and the associated sets of presentation slides. Nor is it a purely case-based approach: even with the good selection in this volume, someone needs to recount the story of strategy as well. Grant's is an admirable attempt, if one rooted more in conventional than contemporary analysis.

References

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