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August 15, 2011

Introduction (as presented) to *The Concept of Strategy 40 Years Later: What Happened to Andrews's Vision for Business Policy?*

**THE CONCEPT OF STRATEGY
40 YEARS LATER:
WHAT HAPPENED TO ANDREWS'S
VISION FOR BUSINESS POLICY?**

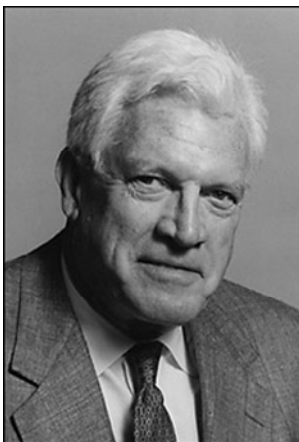
Academy of Management
San Antonio, August 15, 2011

The Second World War interrupted Kenneth Andrews's doctoral studies in English literature. He was working on a dissertation about Mark Twain.¹ After he was drafted, Andrews became an officer in the Air Force's Statistical Control Unit, which was training its new officers with the assistance of members of the Harvard Business School faculty on the school's campus. Andrews made a good enough impression at HBS during the war that he was invited back after the war for a one-year teaching assignment that eventually turned into a 40 year long tenure of distinction, culminating in editorship of the Harvard Business Review. In perhaps no capacity was Andrews more influential, though, than as a member of the small group of faculty, including Edmund Learned and C. Roland Christensen, tasked during the 1950s with rethinking the school's required course in business policy.

¹ Published in 1950 by Harvard University Press as *NOOK FARM: MARK TWAIN'S HARTFORD CIRCLE*.

Business policy had been taught at Harvard since 1912 as a course that sought to train students to tackle problems that affected the firm as a whole, that were not just marketing problems or manufacturing problems, but life and death problems of the firm that required a considered response from top management. The innovative contribution of Andrews with his colleagues was to develop the concept of strategy as the organizing principle of the business policy course.² This contribution was first implemented through a series of cases, including Andrews's landmark study of the Swiss watch industry.³ And with the publication in 1965 of the seminal casebook, *Business Policy: Text and Cases*, Andrews put his vision for business policy down on paper.⁴ It was this text, introducing the book's cases, that became the work that this symposium honors on its 40th anniversary, *The Concept of Corporate Strategy*.⁵

Kenneth R. Andrews



“My career as a teacher, researcher, and consultant has been focused on the education of practicing executives . . . to direct their attention to the need for defining the purposes of their own lives and those of their organizations, and to the fact that such purposes should be worth pursuing in terms of profit outcomes and social responsibility.”

² Kenneth R. Andrews, *Harvard Business School Professor and Father of Corporate Strategy, Dead at 89*. HBS Press Release (2005) (available at <http://news.harvard.edu/gazette/2005/09.22/09-andrewsobit.html>).

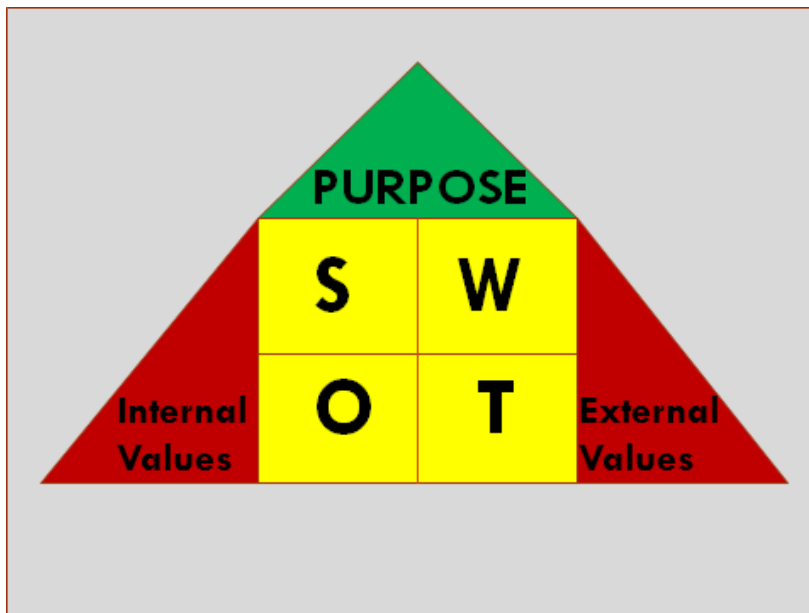
³ See LEARNED, CHRISTENSEN AND ANDREWS, *PROBLEMS OF GENERAL MANAGEMENT: BUSINESS POLICY—A SERIES CASEBOOK*, pp. 3-140 (1961).

⁴ LEARNED, CHRISTENSEN, ANDREWS AND GUTH, *BUSINESS POLICY: TEXT AND CASES* (1965).

⁵ ANDREWS, *THE CONCEPT OF CORPORATE STRATEGY* (1971).

Andrews said that his “career as a teacher, researcher, and consultant ha[d] been focused on the education of practicing executives to direct their attention to the need for defining the purposes of their own lives and those of their organizations, and to the fact that such purposes should be worth pursuing in terms of profit outcomes and social responsibility.”⁶

Andrews cared so much about practicing executives because, in his view, it is they who bear “responsibility for leading the organizations that develop material wealth in our society and thereby make possible all the other kinds of wealth that constitute our civilization and make life worthwhile.”⁷ These managers have an awesome responsibility and Andrews thought they “need whatever help we can provide.”⁸ Andrews’s way of helping was to provide a “conceptual framework for thinking about the problems that confront the general manager, breaking his problems down into more manageable units, and proposing a sequence in which they might be reasonably ranked and considered.”⁹



⁶ As quoted in Moulton, Profiles in executive education: Ken Andrews, *Business Horizons*: Sept-Oct, 1995.

⁷ THE CONCEPT OF CORPORATE STRATEGY at vii.

⁸ *Id.* at 2.

⁹ *Id.*

Two of the “more manageable units” are very well known as SWOT analysis. The first stage in the Andrews framework is the exploration of the external environment to identify a firm’s market opportunities and face up to its threats (OT). Next comes the look inside the firm to ascertain its strengths and weaknesses (SW). Through these inquiries, the manager seeks to identify strategic alternatives that are economically attractive. But, for Andrews, being economically attractive is not enough, SWOT is not strategy.¹⁰

Rather, the strategist needs to consider what a firm stands for and what its leadership cares about because a winning strategy needs to resonate with top managers’ values, in part because the success of the strategy depends upon their personal commitment. Last but certainly not least, for Andrews, comes social responsibility. In brief—because the chapter on social responsibility is 70 pages long—Andrews thinks that before they can formulate strategy, managers need to ask what society deserves from their firms. Complying with law is not enough because laws and regulations can never keep up with our rapidly changing society. The best we can do as a society is to have conscientious managers who measure the success of their firms in terms of profit but also in terms of social good.

Turning now to our illustrious panel:

¹⁰ *See id.* at 38.

“The determination of strategy also requires consideration of what alternative is preferred by the chief executive and perhaps by his immediate associates as well, quite apart from economic considerations. Personal values, aspirations, and ideals do, and in our judgment quite properly should, influence the final choice of purposes. Thus, what the executives of a company want to do must be brought into the strategic decision.

Finally, strategic choice has an ethical aspect—a fact much more dramatically illustrated in some industries than in others. Just as alternatives may be ordered in terms of the degree of risk that they entail, so may they be examined against the standards of responsibility that the strategist elects. Some alternatives may seem to the executive considering them more attractive than others when the public good or service to society is considered. What a company should do thus appears as a fourth element of the fateful decision we have called strategic.”

Joseph Bower

Professor Joseph Bower joined Andrews as a member of the Business Policy faculty in 1963 and served as an editor of the Business Policy case book in its 4th through 7th editions. In his early work, Professor Bower probed the critical question of how large corporations actually make investment decisions with his award-winning study published in 1970, *Managing the Resource Allocation Process*. Professor Bower has continued to work on the challenges facing leaders of corporations, and has a new book, forthcoming, with co-authors Dutch Leonard and Lynn Sharp Paine, entitled *Capitalism at Risk: Rethinking the Role of Business*. In addition to his scholarship, Professor Bower has been active over the decades in the development of numerous institutions and programs, both at Harvard and abroad, and participated in the 1977 conference in Pittsburgh which, more than anything else, marks the institutional birth of the field of strategic management out of the foundation laid by business policy.

Dan Schendel

Our panelist, Professor Dan Schendel, with Charles Hofer, organized the famous Pittsburgh conference and provided the clarion call for the development of an academic field of scholarship, grounded in rigorous empirical studies, as against business policy which had been most of all a course and whose concepts had been tested, if at all, only through case studies.¹¹ At Purdue University in the mid-1970s, Professor Schendel began paving the way for the field of strategic management with the groundbreaking industry research known as the brewery studies that developed and tested some of the first mathematical performance models of strategy.¹² Professor Schendel's scholarly contributions are matched by his institutional contributions. Every academic field needs its journal and society, and Dan Schendel spearheaded both,

¹¹ See Schendel and Hofer, *Strategic Management: A New View of Business Policy and Planning* (1979).

¹² See Dan Schendel's biography on the Strategic Management Society website (available at <http://strategicmanagement.net/bio.php?u=1536>).

founding the highly regarded Strategic Management Journal in 1980 and serving as its Founding Editor and founding the Strategic Management Society the next year.

As our chair noted, you will be hard-pressed to find much discussion of values and ethics in the strategy scholarship of the last couple of decades. Fortunately, 1980 saw another pivotal development in the institutions of business scholarship.

Tom Donaldson

Our panelist, Tom Donaldson , was a moral philosopher teaching in a philosophy department in the 1970s but was bringing his scholarly attention to problems of corporate responsibility and morality in business. In the mid-1970s, a critical mass was developing among a circle of philosophers to form an academic society and Professor Donaldson led the charge that gave rise to the Society for Business Ethics in 1980. This Society later created a journal, the Business Ethics Quarterly, which has become the premium outlet for business ethics research. In his scholarship, Professor Donaldson has brought a social contracts perspective to business ethics and has been successful in communicating normative concepts to business scholars broadly with widely-cited publications in outlets that include the Academy of Management Review and the Harvard Business Review.

Please contact the author for further bibliography relating to this topic.

PEOPLE WHO DO NOT BELIEVE THAT
MANAGEMENT IS AN ACTIVITY REQUIRING
AT ITS BEST EXTRAORDINARY INTELLECT AND
INTELLIGENCE, MARKED BY PHYSICAL
POWERS IN TERMS OF ENERGY, STAMINA,
AND STRENGTH, AND DURABLE MORAL
QUALITIES LIKE COURAGE, INTEGRITY,
DETERMINATION, AND ABILITY TO CHOOSE
RIGHT OVER WRONG SHOULD READ NO
FURTHER, FOR NOTHING IN THE PAGES TO
COME WILL MAKE SENSE TO THEM.
ALL OTHERS ARE WELCOME.

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¹³ THE CONCEPT OF CORPORATE STRATEGY at xv.