

INTRODUCTION

The cause of all human evil is not being able to apply general principles to special cases.
(Epictetus, c. 60-120; Roman philosopher)

Just as there is not one best way of making strategy, there is not one best way of teaching it either. Throughout the past number of years we have visited many colleagues and observed many different, yet effective, teaching styles, class formats and course structures. Each person has his/her own preferences, each business school has its own peculiarities and each national context has its own particular needs. It would be impossible to detail how *Strategy: Process, Content, Context* could be employed to fit with all of these individual circumstances. Each strategy course needs to be individually crafted - we can't give a few simple recipes for designing and running a course.

Luckily, it has been our experience that most professors using or contemplating our book don't want us to tell them how to run their courses. In general they are knowledgeable and experienced, and have intentionally turned away from the simple "how to" textbooks. These professors dislike "instructing" their students on how to follow simplified step-by-step strategy-making procedures. The last thing such professors need is a step-by-step manual instructing them on how to teach a strategy course.

So, what is required is not a manual, but a guide that helps the professor to explore the teaching opportunities offered by the book and aids him/her in extracting as much value as possible from the book's use. In other words, just like the former two editions, the third edition of *Strategy – Process, Content, Context: An International Perspective* is a resource that can be employed in a variety of different ways for professors that would like to become quickly acquainted with all of the possibilities available to them. This insight will allow professors to blend the book into their own specific teaching approach.

Before presenting you the teaching notes that guide you through the process of teaching the cases, we will focus on the conditions you can set in order to ensure that you and your students get the most out of your course and the cases you teach. We will outline a number of the ways in which the book could be applied to teaching strategic management.

COURSE DESIGN

Attention will be paid to the following aspects of course design:

- *Teaching objectives.* What should students learn and what should be the role of the course and the professor in the learning process? In other words, what is the *course mission*?
- *Teaching approaches.* What type of general approach should the professor take to meet the teaching objectives? In other words, what is the *course strategy*?
- *Teaching formats.* How should the professor mix theory and cases and how should class time be spent? In other words, what are the *course tactics*?
- *Teaching set-ups.* How should the course be organized, in what order should the course cover the topics and how much time should be spent on each chapter? In other words, what is the *course structure*?

Teaching Objectives

Perfection of means and confusion of goals characterize our age.
(Albert Einstein 1879-1955; German-American physicist)

What do we actually want students in a strategic management or business policy course to learn? It seems an obvious question to start with, especially to strategy professors. Yet, in practice, the large majority of strategic management textbooks on the market do not make their teaching objectives explicit. These books implicitly assume that the type of teaching objectives and teaching methods needed for a strategic management course do not differ radically from any other subject - basically, strategy can be taught in the same way as accounting or baking cookies. Their approach is based on the following teaching objectives:

1. *Knowledge*. To get the student to clearly understand and memorize all of the "ingredients";
2. *Skills*. To develop the student's ability to follow the detailed "recipes";
3. *Attitude*. To instill a disciplined frame of mind, whereby the student automatically attempts to approach all issues by following fixed procedures.

This is an important way of teaching - it is how all of us were taught to read and write, do arithmetic and drive a car. We refer to this type of teaching as instructional, because students are told what to know and do. The instructor is the authority who has all of the necessary knowledge and skills, and it is his/her role to transfer these to the students. Thus the educational emphasis is on communicating know how and ensuring that students are able to repeat what they have heard. Students are not encouraged to question the knowledge they receive - on the contrary, it is the intention of instructional teaching to get students to absorb an accepted body of knowledge and to follow established recipes. The student should *accept, absorb and apply*.

However, while instructing students on a subject and programming their behavior might be useful in such areas as mathematics, cooking and karate, we believe it is not a very good way of teaching strategy. In our opinion, a strategic management professor should have a different set of teaching objectives:

1. *Knowledge*. To encourage the understanding of the many, often conflicting, schools of thought and to facilitate the gaining of insight into the assumptions, possibilities and limitations of each set of theories;
2. *Skills*. To develop the student's ability to define strategic issues, to critically reflect on existing theories, to creatively combine or develop theories where necessary and to flexibly employ theories where useful;
3. *Attitude*. To instill a critical, analytical, flexible and creative mindset, which challenges organizational, industry and national paradigms and problem-solving recipes.

In other words, strategy professors should want to achieve the opposite of instructors - not to instill recipes, but rather to encourage students to dissect and challenge recipes. Strategic thinking is in its very essence questioning, challenging, unconventional and innovative. These aspects of strategic thinking can not be transferred through instruction. A critical, analytical, flexible and creative state of mind must be developed by practicing these very qualities. Hence, a learning situation must encourage students to be critical, must challenge them to be analytical, must force them to be mentally flexible and must demand creativity and unconventional thinking. In short, students can not be instructed, but must learn the art of strategy by thinking and acting themselves - they must *discuss, deliberate and do*. The role of the professor is to create the circumstances for this learning. We therefore refer to this type of teaching as facilitative.

This teaching philosophy has lead to a radical departure from traditional textbooks that focus on knowledge transfer and application skills, and that have often been written from the perspective of just

one paradigm. This book incorporates a number of features intended to help professors to create a course that can meet the ambitious teaching objectives mentioned above:

- *Broad coverage of strategic management field.* Contrary to conventional textbooks, this book covers all three dimensions of strategic management (process, content and context) and deals with a wide range of issues on each dimension. The underlying philosophy is that strategic thinking requires students to have an overview over all relevant aspects of strategy. A capstone strategic management book should help the professor to present the breadth of the field and challenge students to develop a holistic and integrative perspective.
- *Broad coverage of different schools of thought.* While most other textbooks have been written from one perspective or present only a few opposing ideas, this book makes the fundamental differences in opinion within the field of strategic management its focal point. The underlying philosophy is that strategic thinking requires the ability to recognize perspectives and recipes, and the mental flexibility to shift between paradigms. A strategic management book should help the professor to challenge students to use and combine different perspectives when approaching and tackling strategic issues.
- *Academic depth.* This book goes beyond just understanding and applying relatively simple tools and basic concepts. Strategy is more than "five steps to strategic success." Students are challenged to understand more complex phenomena and to critically reflect upon them. This intellectual stimulus is reinforced by not shielding students from the uncertainties, inconsistencies and disputes within the field of strategic management. The underlying philosophy is that strategic thinking requires an analytical and critical mind, which can see the limitations of simple recipes. A strategic management book must not pretend that strategizing can be learned by following recipes, but should help the professor to challenge students to question existing ideas and develop a tolerance for theoretical complexity, ambiguity and uncertainty.
- *International perspective.* This book has been explicitly developed for professors who want or need to take an international perspective. This is not only reflected in the cases and in the chapters about the international and European contexts, but also in the broad spectrum of approaches that are presented - this allows the professor to discuss which approach might be more suitable to which country or culture. The underlying philosophy is that strategic thinking requires a culturally adaptive mind. A strategic management book must help the professor to challenge students to understand that "the best" approach to strategy may depend on the country one is in.
- *Strong link between theory and cases.* In many other books little effort is made to tie cases and theory together, or at best the theory is directly "applied" to the case. In this book, however, text chapters and cases are closely linked and each case is approached from a variety of perspectives - the theoretical debate is continued as a practical debate on how the case's issues can best be approached. In this way, the case discussions yield two major benefits. First, the theoretical debates become more concrete once they are conducted on the basis of an actual business situation. The usefulness and limitations of each theoretical perspective become much more apparent if students can discuss them in the setting of a practical case. Second, students acquire the ability to employ theoretical concepts in practice, without resorting to "blind" application. Students learn that approaching practical strategic issues does not call for a "fill in the blanks" mindset - "applying" theory is in itself a delicate art. In other words, the underlying philosophy is that strategic thinking requires a mind that can skillfully move from general principle (theory) to specific situation (practice) and back. A strategic management book must help the professor to challenge students to develop this "vacillation" ability.

These characteristics of the book are the embodiment of our teaching philosophy and teaching objectives. Users of the book do not need to agree, nor do they need to follow our approach. However, it is important to acknowledge that the rest of this teaching guide has been based on the characteristics described above.

Teaching Approaches

The thinker without a paradox is like a lover without feeling: a paltry mediocrity.
(Soren Kierkegaard 1813-1855; Danish philosopher)

Even within the facilitative teaching philosophy, there remains a wide range of teaching approaches that professors can adopt. In our view, the most important choice professors must make is on how to deal with theory diversity. *Strategy - Process, Content, Context: An International Perspective* presents a broad coverage of different schools of thought and professors must decide on how the debate between these different perspectives should be conducted. In principle, there are four ways of structuring a discussion using articles representing rivaling schools of thought:

- *Collection.* The first and least appealing, teaching approach is to treat the articles as a collection of unconnected readings. In this approach each article is discussed in isolation and the book is viewed as a handy reader bringing together a number of strategy classics. There is no real debate and the different underlying paradigms are not made explicit. This approach is taken if a strategic management course is intended to be no more than an aggregation of individual insights (*non-paradigmatic approach*).
- *Competition.* An alternative teaching approach is to let the various schools of thought compete with one another, to see which perspective has the most descriptive and/or prescriptive value. In this approach each article is seen a combatant and the book is viewed as an arena from which the most fit school of thought will emerge. In other words, the debate focuses on selecting the best perspective, which may also lead to the discrediting of the other contenders. This approach is taken if a strategic management course is intended to result in one clear-cut, yet dogmatic, theoretical perspective (*mono-paradigmatic approach*).
- *Coexistence.* A more appealing teaching approach is to compare the various schools of thought and to explore how each can contribute to a better understanding of strategy. In this approach the articles are treated as complementary and the book is viewed as a set of lenses, each offering a different, yet beneficial, insight. The various schools of thought coexist and the debate focuses on determining the value and limitations of each perspective. This approach is taken if it is the intention of a strategic management course to acknowledge and respect the richness of theoretical perspectives (*multi-paradigmatic approach*).
- *Connection.* Finally, professors can also opt for a teaching approach whereby they attempt to combine the various schools of thought into a more integrated view of strategy. In this approach the articles are seen as building blocks and the book is viewed as a research laboratory, where the various perspectives are mixed and matched to construct a more balanced and complete understanding of strategy. The debate focuses on gaining insight into the conflicting and complementary relations between perspectives. The discussions can lead to cross-fertilization of perspectives and a higher level synthesis. This approach is taken if it is the intention of a strategic management course to challenge students to leverage the set of theoretical perspectives by employing them simultaneously, instead of sequentially (*inter-paradigmatic approach*).

While the book can be used in combination with all four approaches, we believe that the highest added value is obtained in the cases of 'coexistence' and 'connection'. Especially connection has our didactical preference. Understanding and appreciating different points of view, as in the case of a multi-paradigmatic approach, is an important step in the development of strategic thinking. The ability to switch lenses is essential for the creativity, flexibility and critical analyses needed of a strategist. However, the sequential use of lenses can lead to a fragmented and unbalanced view of strategic

issues. The more lenses, the more complex and contradictory the analyses - not uncommonly leading to paralysis by analysis. The student will come to understand the paradoxes described in the book, but will not be capable of resolving them.

Being able to combine and balance the various perspectives depending on the strategic issue and circumstances encountered, as in the case of an inter-paradigmatic approach, is ultimately an essential capability for engaging in the art of strategy. Strategists must be able to make the move from thesis and antithesis to synthesis; otherwise they will not be able to move from thought to action. We therefore always try to challenge students to try to resolve the strategy paradoxes by blending the various perspectives into a holistic view of strategic management.

Teaching Formats

Strategy. Power and knowledge. Science when mere knowing; Art when doing is the object.
(Karl von Clausewitz 1780-1831; German military theorist)

Once professors have chosen their teaching objectives and teaching approach, they must determine how to structure the learning situation. In other words, professors must select a teaching format. In general, there are four types of teaching formats from which professors can choose:

- *Theory only.* A classical university course is one that revolves around the theory, whereby no use is made of cases. Such a teaching format is usually employed if, to paraphrase Von Clausewitz, science and not art is the objective. It is also used if case teaching is too difficult - for example, if one professor must teach a group of more than 100 students.
- *Theory first, then case.* Many professors prefer to supplement a discussion of the theory with a case analysis. Commonly they will spend a class session or the beginning of a class session with a presentation and/or class discussion based on the theory. After this initial exploration, the professor will turn to the case as an exercise for gaining a deeper understanding. This teaching format is usually employed if professors prefer to have a well-structured, theory-driven case discussion. The key questions are 'How can the theories be applied' and 'What are their limitations?'
- *Case first, then theory.* The opposite teaching format is to start with a practical strategic management issue, in the form of a case or otherwise. The class discussion will then focus on understanding the strategic issue and seeking a course of action. Only after the students have finished the case and have developed a 'feel' for the issue, does the professor place it in a broader theoretical context. In other words, the theoretical discussion is grounded in the class's practical case analysis. This teaching format is usually employed if professors prefer an exploratory, theory-seeking case discussion. The key questions are 'What can be learnt from this specific situation' and 'Can these lessons be generalized and transferred to other situations?'
- *Theory and case simultaneously.* Finally, some professors try to combine the theory-driven and case-driven teaching formats by intertwining the two. They will often start with a short theoretical introduction to the topic and then launch into the case. The case discussion will often require a short theoretical intermezzo, for clarification and conclusions, after which the case discussion is resumed. At the end of the case discussion the theoretical insights are consolidated by means of a final overview. This teaching format is usually employed if professors place much emphasis on students' ability to skillfully move from general principle to practical situations and back.

As stated earlier, there is no best way to teach strategy - no teaching format that is best under all circumstances. The most appropriate format will depend on such variables such as the number of students, their level and abilities, the skills of the professor and the time available. The most important thing is to make a choice that fits with these circumstances and to follow this choice through in a consistent manner.

Teaching Set-ups

When translating the teaching objectives, approach and format into a course set-up, professors must consider a large number 'design variables'. In other words, strategic management course structures can significantly differ from one another on quite a few dimensions. Some design variables can be determined by the professor, while others must be taken as a given. Some of the most important ones are:

- *Course scope.* Professors must decide whether to cover all chapters in the book and whether to skip, or even add, particular articles.
- *Class session sequence.* The order in which topics will be covered must also be determined. Following the chapters in their numerical sequence is a logical choice. However, some professors might prefer to let section III (strategy content) precede section II (strategy process).
- *Class session length.* The length of class sessions can vary from 45 minutes to 4 hours, although the professor does not usually determine this.
- *Class session frequency.* The number of class sessions can vary from 5 to 45 sessions, and is usually also difficult to influence.
- *Class session density.* Class sessions can be clustered into a compact module of 2 to 5 days or can be spread, so that teaching takes place intermittently - 1 to 3 times a week - over a longer period of time.
- *Class session preparation.* Some professors require students to perform activities prior to a class session, for instance to prepare readings, a case and/or an assignment. Other professors integrate these activities into the class sessions.
- *Class session structure.* Each class session can be a mix of activities ranging from listening and discussions to role-playing and assignments. All of these activities can be plenary, in small groups or individual. Each can involve different levels of student-professor interaction.
- *Course cases.* Professors also need to determine which specific cases will be employed. The chapter coverage table in section VI can be of assistance for making these choices. Especially if professors want to combine the discussion of two or more issues, this table can help to determine the most suitable case.
- *Course assignments.* Beside class session related work, professors can also assign other duties, such as the writing of an essay, desk research or field work. These assignments can be carried out in groups or individually.
- *Course examination.* It must also be determined how the students' progress will be evaluated. Exams can be written or oral, open or closed book, open answers or multiple choices, individual or group work, and can vary in number, length, weight and level.

With so many variables, it is clear why no blueprint course structure can be given. Professors will need to tailor their teaching set-up to meet their own circumstances. *Strategy - Process, Content, Context: An International Perspective* is flexible enough to fit with almost any of these. However, to give interested professors a point of reference, we have made our most recent course outlines available for download from our website.

TEACHING NOTES

Those who have read of everything are thought to understand everything too, but this is not always so—reading furnishes the mind only with the materials of knowledge. It is thinking that makes what is read ours.

It is not enough to cram ourselves with a great load of collections; unless we chew them over and over again, they will not give us strength and nourishment.

(John Locke, 1632-1704; English philosopher)

As Locke correctly observed, true understanding requires more than just reading. Ideas, concepts and perspectives must be ‘chewed over’ before they can be absorbed in our minds. One of the most common and beneficial ways of achieving this is by means of case discussions. Therefore, 22 long cases and 11 short cases have been included in the book, giving the reader ample opportunity to apply the theoretical concepts to practical situations.

To increase the accessibility of the long cases, three tables have been included on the next pages, clarifying the content and potential usage of the cases. These tables deal with the following topics:

1. *Chapter Coverage.* Table 1 indicates which cases are most suited to which chapters. The extent to which cases and chapters *fit* has been expressed by means of stars. Three stars mean that there is an *excellent* fit between the case and the theoretical issues being discussed in the chapter. Two stars indicate that the fit is *good* and that the theoretical issues can be well illustrated by the case material. One star means that there is only a partial (*reasonable*) fit; the chapter’s theory is of secondary importance to understanding the case issues. Table 1 shows that at least two cases have an excellent fit with each chapter.
2. *Industry Sector Coverage.* Table 2 indicates which industries are dealt with in which cases. This table reflects the balanced coverage of the cases.
3. *Country Coverage.* Table 3 indicates which countries are dealt with in which cases. Two stars are used to dignify that the country is a primary focus of the case. One star means that the country is discussed in the case, but that it is only of secondary importance to the case topic. Table 3 illustrates the broad international coverage of the cases.

As the link between the theoretical chapters and the cases is the most important, the sequence of the cases in the book follows the chapters with which they have the best fit. The teaching notes are presented in the same order.

Each teaching note has been structured in the same way, to make them more readily usable. Each teaching note consists of the following paragraphs:

- *Case Synopsis.* This paragraph gives a short summary of the case’s key points.
- *Teaching Objectives.* This paragraph outlines which major elements of the corresponding chapter’s theory can be illustrated using the case.
- *Teaching Guideline.* Subsequently, it is explored how the case can be employed, what its strengths are, whether there are any pitfalls and what the professor should keep in mind while teaching.
- *Case Questions.* In this paragraph case questions are suggested that roughly cover the main case issues.
- *Case Analysis.* Here a general analysis is given on the basis of the case questions.
- *What Happened After the Case?* Each case discussion is wrapped up by a short review of the major events that have happened after publication of the case. This section is also regularly updated on our website.

▪ **Table 1**
Chapter Coverage

CHAPTER	1	2	3	4	5	6	7	8	9	10	11
London Heathrow	***	**	*	**	*	*	*	*	*	*	*
Honda Motors	***	**	**	*	*	*	*	*	*	*	*
Apple		***		**	**			*	**	*	*
Gucci	*		*	*	**			*	*	*	
UPS		*	***	**	*	***		**			
DSM		*	***	**	*	*		*			
Ferrari	*	**	**	***	**	*	**	*	*	*	
COSCO			**	***	**	**	**		**	***	*
Starbucks in US			*	**	***	*	*	**	*	***	
Pep Stores		*	**	***	***	**		*	**		**
Nestlé			**	**	**	***	*	**		*	**
Aditya Birla Group		*	*	***	***	***		*	**	**	
Air France - KLM			*	**	**	**	***	**		*	**
BT Group		**	**		**		***	**		*	
Wi-Fi		*	**				**	***		*	
VION			**	**	*	**	**	***		*	*
HP		*	**	***		*		*	***		***
BP			**	**	*	**		*	***		**
Wal-Mart			*		*	***	**	*	**	***	
Kentucky Fried Chicken					**	**	*			***	
PHARMAC			*		*		*	**	**		***
Nike								**		**	***

*** Excellent
** Good
* Reasonable

Table 2
Industry Sector Coverage

SECTORS	Consumer Goods	Industrial Goods	Consumer Services	Business Services	Specific
London Heathrow			*	*	Airport
Honda Motors	*	*			Cars, motorcycles, engines
Apple	*		*		Consumer electronics, computer software
Gucci	*				Fashion and leather goods
UPS		*		*	Special transportation and logistics services
DSM		*		*	Specialty chemicals
Ferrari	*		*		Cars
COSCO		*		*	Global shipping, logistics, building repairing
Starbucks in US	*		*		Retailer, roaster and brand of specialty coffee
Pep Stores	*				Discount retail
Nestlé	*		*		Nutrition
Aditya Birla Group	*	*	*	*	Diversified
Air France - KLM			*	*	Air traffic
BT Group	*		*	*	Telecommunication
Wi-Fi			*	*	Wireless data network
VION	*	*			Meat processing
HP	*		*		PC manufacturing
BP		*			Oil industry
Wal-Mart	*		*		Retail
Kentucky Fried Chicken	*		*		Fast-food
PHARMAC			*		Medicines
Nike	*				Sporting Goods

Table 3
Country Coverage

COUNTRIES	AU	CH	CN	FR	GE	IN	IT	JP	MX	NE	NZ	SA	SW	UK	US
London Heathrow								**						**	
Honda Motors															
Apple															**
Gucci							**								
UPS															**
DSM										**					
Ferrari							**							*	
COSCO			**												
Starbucks in US															**
Pep Stores												**			
Nestlé		**													
Aditya Birla Group						**									*
Air France-KLM				**						**					
BT Group														**	*
Wi-Fi															**
VION										**					
HP															**
BP														**	*
Wal-Mart					*	**									*
Kentucky Fried Chicken					*				**	*			*		**
PHARMAC															
Nike	*										**			*	**

AU	Australia	GE	Germany	NE	Netherlands
CN	China	IT	Italy	SA	South Africa
CH	Switzerland	IN	India	SW	Sweden
DE	Denmark	JP	Japan	UK	United Kingdom
FR	France	MX	Mexico	US	United States

** Primary focus
* Secondary focus

PREFACE

The stone that is rolling can gather no moss, for master and servant oft changing is loss.
Thomas Tusser, c.1524-1580, English poet

As few others, strategy professors know about switching costs – expenses that are incurred when changing over to a new product or service. Usually their knowledge about switching costs is not only of a theoretical nature, but also based on their personal circumstances. Many professors have invested time and energy in getting to know their old strategic management textbook and cases inside out and now feel “locked in” to these materials due to high switching costs. The more radically different the new product, the higher are the switching costs.

Yet, despite this barrier, hundreds of university professors around the world have switched to *Strategy – Process, Content, Context*. We are delighted that for so many colleagues the perceived benefits of the book outweigh the costs they expect to incur. Nevertheless, we believe that every effort on our part that can help to enlarge the benefits or lower switching costs should be undertaken. It has been with this intention that we have put together this teaching guide.

In practice, the most significant switching costs are not even due to the change of the actual text employed. Strategy professors are well acquainted with the readings and debates highlighted in the fourth edition of *Strategy* and can quickly adapt their lecturing to this new material. Rather, most time and effort normally goes into getting to know the cases and linking the cases to the concepts in the text. Especially this cross-fertilization of text and cases is extremely time-consuming, yet it is vital for the students’ learning process. For this reason, we have put a discussion of the cases, and their link to the concepts, at the centre of this teaching guide.

All of the supplementary material accompanying *Strategy: Process, Content, Context* is available via the Cengage Learning website (www.cengage.co.uk/strategy4e). The website offers professors a set of PowerPoint slides that they can download for their own use. Professors can also gain access to a large test bank of multiple-choice questions. We invite you to visit this website and to contribute your experiences, remarks and suggestions, to the benefit of the thousands of other users of *Strategy*.

If, after reading this teaching guide, you are still left with significant switching costs or believe that you cannot fully benefit from the potential of this book, please feel free to contact us directly. We would gladly be of assistance in answering any questions or in discussing your ideas. Of course, we also welcome on our website any suggestions, feedback or advice that you could send us to help us improve the next edition.

Finally, we would like to thank the people directly involved in making this teaching guide possible. We have been greatly assisted by the case writers, who have supplied us with all of their available teaching materials. But we are even more heavily indebted to our trusted team of colleagues at Strategy Academy, who have worked very hard in between their research, teaching and consulting activities to get all of these teaching notes finished on time.

We greatly benefited from the contributions of Peter Smith, Elizabeth Coaster, Ljiljana Erakovic, Eric de Roos, Peer Ederer, Jaco Lok, Wolter Lemstra, Fred Huibers, and also from our colleagues Hester Duursema, Marcel van Gils, Geert-Jan Knegt, and Casper van der Veen. Special mention is due for Claudia Cox and Eline Chivot, who spent months doing everything needed to ensure that this Teaching Guide would be completed on time. Seeing the entire team work together to get *Strategy* and the Teaching Guide launched on time has made us very proud and makes us look forward to the many projects to come.

Bob de Wit
Ron Meyer
Rotterdam, February 2010

TEACHING NOTE 1: LONDON HEATHROW: THE AIRPORTS EXPANSION DILEMMA

Case by Prabhu Sethuraman, and Abdul Samad Syed (ICFAI Business School)

Teaching Note by Marcel van Gils and Geert Jan Knegt

Case Synopsis

London Heathrow is the world's third busiest international hub airport. It operates as a hub between Europe and Latin America and forms a gateway to Europe. BAA is Heathrow's hub operator. Besides Heathrow, BAA also operates other airports like London Gatwick, London Stansted, Glasgow, Edinburgh, Aberdeen and Southampton in the UK.

London Heathrow carries around 68 million passengers per annum and is an important economic asset for the British and global economy.

Right now, London Heathrow is operating at 99% of its permitted runway capacity. This lack of spare capacity threatens UK's competitiveness as a global hub. An obvious solution to this problem is expansion by adding an extra runway and terminal. This case is about the dilemma concerning this expansion.

In this dilemma, there are two parties with each their own interests. On one hand, there are the environmentalists that worry about the additional pollution and question Britain's role in climate change. On the other hand, there are the BAA and the broader business lobbies who think that expansion will increase the airport's competitiveness and importance as an economic asset.

Because passenger-traffic forecasts suggest that short after the opening of the third runway, the airport will burst at its seams again, four other alternatives for the lack of spare capacity are described in this case too. These alternatives are the mixed mode operation of existing runways (1), move Heathrow away from the heavily populated neighborhoods (2), the development of an intermodal strategy that focuses on the limitation of air-passengers by encouraging the travelers to use other forms of transportation (3), and expand and use London-Gatwick for both short and long-haul services (4).

It is up to Gordon Brown (Britain's Prime Minister) what Heathrow's future will be.

Teaching Objectives

If used in conjunction with Chapter 1, this case can be employed to meet the following teaching objectives:

- *Introduction of organizational purpose and several major strategic issues.* The London Heathrow case has a broad scope, touching on a variety of the major strategy topics in the book. This allows for a broad discussion on the major themes of strategic management (link to Introduction).
- *Understanding the concepts of strategy.* The case questions are aimed at testing the students' ability to distinct, define and work with complex strategy issues, paradoxes, conflicting demands, as well as strategy perspectives (link to Introduction).
- *Understanding of organized complexity and wicked problems.* London Heathrow's owner (BAA which is part of Grupo Ferrovial) is faced with a complex set of stakeholders with divergent perspectives on the role and future of Heathrow. Secondly the information on future developments is highly uncertain. The issue is not tame and cannot be dealt with by employing simple problem solving tools. Issues are interrelated: dealing with one means dealing with related issues too (link to Introduction and Reading 1.2 Mason and Mitroff).
- *Ability to recognize strategy issues.* As in real life strategy matters, some issues could be more present than others. Despite the wickedness of these issues, students are asked to distill and categorize the most important issues from the case.

- *Understanding the nature of strategy paradoxes.* This case can be used to illustrate that there are no straightforward ‘right’ solutions to strategy issues, but that strategists must deal with tensions between opposite demands. The tension between economic and ecological perspectives is very prominent in the London Heathrow case. As such this case can be used to illustrate the approach taken in the rest of the book ([link to Introduction](#)).

Teaching Guideline

As the chapter coverage table indicates, the Heathrow case touches on a variety of strategy issues. If the teacher wishes to focus on one issue, it might prove difficult to avoid class discussion going off on a variety of tangents. However, if an integral coverage of all aspects of the case is intended, then the complexity of drawing together a variety of elements within a short period of time might prove quite daunting. Whatever the objective, usage of this case requires strong directing by the teacher and disciplined discussion by the students. The case breadth can be exploited in three ways:

- *Introductory case.* The case can be used at the beginning of a course (as we suggest using it directly in conjunction with Chapter 1), to give students an overview of issues to come. The central issue of several chapters is dealt with in the case, which makes it possible for the teacher to illustrate the topics that will be dealt with throughout the course.
- *Wrap-up case.* The Heathrow case can be used as a final wrap up case for the course, because it challenges the student to integrate the issues discussed during the course.
- *Exam or assignment case.* Again because almost all issues are touched on in this case, an assignment or exam based upon this case will ensure that the most important elements of the course can be covered.
- *Case on nature of strategy issues (wicked problems).* The wickedness of the issues in the case perfectly allows a course on wicked problems and the strategic management thereof. Analyzing stakeholders, perspectives and relations proves essential for understanding wicked problems. Generating options to tame the wicked problem helps students to think about managing these.

A vital part of Chapter 1 is the distinction in strategy between organizational purpose, process, content and context. The organizational purpose is central in this case and will serve as the first question. The last two questions will provide the students with the opportunity to dive more into the content of the book, introducing strategy issues, underlying tensions and strategy perspectives. In Case 2 on Honda the students will focus further on the nature of paradoxes and the paradoxes related to strategy process, content and context. The last two questions also provide the teacher with the handholds to add a bit of polarization to encourage debate, especially by asking the students about their own strategy perspective. Sometimes we even ask the students to physically split between the two perspectives that are handled: have each group sitting on one side of the classroom. This will add even more polarization, debate and a lot of fun for the students, too.

While the following cases in this teaching guide generally focus on one particular issue, this case will serve to test students on their skills to recognize the important strategic issues themselves. Be aware of the fact that the exhibits in this case can be linked directly to the case questions, adding great depth to the case analysis. Furthermore, even though the focus of the case is on transportation, we advise you to expand the focus towards showing that the entire strategy context has been (and still is) very important for London Heathrow from the start. The first question therefore provides an ideal way to start the case discussion.

Case Questions

1. Describe the context of London Heathrow’s strategy. What were the circumstances that BAA encountered?
2. What is the main paradox encountered in this case?

3. What are the main stakeholders with regard to Heathrow's expansion plan and what is their perspective?
4. What are the other main strategy issues for BAA? Why?
5. How could Gordon Brown resolve the paradox? Is there a win-win alternative for BAA and its opponents?

Case Analysis

1. *Describe the context of London Heathrow's strategy. What were the circumstances that BAA encountered?*

- *Growth in air transportation and lack of capacity.* Global air transportation has been rising rapidly till the end of 2007. Heathrow has become overused, also because it is cheaper for airlines. The rapid growth in transit and transfer passengers has made that the airport served around 68 million passengers per annum in 2007, operating at 99% of permitted runway capacity. Passenger traffic forecasts showed at that time that the growth will continue. UK transport secretary Ruth Kelly, said: "If nothing changes, Heathrow's status as a world-class airport will be gradually eroded – jobs will be lost and the economy will suffer".
- *Deregulation.* Heathrow capitalized on various national and international deregulation measures. Government airline industry deregulation permitted the development as international hub for the North Atlantic Gateway and Latin America.
- *Globalization of businesses.* While individual people and organizations expanded their global scope, the movement of people across national boundaries created new demands for the transportation. Clients asked for a global hub and spoke system, of which Heathrow has become the major European hub and third largest hub in the world. In 2007, Heathrow served 180 destinations (in 1990 it served 227 destinations).
- *Increasing competition.* While Heathrow was one of the first large international airports serving all continents (mainly due to early deregulation in the UK), throughout the next decades a growing number of others discovered the possibilities of being an international hub in the Hub and spoke network of the larger airlines. Airports such as Paris Charles de Gaulle, Amsterdam Airport Schiphol, Frankfurt, Madrid and Dubai do have a truly global network of destinations that reaches beyond Heathrow's network in terms of destinations. These airports do have more runways and capacity available for further growth.

2. *What is the main paradox encountered in this case? Why?*

The main paradox in this case is 'profitability versus responsibility'. The London Heathrow clearly illustrates a classic debate between economic and ecological purposes. On the one hand all kinds of stakeholders are representing the economic case. They argue that the UK's entire economic direction would come into question. Investments could prevent Heathrow from gradually eroding as a world-class airport, where jobs will be lost. On the other hand environmentalists do not think primarily from profitability for the economy, they stress the societal impact of a huge airport. The environmentalists argue that expansion of the airport runs contrary to the growing evidence on the impact of aviation on climate change. The greenhouse-gas emissions will increase.

3. *What are the main stakeholders with regard to Heathrow's expansion plan and what is their perspective?*

- *Economic perspectives:*
 1. BA British Airways, Willy Walsh indicates: "If fears about climate change are allowed to frustrate the overwhelming case for extra runway capacity at the national hub, the country's entire economic direction would come into question".

2. BAA Limited; BAA does not stand for anything, it is widely and erroneously referred to as British Airport Authority.
3. Department of Transport, UK Transport Secretary Ruth Kelly.
4. "Future Heathrow", lobbying for expansion, Lord Soley claims that "Heathrow is critically important to the economic prosperity of west London and the Thames Valley".

■ *Environmental perspectives:*

1. London Mayors, Ken Livingstone and Boris Johnson: "I am firmly opposed to this expansion as it runs contrary to all the growing evidence we now have on the impact of aviation on climate change".
2. Environmental Agency; the EA is disputing the idea that extra flights are bearable since aircrafts are getting quieter and cleaner.
3. Greenpeace, executive director John Sauven: "If everybody took trains to Manchester, Paris, Scotland and Brussels rather than flying, a third runway would not need to be built".
4. Residents in the community of Sipson. They are saving their village and believe that current noise and air pollution already amount to an environmental disaster that will increase. They also fear accident rates to go up.

4. *What are the other main strategy issues for BAA? Why?*

- *The issue of industry development.* How should Heathrow relate to its environment? In 2007, BAA has to deal with various situational changes, such as fierce competition and economic decline. Somehow, Heathrow should comply with the demands these changes pertain. However, its competitors will probably adapt to the new industry rules, too. Instead, maybe Heathrow could also try to set the 'rules of the game' themselves, for example by no longer focusing on volumes but on added value. In other words, Heathrow has to deal with the paradox of compliance and choice.
- *The issue of international configuration.* How should Heathrow organize that international activities are locally embedded? In 2007, Heathrow served 180 destinations around the world. On one hand, Heathrow can try to increase capacity to attract as much cross-border passengers and leverage on the expenses for consumer goods at the airport f.e. On the other hand, Heathrow should stay attuned to the specific demands of each their local environment, answering to the demand for local responsiveness (in terms of decreasing pollution and noise). Thus, Heathrow is confronted with the paradox of globalization and localization.
- *The issue of competitive advantage.* How can Heathrow organize its business system to create superior value for its buyers? Its buyers ask for more and more services, Heathrow has to move, as their bargaining power increases. This exemplifies the demand for market adaptation. Also, Heathrow has strong limitations in terms of resources. Its two runways and limited infrastructural capacity pose limits to the volumes that can be dealt with. This illustrates the company could also adhere to the resource-base as starting point for its strategy. Hence, Heathrow faces the paradox of markets and resources.
- *The issue of strategic renewal.* How should Heathrow design its change path when dealing with these strategy issues? In 2007, Heathrow is standing at the brink of a major decision. Heathrow could for example decide not to choose for extending the runway capacity, but focusing on added value within the current set of runways. Some structures, processes and cultures could be rooted so deeply that the company needs to break from the past in a 'big bang', illustrating the demand for revolutionary change processes. Alternatively, the organizational system could hold certain characteristics that need to be saved in order to build new unique assets, so the Heathrow needs to moderate change gradually. This demonstrates the demand for evolutionary change processes. Accordingly, Heathrow also has to handle the paradox of revolution and evolution.

5. *How could Gordon Brown resolve the paradox? Is there a win-win alternative for BAA and its opponents?*

For the dominant strategy issue the two perspectives were outlined. This question gives an opportunity for class discussion: what do your students think? Do they really take a stand, or are they ready to congregate two seemingly conflicting viewpoints? When asking this question for exam purposes, they should give a solid foundation why they employ a particular perspective or synthesis of two perspectives. This would be a great way to test their grasp of the material. The question asks for creativity to overcome a dilemma between two seemingly contra dictionary viewpoints. Are they able to get from a dilemma to a trade-off or even a win-win situation (see also p. 16 Chapter 1)?

The case outlines four alternatives for Heathrow's expansion, besides the construction of the new 2,200 meters long runway, plus an additional passenger terminal with direct access to rail services.

The four alternatives are;

- Mixed mode operating of existing runways
- Move Heathrow away to less densely populated areas
- Intermodal strategy; more passengers in train
- Expand Gatwick.

In the end Gordon Brown has chosen for expanding Heathrow with a new runway (see below 'What Happened After the Case'). He has chosen for the economic stake, but within strict environmental boundaries. Brown has clearly chosen for representing the economic-environmental discussion as a dilemma, in which a choice is made between the two poles. He has also done some kind of trade-off, where he has done concessions to the environmentalist by imposing strict rules for the expansion.

The tension seems not to be conceptualized as a paradox, where multiple innovative reconciliations could have been made. An example of getting the best of both worlds would have been looking at Heathrow from a perspective of added value. Airports can generate higher added value with fewer passengers. This gives the economic actors a fair deal because they can generate more money with fewer passengers. For environmentalists this means fewer passengers, fewer flights, which means noise, air pollution and the risk for accidents become lower. Some major (air)ports have now adopted this approach (f.e. port of Rotterdam around new port expansion) and this has completely changed the debate between the economic actors and the environmentalist actors and citizens living close to the expansion areas.

What Happened After the Case?

In 2008 Heathrow, the third biggest airport in the world and BAA's largest, registered traffic of 67 million passengers. The opening of T5 in March 2008 was the first step in the transformation of the airport. The investment program planned until 2013 will involve the construction of a new terminal (Heathrow East), to replace T1 and T2, and the refurbishment of Terminals 3 and 4. When all these projects have been completed, 70% of passengers will be using new terminals and the remaining 30% will have been refurbished.

In January 2009, the British government approved the construction of a third runway, representing a crucial step in the development of Heathrow airport. BAA is committed to ensuring compliance with strict environmental limits before increasing the number of flights at the airport.

Heathrow	<ul style="list-style-type: none">• Operations. Passenger satisfaction levels have risen from 3.64 to 4.06 (5=excellent; 1=poor), and represents the airport with the greatest increase this year (+4%). In 2008 the security queues were less than 10 minutes for 95% of the time.• Terminal 5. The opening of this new terminal is just the first step in the transformation of the airport. T5 has been selected as the best terminal in Europe in terms of customer satisfaction (Airline Council International's Airport Service Quality).• Approval of the 3rd Runway (*). Permission to construct a third runway and sixth terminal was officially granted by the UK government on 15 January 2009. The project will take several years in both planning and construction phases to complete. It represents a crucial step forward in the strategy for investment and growth developed by Ferrovial's Airports division.
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Beginning April 1 2008, BAA has won the right to raise passenger charges at London's Heathrow and Gatwick airport to help pay the cost of needed infrastructure improvements. The extra fees could come as a blow to airlines and passengers already suffering the effects of record fuel oil and rising ticket prices. But for Ferrovial, whose 2007 net income fell by 48.5% to €733.7 million (\$1.1 billion), the additional revenue could not come at a better time.

The Spanish company is trying to refinance at least \$8.2 billion in debt related to its 2006 acquisition of BAA. The company was recently forced to sell off its duty-free shops, and speculation continues that it may be forced to divest further assets, including possibly an entire airport, to meet repayments on more than \$46 billion on net financial debt.

In August 2009, BAA unveiled that it aims to spend \$1.65 billion renovating Heathrow's overcrowded Terminal 2, which will enable it to handle 30 million passengers a year. BAA said the development of T2, which will be home to Star Alliance airlines, was crucial for Heathrow to remain competitive.

The airports operator also gave a much-needed tonic to the aviation industry when it reported that the falls in traffic figures seen in recent months had slowed at all of its UK airports in July. The July performance figures were announced only two weeks after BAA said losses at its three London hubs – Heathrow, Gatwick and Stansted – had hit £546m in the first six months of the year, with 7.4 percent, or 4.4 million fewer passengers, using the airports. Underlying earnings in the period were up 28 percent, helped by BAA's unpopular decision to raise the fees it charges airlines to use its airports. Industry experts warned that BAA's July numbers were likely to be boosted by seasonal traffic and that aviation is still struggling.

In October 2009 UK airport operator BAA has reached an agreement to sell Gatwick airport in London to an entity controlled by Global Infrastructure Partnership for 1.51 billion pounds (\$2.46 billion). BAA has been ordered by Britain's Competition Commission to also dispose of London Stansted airport and either its airport in Edinburgh or Glasgow in Scotland. The company is allowed to keep London Heathrow airport. The sale will enable BAA to reduce its net debt and strengthen its financial position. The agreement with Global Infrastructure Partnership completes the sale process that commenced in September 2008, before the end of the Competition Commission's UK airports market investigation. After divesting Gatwick, BAA will own six airports in the UK (Heathrow, Stansted, Glasgow, Edinburgh, Aberdeen and Southampton) and one in Italy (Naples). Global Infrastructure Partners, based in New York, also owns a 75 percent stake in London City Airport. The sale, subject to clearance by regulators, is expected to be completed in December.

References

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TEACHING NOTE 2: HONDA MOTORS

Case by Andrew Mair

Teaching Note by Ron Meyer and Claudia Cox

Case Synopsis

Honda is a popular company to use as a strategy case study in a pedagogic setting. The company first rose to prominence as a strategy example when Boston Consulting Group (1975) published its analysis of the declining British motorcycle industry, in which the competitive threat posed by Honda's advance along the so-called experience curve was highlighted. A well-known essay by Richard Pascale (1984) took issue with one particular aspect of the BCG version of events. This essay is frequently invoked to argue that there may be more than 'one best way' to create strategy, and more specifically that learning from experience, together with luck, may be more important than analytical thinking. Another well-known case study of Honda is by James Brian Quinn (1991, 1996), in his strategy text edited with Henry Mintzberg, in which he describes Honda as an idiosyncratic entrepreneurial firm, much in line with Pascale's portrayal. The summer 1996 issue of *California Management Review* published a lengthy debate on the so-called 'Honda effect' between the BCG camp, for which Honda remains a company best understood as an analytical planner, and the Pascale/Mintzberg camp, which stresses the incrementalist approach.

Besides this strategy process debate, Honda is also at the center of discussion in strategy content issues. Hamel and Prahalad (Reading 6.2) lay claim to Honda to argue the importance of technical core competencies, while others propose instead that Honda's success is best explained by broader core capabilities. Honda, in other words, has - unwittingly - become embroiled in some of the major controversies of the strategy field.

This case attempts to explain how Honda can appear to support opposing theoretical perspectives at the same time. The case describes that while many companies, when faced with strategic and other managerial choices, select one option, or trade off one against another, Honda has acquired a strategic capability to reconcile management dichotomies - and hence achieve solutions to management challenges that are denied to other companies.

Teaching Objectives

If used in conjunction with Chapter 1, this case can be employed to meet the following teaching objectives:

- *Understanding the concept of strategy tensions.* This case explains how organizations are confronted by tensions between opposite demands that need to be dealt with. In the case these tensions are referred to as managerial dichotomies (link to Introduction).
- *Understanding the concept of strategy paradoxes.* In the case it becomes clear that while Honda managers accept the existence of the tensions/dichotomies, they constantly seek to find innovative ways of reconciling them. In other words, they do not see the tensions/dichotomies as false opposites (a puzzle) or as mutually exclusive demands (a dilemma). Nor do they accept that meeting one demand is always at the expense of meeting the other (a trade-off). Honda managers believe that opposites can be bridged (a paradox), but that this transcending of the tension requires creative thinking (link to Introduction).
- *Discussion on the reconciliation of opposites.* The case gives many examples of tensions/dichotomies that Honda managers have successfully bridged. Less attention is paid to the cognitive and organizational processes required to achieve successful reconciliation. This allows for a discussion on the use of dialectics and argumentation as creativity enhancing methodologies. This discussion is important as the entire set-up of the book rests on dialectical inquiry and

argumentation to stimulate students' critical thinking abilities (link to Introduction and 1.2 Mason & Mitroff).

- *Discussion on the nature of strategic thinking.* The case continuously makes clear that Honda's success rests on its ability to break through existing trade-offs and to creatively find new ways for dealing with enduring strategy tensions/dichotomies. This makes the step to the discussion in the following chapter on the nature of strategic thinking quite easy (link to Chapter 2).
- *Discussion on cross-cultural management differences.* The case also clearly brings forward the traditional differences between stereotypical Western and Japanese management. The question that can be asked is whether these historical differences still exist and whether they will continue to influence how managers from each nation will develop strategies (link to Introduction and 1.4 Hofstede).

Teaching Guideline

The Honda case is not a traditional strategy case study in the Harvard Business School sense. While most case studies attempt to be theory-neutral, so as to provide empirical materials upon which course participants can practice the application of the theoretical strategy perspectives and models they are learning, this case study definitely has a point of view to get across. This case illustrates how managerial dichotomies can be reconciled in a way that the 'best of both worlds' is achieved.

Where the opening case particularly focused on the different issues of context, content and process, this second case encapsulates the pedagogical philosophy underlying the book, as in the Honda case, students are encouraged to understand the tensions posed by opposite pressures placed on organizations. And according to this students must find the most effective way of dealing with these opposites. In Chapter 1, four alternative ways of viewing dichotomies are given – as puzzles, dilemmas, trade-offs or paradoxes. The case illustrates that at Honda the dichotomies are viewed as paradoxes – two opposites seem contradictory but can be reconciled through creative thinking. And this is exactly what the book challenges readers to do in all further chapters.

The case is designed to work as follows. After providing a broad background to the company, it presents its fundamental story - that of 'Mr. Kawamoto's Reforms'. This story nicely illustrates two issues. First, the issue of reconciling the individualism-groupism dichotomy at senior management level is examined, which gives valuable insights into managing the strategy process. More subtly, the story also illustrates how easy it can be to misinterpret this reconciliation process as an attempt at a revolutionary swing from one extreme to the other (as is visualized in Figure 1). The bulk of the case then reviews a series of easy-to-understand management dichotomies and presents Honda's 'solutions'. There is no attempt to explain how the solutions were arrived at. The principle behind this pedagogic structure is that of Thomas Kuhn: a young child shown a duck and a goose may not be able to explain the difference between them theoretically, but will certainly recognize the next goose encountered. The Honda goose is shown against a series of different backgrounds in the hope that its silhouette too will be recognizable in front of new, unanticipated backgrounds.

While the dichotomies and constant reconciliation described in the case make the fundamental philosophy of the book clear, they do not pre-empt the debates that follow in the next chapters. This is because the focus in the Honda case is primarily on the functional level of strategy – in particular, production operations and product development - and organizational issues. Only at the end does the case raise some strategy dichotomies as discussed in the book, but whereas previously Honda's reconciliatory management practices were fully described, for strategy they are only hinted at.

A good way to start off the case discussion is to draw attention to Figure 2, which incorporates a trade-off line, upon which all types of dichotomies can be mapped. The top right hand corner is the neo-classical economists' unattainable area - which suggests that innovation will have been achieved if it can indeed be reached. The next step is to ask students to create lists of dichotomies through a classroom discussion, carefully managing it to bring out relevant dichotomies and set aside ideas that don't work. It can be very difficult for some course participants to understand this concept if they are not adept at thinking abstractly, so it is worth spending some time on this. One approach could be the following:

CASE 2: HONDA MOTORS

- First, create a list from the Honda case (e.g. humane vs. efficient work).
- Second, develop a list of other dichotomies drawn from their own work experience (e.g. what appear to be contradictory pressures on their behavior, such as teamwork combined with individualized reward systems).
- Third, review and get course participants to explain the broad strategy dichotomies.
- Fourth, if a counterpoint might prove useful, Reading 5.1 by Michael Porter can be used. Cost and differentiation can be presented as polar points on Figure 2 of the Honda case study. Porter is interesting because his points are not at the extremes (firms following the cost strategy must bear differentiation in mind too). He is also interesting because he does not permit a sliding trade-off; any attempt to do so leads to 'stuck in the middle', the bottom left hand corner of Figure 2. For Porter, the top right hand corner is unattainable (despite his typical caveats; see Porter, 1996, for his admirable defense of this – we believe fundamentally flawed – approach).
- Fifth, only at this point would we attempt to get course participants to isolate the strategic dichotomies their (former) firm faces - indeed this may best be left until later in the course in the context of the in-depth chapters of the text. The Honda case should nevertheless have made this task less daunting.

Of course, the Honda case can also be used in shorter courses and one-off seminars as a tool to quickly introduce the concept of 'reconciling managerial dichotomies' without participants having read the book. This leaves participants the freedom to focus on the dichotomies that they find most interesting and/or relevant to their practical situation.

Case Questions

1. What are the major strategy tensions/dichotomies that Honda has attempted to reconcile over the past 50 years?
2. Do Honda managers view these tensions/dichotomies as puzzles, dilemmas, trade-offs or paradoxes? Explain.
3. What type of organization and mind-set do you think are needed to reconcile strategy tensions/dichotomies in the way Honda has?

Case Analysis

1. *What are the major strategy tensions/dichotomies that Honda has attempted to reconcile over the past 50 years?*

The case describes many tensions/dichotomies that Honda has attempted to reconcile, but mostly they have been framed as general management issues or dichotomies at the functional strategy level (e.g. production and product strategy). Yet, with a little discussion, many of these dichotomies can be reframed as the fundamental strategy conflicting demands discussed in this book:

- *Deliberateness vs. emergentness.* In the case this tension is identified as the dichotomy of planning vs. learning.
- *Revolution vs. evolution.* While describing Kawamoto's reforms, it is argued that Honda did not radically switch to a new mode of doing business, nor were the changes gradual and gentle. Honda's approach to change combined revolutionary and evolutionary characteristics.
- *Markets vs. resources.* In the case this tension is only mentioned in passing as the dichotomy of market positioning vs. developing internal resources.
- *Responsiveness vs. synergy.* At the beginning of the case the dichotomy between individualism and groupism is discussed in depth. At the corporate level this issue is translated into the tension between individual business units responding to the demands of their own businesses, while recognizing the group's potential for achieving synergies through the leveraging of competencies/capabilities.