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Maintainer Strategy The maintainer strategy is to keep the status quo through consistency, standardization, sticking with winning products and processes, and preserving company tradition and reputation. It can be argued that Wal-Mart has a maintainer strategy: They have a winning approach and they are sticking with it, expanding it globally, and never straying far from the views and culture of the now-deceased founder Sam Walton, like the sundown rule (address a customer's issue before the sun goes down).

Management Getting results through people. It is often said that management produces order and consistency whereas leadership produces change and movement. Management is about planning, budgeting, organizing, and staffing. Leadership is more about establishing direction, aligning people, and motivating and inspiring.¹ Henry Mintzberg rightly asked, at the Academy of Management in Denver in 2002, "Whatever happened to management in strategic management?" His point was that strategic management can become so enamored of the complex econometric industry analysis and the linear programming-based implementation schedules that the tricky feat of getting results through people can be ignored.

Management Expressions Managers often like to use clichés in their writing and speech. Metaphorical statements like "That train has already left the station" seem to be more effective. Below are some clichés that bog down management communication.

"the fact of the matter is . . .," "the fact that . . ."

"window of opportunity," "meeting the challenge," "level playing field"

"send a message" (to anyone about anything), as in "The president is sending a strong message to his opponents."

"the take-home message is . . ."

"empowerment" (of anyone or anything)

"a warm, caring environment"

"global" (anything), "cutting edge"

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“fully integrated,” “fully diversified”

“the bottom line is . . .”

“the good news is blah blah blah and the bad news is blah blah blah”

“bio” as a prefix in new words, e.g., biorational, bioresponsible, bioglobal

“the best of both possible worlds” (or the worst)

“pose a threat”

“taking it to the next level,” “pushing the envelope”

Management Science The application of scientific methods and principles to management decision making and problem solving. Encompasses the use of quantitative, mathematical, and statistical techniques. Lies at the opposite end of the spectrum from the various human relations schools of thought.

Managerialism Power in corporation falls to senior managers, who may advance their own interests rather than those of the owner. Often referred to as the agency problem (*see* Agency Theory). Peter Drucker notes that in a corporation, the owner—the institutional investor—is an absentee landlord. These managers can show a preference for acquisition rather than disposal, for executive jets, or for locating the head office a close drive from their suburban home.

Managerial Tasks Managerial tasks include setting agendas, setting time tables, allocating resources, providing structure, making job placements, establishing rules and procedures, developing incentives, and generating creative solutions and taking corrective action, among others.² Some good books on the topic are Ken Blanchard and Spencer Johnson’s *The One Minute Manager*; Peter Drucker’s *The Practice of Management*; and Chester Barnard’s *The Functions of the Executive* (more philosophical than typical management books; Barnard delves into the nature of obtaining cooperation). *See also* Management.

Managers If you look in a typical strategic management textbook for managers, you will be redirected to strategic leaders. However, there will always be managers toiling in the vineyard to implement the grand strategic plans. A good way to get insight into the mind-set and dilemmas of the manager is to consider a novel by Sloan Wilson from the 1950s. Like William H. Whyte’s *The Organization Man* and David Riesman’s *The Lonely Crowd*, this book’s title became a catch phrase: *The Man in the Grey Flannel Suit*.

Wilson’s best-selling novel tells the story of Tom Rath, who is pursuing a living as a writer in the corporate world of the postwar years. In the course of writing speeches for the corporate president, Rath realizes that the president’s success has come at the expense of personal happiness. Ruminating on his own life, Rath is torn between his responsibility to an illegitimate son and his current obligations toward his wife, his children, and his employer. Among the many life-altering decisions Rath makes is his

determination to seek out a job that will allow him to spend more time with his family, even if it means a severe cut in salary.

The novel's theme is not dated, and is more relevant than ever: the conflict between an individual's humanistic ideals and the rough-and-tumble capitalist reality. Having been a paratrooper during World War II, Rath quickly sees that corporate bureaucracy has become a postwar extension of military hierarchy and regimentation and that his war record will not make up for a lack of business experience. Executives are the officer corps, the grey flannel suit is the uniform of the day, and the CEO is more than the general, he is a supreme thinker perched at the top of the corporate pyramid. This novel is relevant today because it shows how far America's business conduct had fallen from any ideal of honor and integrity. Success in the pursuit of wealth is seen as a test of character. *See* Existential Strategy.

Marine Corps "Every marine a rifleman." The Marine Corps is the only branch of the military that has a reading list. The list includes Nietzsche and Camus' *L'Étranger*. The marines are considered "the tip of the spear," have their own history, lore, and tactics. The Marine Corps' birthday is November 10, 1775—the corps is older than the United States. The birthplace was Tun Tavern, Philadelphia. The bloodiest battle of World War II: Tarawa. Marines consider the deadliest weapon on the earth to be the marine and his rifle. You want to win your war? Tell it to the marines! Jar Heads. Dubbed "devil's dogs" for the way they fought the Germans in Belleau Wood, in World War I. The Germans had said that to be the most ferocious was to "fight like an Englishman" until they met the devil's dogs.

It is said that at night marines pray for war; they want to get a promotion, get rid of some of the deadwood. This could be too callous to be true, really just very patriotic, with supreme confidence in their leaders, from their team leader to the president.

The Marine Corps has its own planes, troops, and ships—practically an army, navy, and air force all in one. Marines have taken fewer casualties in its peacekeeping role in Iraq than the army. Lt. Gen. James Conway explains the Marine Corps approach: "We manage the level of violence. If we take fire, we immediately achieve fire superiority and we govern the de-escalation. We don't let the bad guys do that." It was somewhat difficult for the marines to accept that it was army troops who discovered Saddam Hussein in his hole; just some friendly rivalry among the branches of the military.

Market The grouping of people and organizations unified by common needs and goals. Can also be seen as a gathering of sellers and purchasers to exchange commodities.

Market Analysis Market analysis can be described as answering the following questions: "Who?" (determining the customers to serve), "What?" (determining the customer needs to satisfy), and "How?" (determining core competencies necessary to satisfy customer needs).³

Market Development Market development consists of marketing present products to customers in related market areas by adding channels of distribution or by changing

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the content of advertising or promotion. For example, firms that open branch offices in new cities, states, or countries are practicing this approach. Likewise, companies are practicing market development if they switch from advertising in trade journals to advertising in newspapers or if they add jobbers to supplement their mail-order sales efforts.

DuPont used market development when it found new applications for Kevlar, an organic material that police, security, and military personnel use primarily for bullet-proofing. Kevlar is now being used to refit and maintain wooden-hulled boats, since it is lighter and stronger than glass fibers and has 11 times the strength of steel.

Marketing Orientation A marketing orientation involves a commitment to the marketing concept that the customers' needs and wants are the determinants of the organization's overall direction and its marketing programs.⁴

Martha Stewart Strategy Every element of your life becomes something marketable. Stewart started with modeling and went on to décor, chefing, her career as an entertaining queen, her magazine of homemaking tips, and so on—subsuming every part of her life into her strategy. Reality TV operates on the same principle.

In 1999, her company goes public and is worth \$1 billion by the end of the opening day. In 2003, Martha was indicted for securities fraud and obstruction of justice linked to her 2001 sale of her shares in her friend Sam Waksal's biotech company, ImClone. She later resigned as CEO of Martha Stewart Living Omnimedia. Her yearbook quote in 1959 read, "I do what I please, and I do it with ease." Since her indictment, Martha-philes and -phobes have bought souvenirs from dozens of Web sites. A sample T-shirt slogan, "If her stock sale was legit, you must acquit."

Maslow, Abraham H. (1908–1970) Most known for his hierarchy of needs, Maslow groups needs into classes and arranges them into a hierarchy, ascending from the lowest need to the highest. Once one set of needs is met, one moves up—in theory—to the next level. The highest, self-actualization, is much sought after, but rarely attained. His book *Motivation and Personality* is his defining work about self-actualization and the hierarchy of needs. Possibly the most expensive paperback you will ever buy, but a classic. See Figure M. 1. Abraham Maslow taught at Alliant International University in the early 1970s.

Matrix Organization Keanu Reeves does not work there. A matrix organization involves overlapping chains of command that violate Henri Fayol's dictum for unity of command: Basically, you have more than one boss. The matrix structure is meant to increase direct contact among division managers and to act as an integrating mechanism for encouraging and supporting cooperation and sharing of both competencies and resources. In practice, this structure has largely failed to deliver results due to its unwieldy structure.

Maturation of Markets When products or industry reach that point in the life cycle where demand levels off, they soon decline.

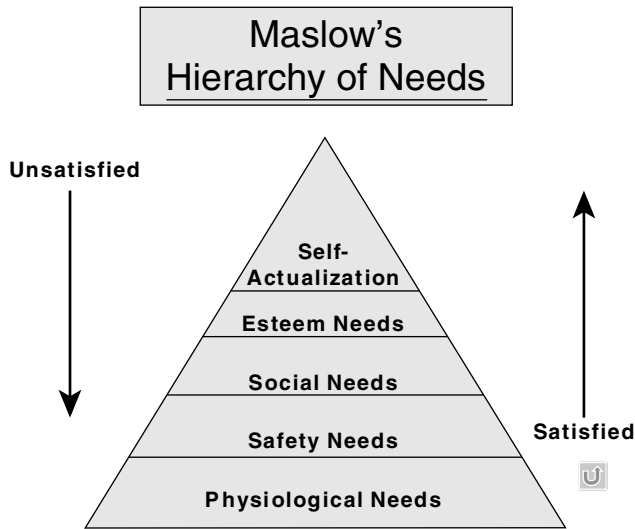


Figure M.1 Maslow's Hierarchy of Needs

MBA “Not prepared to manage” badge.

Mechanistic Thinking Concern for efficiency, measurement, evaluation, order, and chain of command.

Mentors Corporate managers who supervise, coach, and guide selected lower-level employees by introducing them to the right people and acting as their organizational sponsors. Most mentoring is informal, but many organizations use a formal system of assigning mentors.

Merger of Equals A merger in which the two participating companies are of comparable size, assets, and reputation. San Diego's Idec Pharmaceuticals merged with Massachusetts-based Biogen, supposedly as a merger of equals with Idec paying a purchasing price of \$6.4 billion for Biogen, a much larger company. Each is profitable and largely dependent on a single popular drug. The combined company, called Biogen Idec Inc., will be the third-largest biotechnology firm.

Mergers Mergers are a rapid way to widen the control of resources and strengthen market share without creating new production capabilities internally.

Mergers usually arise because neither company has the scale to acquire the other on its own. A merger has the potential benefit of being friendlier but requires special handling. However, mergers and acquisitions share similar strategic issues.

Although popular press accounts focus on mergers and acquisitions among large firms, they occur with small firms as well. In fact, any combination of sizes is possible.

106 Mergers and Acquisitions

Small and medium enterprises in Europe have merged to take advantage of the European Single Market and the Euro and to better exploit economies of scale and improve the efficiency of the enterprises. Larger mergers obviously imply greater organizational complexity and are more difficult to coordinate and manage.

The Hewlett-Packard-Compaq merger took place in 2002. When Hewlett-Packard announced its plans to merge with Compaq, feelings were mixed. With a deal as major as this one, which was estimated to be worth around \$25 billion, there was much controversy as it was opposed by some factions or backed by others.

Many opponents of the merger, like Walter Hewlett, an HP board member and son of cofounder Bill Hewlett, did not believe that the best way for the company to go was to merge with Compaq. They believed that HP's position was strong on its own. Their printer division gave them an advantage over the other companies. Unlike a PC purchaser, a customer who purchases a printer becomes a customer for a very long time. He has to purchase toner or ink cartridges—components that are very profitable for the company for many years to come. Compaq had a server line that HP believed would allow it to capture and lead that field. The opponents, however, did not see that as a good enough reason to absorb Compaq. In fact, the two main opponents of the deal launched a campaign to stop it. Walter Hewlett was the most visible opponent of the merger, issuing a series of press releases and securities filings over several months urging shareholders to reject the deal. Hewlett argued that the combination would weigh down HP's profitable printer division and overly expose the company to the low-margin PC business. However, so far the HP-Compaq merger seems to be largely successful.

One of the reasons for the failure of the merger of Rover by BMW was the wrong model policy: Rover did not complement the product range of BMW in the mid-size and small car segment. Eventually, after significant losses, BMW was able to sell Rover and continue with its success in the luxury segment.

Mergers and Acquisitions A merger is a strategy whereby two firms agree to integrate their assets and operations on a more or less equal basis. An acquisition is a strategy whereby one firm buys out the assets of the other firm. Many situations that are touted as mergers end up in effect being acquisitions as one firm dominates the process. A takeover is a special type of acquisition in which the acquired firm did not solicit the action by the acquiring firm, also called a hostile takeover.

Mergers and acquisitions are complicated enough to manage within a single country, but they become even more complex when conducted multinationally. For example, international mergers and acquisitions are confronted with many extra problems such as different languages, cultures, customs, currencies, legislations, political systems, and work ethics.

S. Shiva Ramu defined mergers and acquisitions according to four categories:

1. Savior operation: Firms with financial difficulties look for a potential rescuer.
2. The will to cooperate: Joining forces is clearly beneficial to all parties concerned, with no losers.

3. The protesting acquisition: A merger is approved entirely by many parties; however, the “loser” clearly doesn’t see the merger as entirely beneficial.
4. Hostile acquisition: The firm that is purchased completely opposes the deal.⁵

Mergers and acquisitions can also be defined in terms of the stages of production involved or affected:

Vertical integration: Producers or suppliers of a utility seek to extend their operations with a company involved further up or down the supply chain, or extend their operations through organic growth.

Horizontal integration: Across the European energy markets, producers, suppliers, or distributors are merging with, or acquiring, companies providing the same utility or service.

Lateral integration: A company acquires a utility in the same area within the supply chain, or chooses to enter the supply chain at the same level but in a different sector.

Diagonal integration: A company acquires a utility in a different part of the supply chain and in a different sector, such as an electricity producer acquiring a gas supplier.

Mergers and Acquisition Strategy This is a strategy that allows a company to expand or diversify its capacity to compete. However, it has both a positive and negative aspect. It can work well if the company is well prepared for the change after the merger and devastating if the company has not prepared well. For example, the merged AOL Time Warner cable company faced many problems in terms of quality of services and substitutive services of dial-up and broadband. The executives found that the merger was much bigger and went much faster than they could keep up with, including commoditizing some of these new services. The merger also coincided with the era of the dot-com bust, so Time Warner had to get back to what its core is. The collision of the cultures of two previously separate entities was also a substantial problem. Recently the firm dropped AOL as a moniker, signaling the nondelivery of promised synergy.

Metaphor Verbal picture.

1. A figure of speech in which a word or phrase that is not literally applicable is used in place of another to suggest an analogy. A metaphor is a comparison not using *like* or *as*.
2. Something used to represent another; a symbol.

From Latin *metaphora*, from Greek *metapherein* (to transfer), from *meta* (among, with, after) + *pherein* (to carry). Thinking and writing in metaphors is a good way to formulate strategy and clarify the mission and vision of the firm. Among examples of useful metaphors are the CEO is a marionette, conductor, architect; the general manager is a foot soldier. The organization can be an amoeba or a well-oiled machine.

108 Metrosexuals

Three metaphors of the organization, according to Henry Mintzberg:

1. Organization as a vertical chain on horizontal plane (this is compatible with Porter and his value chain)
2. Organization as a hub, a center, an airport
3. Organization as a web, a network (an example is a high-tech venture in which everyone is a manager/owner)

Metrosexuals Marketing term that denotes straight urban men willing to embrace their feminine side. Soccer superstar of the club *Real Madrid* David Beckham, with his flair for fashion and style, is a metrosexual icon.

M-Form Organization Structure Multidivisional structure for control of different businesses (divisions) under headquarters (HQ).

M-form organization structure was first explored in *Strategy and Structure*⁶ (Alfred Chandler). Large U.S. and European corporations adopted M-form organizational structures with discrete strategic business units (SBU) in the 1960s and 1970s.

Micromanaging Minutiae When top management, through a misguided need to control, takes on oversight of tasks that are the purview of those lower in the organization. For example, a medium-sized organization recently had its chief operating officer (COO) spending her time personally signing expense reports to control expenses in a belt-tightening time. We can see this as inappropriate micromanaging.

Mintzberg, Henry (1939–) Considered by many to be the foremost thinker in business strategy. His doctoral study on CEOs was published as *The Nature of Managerial Work*. Also well-known for developing the Ten Schools of Thought⁷ and his keen intellectual skepticism. These ten schools of strategy are brilliant categorizations, a distillation of 30 years of writing in strategic management. However, no categories can be comprehensive, exhaustive, and mutually exclusive. Nevertheless, understanding the ten schools can give some insight into different strategy approaches.

1. Design School

- Sees strategy in the light of SWOT (strengths, weaknesses, opportunities, and threats)
- Clear and unique strategies are formulated
- Deliberate process

2. Planning School

- Strategy formulation is cerebral and formal
- After formal analysis of the industry,
- Strategy is reduced to generic positions,
- Leading to value chains, game theory, and strategy groups

3. Positioning School

- Porter, industrial organization, where the economic analysis of an industry's structure is central to strategy
- Outside-in: analyze industry structure first and then consider firm strategy

4. Entrepreneurial School

- CEO-centric, cult of personality
- Rooted in the mysteries of intuition, vague visions, and broad perspective

5. Cognitive / Mental School

- Constructs strategies as creative interpretations rather than mapping reality

6. Learning School

- Strategies are emergent, and there are many strategists in the organization

7. Power School

- Strategy making is rooted in power,
- A political process involving
- Bargaining, persuasion, and confrontation
- Focuses on common interest and integration

8. Culture School

- Focuses on common interest and integration

9. Environmental School

- Illuminates demands of the environment

10. Configuration School

- Organization is a configuration,
- A coherent cluster of characteristics and behaviors
- Develops a strategy that involves the different layers
- Looks outside the process

The American philosopher and psychologist and author of the first textbook on psychology, William James, said that most of us have one great idea, if we are fortunate. We can use this claim to understand the unifying idea that runs through Mintzberg's

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work in strategy. Mintzberg's first study, *The Nature of Managerial Work*,⁸ looked at what managers do. He simply observed what a number of managers actually did. The myth is that they sit in solitude and contemplate the great strategic issues of the day, that they make time to reach the best decisions, that their meetings are high-powered, concentrating on the metanarrative rather than the nitty-gritty. His finding blew away the managerial mystique. What he found was that managers did not contemplate, but were slaves to the moment, moving from one diversion to the next. Mintzberg found that the median time spent by a manager on any given issue was 9 minutes. Managers do great quantities of work at an unrelenting pace. Their activities are marked by variety, brevity, and fragmentation; their preference is for issues that are current, specific, and nonroutine. They prefer spoken rather than written communication.

Mintzberg found additional characteristics of the manager at work. For example, they act within a web of internal and external contacts (*see* Social Network Analysis) and are subject to heavy constraints, though they can exert some control over the work.

From his study, Mintzberg identified managers' key roles, which he divided into three categories. These are worth reproducing as they are the basis of Mintzberg's reputation among practitioners.

1. *Interpersonal*

Figurehead: representing the organization to outsiders

Leader: motivating subordinates, unifying effort

Liaiser: maintaining lateral contacts

2. *Informational*

Monitor: overseeing information flows

Disseminator: providing information to subordinates

Spokesperson: transmitting information to outsiders

3. *Decisional*

Entrepreneur: initiating and designing change

Disturbance handler: handling nonroutine events

Resource allocator: deciding who gets what and who will do what

Negotiator: negotiating deals with different constituents within the organization and with outside entities

Mintzberg's final conclusions are that all managerial work encompasses these roles, though the prominence of each role varies in different managerial jobs.

Theory of Management Policy was Mintzberg's first proposed book, a book he has in fact never written. He recently disclosed that each of the books that he has published thus far were started as chapters in that never-ending book. He is still writing it, fortunately for the field of strategic management! Emphasized management as art, science, and craft. Mintzberg wrote an award-winning HBR article describing management as being like a potter working to produce pottery; the key is intimate contact and knowledge of the material that is being molded into a finished product. Throughout his career, Mintzberg has emphasized the emergent rather than planned approach to strategy, and the kernel of this idea was there in his first study, which concluded that executive behavior was fleeting and verbal (so it appears there is little planning going on).

Mission The overarching purpose or *raison d'être* of the firm. Can be arrived at by stating what the firm does and then continually deepening the whats with whys. For example, Phil Knight founded Nike in 1971, starting with a series of lightweight racing and training shoes for runners. Nike's mission statement is to bring inspiration and innovation to every athlete in the world.

The mission, even in business, can have an almost religious connotation, which just goes to show that business will harness any concept and exemplifies a general trend of crossover from the religious to the secular.

An example is the Coca-Cola promise: "The Coca-Cola Company exists to benefit and refresh everyone who is touched by our business. The basic proposition of our business is simple, solid and timeless. When we bring refreshment, value, joy and fun to our stakeholders, then we successfully nurture and protect our brands, particularly Coca-Cola. That is the key to fulfilling our ultimate obligation to provide consistently attractive returns to the owners of our business."⁹ See also Moral Cause. Some recent thinking on the mission downplays the importance of having an actual written statement and instead focuses on the development of an organizational consensus around issues such as the organization's vision, business domain, and competencies.

Mission-Critical Boundaries Boundaries that can destroy the business if crossed. These boundaries can include regulatory or financial controls. People who cross these boundaries need to be fired to send a signal to reinforce the importance of these boundaries. This can be a key to encouraging thinking out of the box and yet avoiding Enron-style meltdowns.

Mohammed Saeed al-Sahafisms Iraq's minister of information whose memorable denials that the Americans were anywhere near Baghdad and claims that these same troops were committing suicide at the gates of Baghdad seemed delusional. However, these statements did demonstrate organizational loyalty and commitment, especially when your life is on the line.

"In an age of spin, al-Sahaf offers feeling and authenticity. His message is consistent—unshakeable, in fact, no matter the evidence—but he commands daily attention by his on-the-spot, invective-rich variations on the theme. His lunatic counterfactual art is more appealing than the banal awfulness of the Reliable Sources.

112 Momentum

He is a Method actor in a production that will close in a couple of days. He stands superior to truth.”—Jean-Pierre McGarrigle¹⁰

Some sample quotes:

“There are no American infidels in Baghdad. Never!”

“I can say, and I am responsible for what I am saying, that they have started to commit suicide under the walls of Baghdad. We will encourage them to commit more suicides quickly.”

They are nowhere near the airport. . . . they are lost in the desert. . . . they can not read a compass. . . . they are retarded.”

“ . . . They are nowhere [pause] . . . they are nowhere, really.”

“Bush doesn’t even know if Spain is a republic or a kingdom, how can they follow this man?”

Question: Is Saddam Hussein still alive? “I will only answer reasonable questions.”

“They are becoming hysterical. This is the result of frustration.”

An existential strategy approach (*see* Existential Strategy) emphasizes authenticity, and these quotes demonstrate how denying the reality of one’s experience produces inauthentic viewpoints and statements that are comical in their absurdity. One wonders if some of those involved in recent corporate scandals such as Enron and WorldCom applied a similar through-the-looking-glass logic to their own actions, which were ultimately harmful to both employees and stockholders.

Momentum Momentum is strength or force gained by motion or through the development of events. Momentum is the energy that is necessary for the implementation of change. Momentum can be created, maintained, or built by leaders to get change to work its way through an organization.¹¹ Momentum is aided by strategic persistence and commitment to implementing change. Think of momentum as the force that maintains the flight of a 747 jet. After the initial take-off, which takes a burst of enormous energy output and pilot concentration and nerve, there is a continuous momentum that keeps the flight going, that can seem effortless but actually requires steady commitment of resources and commitment to a specific flight path.

“Monkeys at the British Museum” If an infinite number of monkeys start typing at random, they will eventually produce Shakespeare’s *Hamlet*. An infinite number of computers running an infinite amount of time and generating random characters would have the same probability of producing the plays. This is an intuitive argument that may not hold up under rigorous mathematical scrutiny, but it does provide insight into strategy. It demonstrates how seemingly random, unconnected events can form a meaningful sequence and produce a desired result (*see* Complexity Theory).

Moore’s Law In 1965, Intel’s Gordon Moore created a “law” that became shorthand for the rapid, unprecedented growth of technology. He predicted that the number of

transistors on a chip would grow exponentially with each passing year. At the time, even Gordon Moore never imagined it might still be true today. Intel has developed new technologies that allow it to squeeze one billion transistors on a chip (a far cry from the 2,300 on its first processor).

Moral Cause Sun Tzu's word for mission. Moral cause needs to be communicated by the leader so as to inspire followers to sacrifice their lives for the leader and her moral cause.

Motivation The creation of stimuli, incentives, and work environments that enable people to perform at the best of their ability in pursuit of organizational success. Motivating people is a challenge at all levels, to say the least. Most companies are reasonably good at managing the organizational aspects of change and motivation, but are notoriously weak when it comes to managing the people aspects of an organization.

However, motivation and inspiration can energize employees, not by "pushing them in the right direction," but by satisfying basic human needs. *See* Maslow.

Motives Leaders and managers need to tap into the right motives to get organizational commitment or buy in to change.

Multistep Process One that involves overcoming a number of sequential obstacles. Basically true of most problem solving.

Multiunit Organization A feature of the 21st-century economy is the many multiunit systems that operate in several markets, an organizational form that arguably rivals the "M-form" or multidivisional form of the 20th century. The multimarket perspective requires a focus on commitment and mutual forbearance (*see* Mutual Forbearance), and the multiunit perspective emphasizes learning and knowledge transfer theory. DaimlerChrysler exhibits multiunit organization in the auto industry and in its investment in aerospace company EADS. *See* Structure.

Murphy's Law What can go wrong will go wrong. It is the failure to understand Murphy's law that led to both the Challenger and Columbia accidents. Management just did not allow themselves to think of insulation on the fuel tanks. If they had applied Murphy's law exhaustively, they could have planned for this scenario. A piece of insulation flew off the fuel tanks, hit the wing of the Challenger, and broke the thermal layer open. The managers dismissed it when they saw it. They did not realize the velocity and how it would penetrate the carbon on the plane.

Applying Murphy's law strategically involves exhaustive examination of all possibilities, especially the negative possibilities. They have to do more than they have done.

Mutual Forbearance When firms agree not to fight over a particular segment of the market so as to avoid mutually assured destruction.

Mutually Assured Destruction (MAD) Mutually assured destruction refers to the cases when to continue on a course of action would annihilate both parties. The

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classic example was when Russia and America had enough missiles aimed at each other to destroy one another. See Counterintuitive Strategy.

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