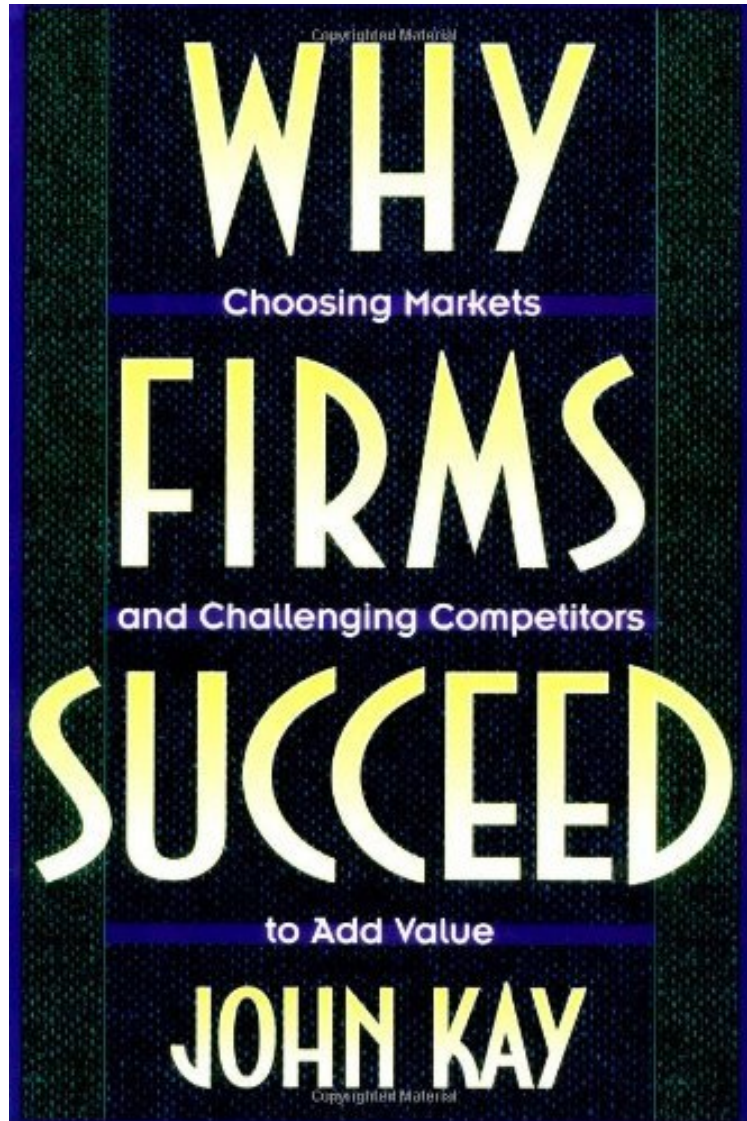


(Free read ebook) Why Firms Succeed

Why Firms Succeed

John Kay

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John Kay : Why Firms Succeed before purchasing it in order to gage whether or not it would be worth my time, and all praised Why Firms Succeed:

6 of 7 people found the following review helpful. A Solid Effort!By Rolf DobelliUsing the approach of an economics business model, John Kay defines the major characteristics firms have used to succeed where others fail. To get on the right side of that fence, he says, work your corporate strengths. Kay maintains that success hinges on distinctive abilities a firm can muster to add value for its particular customers. These unique traits include skills, reputation, and relationships. While the book (and the reader) may choke a bit on the academic charts and examples, real meat is hidden here. On the plus side, Kay writes in a fairly clear, spare style that makes complex ideas easy to follow. On the

minus side, he repeats the same basic principles and ideas. While executives might glean some real support for developing their companies' strengths, we [...] recommend his book primarily to business school academics and to those top-level managers interested in studying and applying theoretical models.

When John Kay's *Foundations of Corporate Success* first appeared in the U.K., it commanded the attention of the corporate world--and drew widespread praise. The *Financial Times* hailed it as "a powerfully argued book, which casts a fresh light on a range of practical business challenges." And *Business Age* wrote, "You must read John Kay's new book *Foundations of Corporate Success*. Kay is currently the best management theorist in Britain, bar none.... He is a rare find." Now John Kay has produced an American edition of this landmark book. In this freshly revised volume, Kay applies his groundbreaking theories to the U.S. experience, illustrating them with examples of success and failure in the American market. For too long, he writes, managers have chased after the latest fad in business planning and strategy, beguiled by military analogies and the demand for overarching vision. Success, he believes, should not be measured by organizational size or market share, but by the added value--the amount that output exceeds the input of raw materials, payroll, and capital. Corporate strategy should be aimed at this basic goal, beginning with the question, "How can we be different?" Kay identifies four key ingredients: innovation, reputation (especially in the form of brands), strategic assets (government mandated monopolies or other measures which restrict market access by competitors), and architecture (the relationships between a company and its employees, suppliers, and customers). Success comes not when managers drive through a towering vision of the company's destiny, but when they act on their organization's specific capabilities and advantages--especially in the key area of architecture. Honda, he notes, captured a third of the American motorcycle market within five years. No vision was required for this success, he writes: Honda simply did what it did best (making a simple, inexpensive product), followed by careful attention to the architecture of its business ties to distributors, customers, etc. He ranges through industries from airlines to retail clothing, pointing out the reasons for successes and failures. Kay also draws on game theory to underscore the importance of stable, long-term relationships. Other writers have hit upon some of these points, the *Financial Times* noted: "But none has explored them as thoroughly as Kay, who succeeds in marrying an authoritative grasp of economic, legal, and sociological theory with an impressively detailed knowledge of contemporary business practice." This volume transforms Kay's theoretical and practical knowledge into a powerful tool for today's American business manager.

From Booklist Kay is a professor of economics at the London Business School. In 1993 he wrote *Foundations of Corporate Success*, in which he argued that success could be measured as added value or as the difference between the value of a firm's output and the cost of its input. He also identified four areas of potential strength that lead to success: reputation, ability to innovate, market position or strategic assets, and relational contracts or "architecture." His book was the subject of spirited debate in the British business press, with Robert Heller noting in *Management Today* that several of Kay's "successful" examples had recently faltered, and with the *Economist* faulting Kay for suggesting that the study of management could be "scientific." Many other reviews, however, were quite favorable. He now offers this slightly revised, shortened, and "Americanized" version of his earlier book. Such American businesses as WalMart, Caterpillar, and the Boston Celtics(!) have been added as examples, and a consideration of the way business is transacted internationally is included. David Rouse "Rich with corporate and industry examples, ...this well-written book is highly recommended not only for US managers involved in strategic management, but also for business and economics academicians."--Choice "A powerfully argued book, which casts a fresh light on a range of practical business challenges."--The *Financial Times* for the UK edition "The best management theorist in Britain, bar none....An important book for the future of British management....Explains in blindingly simple terms how business strategies add value. Kay is the ultimate numbers man, but with a feel for operations."--Business Age for the UK edition "Impressive and readable....The scope and quality of this book put it in the same league as Michael Porter's celebrated volumes on competitive strategy and signal a certain coming of age of business education in Britain."--The *Observer* for the UK edition "A fresh and insightful approach...to the links between corporate culture, strategy, and success."--Sir Geoffrey Owen, Director of Business Policy Program, London School of Economics for the UK edition "In 1993 [Kay] wrote *Foundations of Corporate Success*, in which he argued that success could be measured as added value or as the difference between the value of a firm's output and the cost of its input....His book was the subject of spirited debate in the British business press....He now offers this slightly revised, shortened, and 'Americanized' version of his earlier book. Such American businesses as WalMart, Caterpillar, and the Boston Celtics (!) have been added as examples, and a consideration of the way business is transacted internationally is included."--Booklist "Mr. Kay is well on the way to turning himself into a European Michael Porter, Harvard's top showman."--The *Economist* About the Author John Kay is Professor of Economics at the London Business School, where he has served as Director of the Center for Business Strategy.