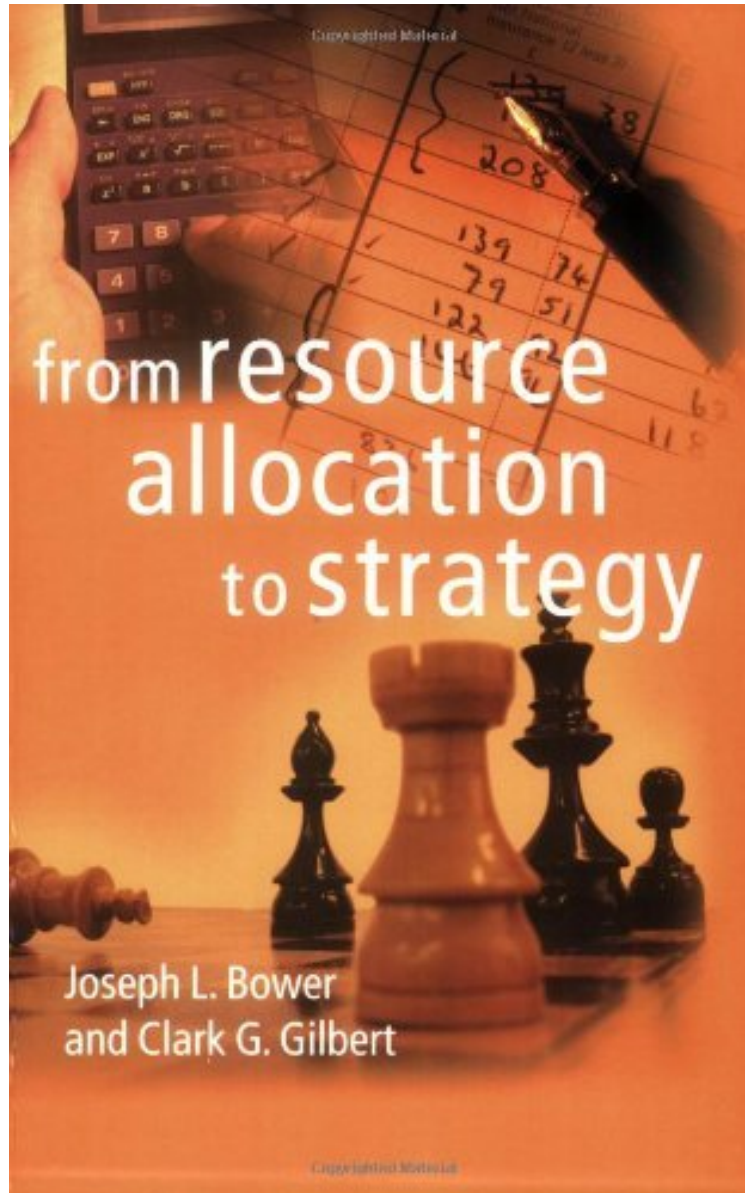


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## From Resource Allocation to Strategy

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**From Oxford University Press : From Resource Allocation to Strategy** before purchasing it in order to gauge whether or not it would be worth my time, and all praised From Resource Allocation to Strategy:

12 of 13 people found the following review helpful. A powerful consolidation of 35 years of work By Nick Palmer  
Professors Bower and Gilbert have done a fine job of crystalizing the stream of work begun by Professor Bower's 1970 Managing the Resource Allocation Process (RAP). The initial RAP work descriptively presented a more

practically satisfying view of how firms arrive at major resource decisions than the prevailing (to this day) mathematical optimization models in economic textbooks. What Professor Bower, and those who followed in this line of research described is far closer to the reality experienced by executives. In the intervening 35 years quite a few of business academe's leading thinkers have used this three-layer framework to describe and understand the inner workings of complex organizations. In the process, while the basic framework has remained solid, many nuances and implications have emerged. Furthermore, the RAP model has moved from more descriptive toward becoming more prescriptive. Thus RAP has become increasingly relevant to business practice. Much of this work, however, has appeared in piecemeal fashion -- insightful, but somewhat disconnected from the underlying theory. This book brings together the varied threads of work in a nicely structured, focused volume. The reader receives direct exposure to the leading thinkers in this school of work. The book provides a concise reference point highlighted by specific cases to bring out the subtleties of the theory and usefulness of the RAP. And happily, the quality of the writing is extremely high and approachable, even for the non-academic reader. While the more practical business executive may find some of this a bit too academic, that academic-ness is necessary to frame such a broad theory of business. Those who undertake reading this book will be rewarded with useful insights and a clearer understanding of what really makes large organizations tick.

9 of 9 people found the following review helpful. How to understand the resource allocation process and how to manage its direction

By Robert Morris

My initial reaction to the title was to question which should come first: resource allocation or strategy? Then as I began to read this brilliant book, I understood what Joseph L. Bower and Clark G. Gilbert's objectives were as co-editors and contributors. As they reveal in the book's Preface, "Our intention in writing this book is threefold: First, we hope to communicate the unique character of the resource allocation process and its link to strategy through the development of a formal model. Second, we hope to show how this model has evolved over 30 years of research development. Finally, we hope to better connect the research on resource allocation to the field of strategy as a whole." Bower and Gilbert brilliantly achieve all three objectives. The material is carefully organized within six Parts:

I Introduction to the Resource Allocation Process

Overview: how to link resource allocation to strategy; how to model the resource allocation process; what the proper role of strategy making is during organization evolution; and "anomaly-seeking research" which examines 30 years of theory development in resource allocation theory

II When the Bottom-up Process Fails

Overview: when and why the bottom-up resource allocation process fails; the causes and effects of customer power, strategic investment, and the failures of leading firms; the failure of bottom-up strategic processes and the role of top-down disinvestment; and comparing established firms and entrepreneurial start-ups in terms of the process of international expansion

III Restoring the Bottom-up Process

Overview: how to restore the bottom-up process of resource allocation; strategy making as viewed an iterative process of resource allocation; and beyond resource allocation, how definition and impetus interact to shape strategic outcomes

IV The Need for Top-down Intervention

Overview: when and why corporate intervention in resource allocation is necessary; which corporate-level options to consider when responding to uncertainty in the pursuit of strategic integration; and what the core issues to considering adoption of complex structures and entering into "webs of alliances"

V Outside Commentaries on the RAP

Perspective

Overview: John Roberts' thoughts about resource allocation, strategy, and organization; Daniel A. Levinthal's comments on the resource allocation process; Margaret A. Peteraf's views on "research complementarities; and Joel A. Podolny's response to "CEO as Change Agent?"

VI Conclusion

Overview: Bower and Gilbert offer a "revised model of the resource allocation process. Hopefully the brief comments I presume to provide will enable those who read this review to gain a sense of the scope of coverage by co-editors Bower and Gilbert and other contributors. I agree with them that there has been a need for more and better business research that explains the interaction between organizational and economic forces. The results of recent studies offered in this volume make a significant contribution to filling that need. They give us a much clearer "picture" of how large organizations manage their resources. As Bower and Gilbert note, "Without exception, these activities are distributed more widely across the organization than is usually imagined. More challenging for both descriptive and normative theories of decision making, activities whose consequences are interdependent will typically proceed independently and simultaneously, posing huge problems where coherence is a central requisite for efficiency and effectiveness." Those who share my high regard for this brilliant book are urged to check out Jeanne Ross's *Enterprise Architecture as Strategy*, Henry Chesbrough's *Open Business Models*, Dean Spitzer's *Transforming Performance Measurement*, and Wayne Eckerson's *Performance Dashboards*.

2 of 2 people found the following review helpful. Illuminating diversity, powerful synthesis

By Michael Raynor

The chapters of this book cover a wide range of industries, strategic challenges, and managerial perspectives, and each combines a solid footing in the realities of organizational life with careful and rigorous scholarship. With contributions from such luminaries as Clayton Christensen, and including experts on decision-making, strategy, and industrial economics, this collection of essays shines a light on just about every aspect of strategy-making and implementation. At the same time, and all the more powerfully, there is a consistent and readily evident thread that runs through it all, a thread made evident in thoughtful summary essays for each section: strategy is what you do, and how you decide what to do is the essence of the strategy process. To guide strategy-making, then, is to shape how decisions are made and direct the allocation of resources -- organizational, financial, and human -- toward specific ends. Getting stuff done in complex

organizations is a messy process, and fraught with difficulty, but the insights available in this book make it clear that if this complexity is to be channelled and controlled, it must be embraced, not ignored. Time spent reading this book and reflecting on the insights its many authors offer will pay large dividends. Full Disclosure: I contributed a chapter to this publication, and am proud of having my work included in this collection. I offer no opinion on my chapter, and instead comment here only on the other chapters.

Is strategy a coherent plan conceived at the top by a visionary leader, or is it formed by a series of individual commitments, not always reflecting what top management has in mind? If it is a series of commitments, how can they be managed? To answer these questions, Joseph L. Bower and Clark G. Gilbert present research that examines how strategy is actually made by company managers across several levels of an organization. The research penetrates the "black box" of strategy formulation and shows that a company's realized strategy emerges less from the formal statements of corporate strategy, but often out of the pattern of resource commitments that originate across every level of the firm. Drawing on over thirty years of research on resource allocation, including studies from Harvard Business School, Stanford, London Business School, and INSEAD, the book's five sections detail the structural characteristics of the resource allocation process, how the process can lead to breakdowns in strategic outcomes, and where top management can intervene to shape desired results. And while the organizing authors connect over three decades of research on resource allocation, they have also included assessments of this work by thought leaders in the fields of economics, competitive strategy, organizational behavior, and strategic management. The processes described represent the complex reality of strategy formulation in large organizations, but the ideas are presented in a way that enables the reader to access and understand the implications of these complexities. The findings should inform the research of economists, strategists, and behavioural scientists. Thoughtful executives and those who consult with them will also find the book provocative and instructive.

'Best Management Book, 2006' Strategy + Business About the Author Joseph L. Bower is a Professor in the General Management unit at Harvard Business School. Professor Bower is a leading expert in the fields of corporate strategy, organization, and public policy, and has devoted his research and teaching to the problems top managements face as they deal with the rapidly changing political economy and competitive circumstances of the contemporary world economy, as well as publishing many books and articles on these issues. Clark G. Gilbert is an Assistant Professor in the Entrepreneurial Management unit at the Harvard Business School. He teaches the Entrepreneurial Manager Course in the first year of the MBA program and has served as the co-director of faculty recruiting for his unit. Professor Gilbert's research focuses on corporate innovation and the challenges of entrepreneurship in large, established firms. Prior to joining Harvard Business School, Professor Gilbert worked as a consultant at the Monitor Group. Today he consults widely to the media, healthcare, and technology industries.