
**The Future of Competition:
Co-creating Unique Value
with Customers**

By C.K. Prahalad and
Venkatram Ramaswamy
Harvard Business School Press, 2004
250 pages, \$29.95

Many economists welcomed the advent of the Internet in the hope that the theoretical assumptions of Economics 101 — perfect information accessible to multiple buyers and sellers — might be realized, with a consequent strengthening of the market's invisible hand. In *The Future of Competition*, University of Michigan professors C.K. Prahalad and Venkatram Ramaswamy take a bold look at the emerging marketplace and affirm that competition is increasing and consumers do have more choices, but say that the value-creation process no longer resides with individual firms.

With open access to information and innumerable networking opportunities, the consumer is able to experiment with products and services on an unprecedented scale. The successful company needs to understand how to engage the consumer as a “co-creator” of value at all stages in the value chain. This will

not be easy. Firms must first begin to bridge the gap between “company think” (customer service, distribution, marketing) and “consumer think” (lifestyle, communities, aspirations). The authors argue that co-creation exposes the differences and conflicts between these two perspectives, but that it also offers multiple opportunities for valuable business experimentation. One goal of co-creation is to find a balance between the traditional emphasis on value extraction *from* consumers and the new stress on value creation *with* consumers. Professors Prahalad and Ramaswamy describe the building blocks of co-creating value with this framework: Dialogue, Access, Risk Assessment, and Transparency, or DART for short.

This is a dense, conceptual book in which the authors offer numerous provocative frameworks, such as DART, to help executives in traditional companies think about how to identify and tap into new sources of value in the human experience, and how to deliver this value through co-creation. It is aimed squarely at existing large-scale firms and addresses many of the tensions that arise between new requirements and old capabilities.

Perhaps the advice in this book is more appropriate for the next generation of managers, who won't have to deal with the legacy of past successes. Experienced corporate leaders, however, need to lead the way. They, too, will benefit greatly from the deep and provocative thinking of this collaboration between the self-described “non-traditional strategy researcher” and the “eclectic marketing scholar.”

**MBA in a Box: Practical
Ideas from the Best Brains
in Business**

By Joel Kurtzman with
Glenn Rifkin and Victoria Griffith
Crown Business, 2004
432 pages, \$34.95

The field of management thought is notoriously placid. Academics and consultants can labor away indefinitely at their own specialties undisturbed by criticism of either their ideas or their practices. In *MBA in a Box*, consultant and former *strategy+business* and *Harvard Business Review* editor Joel Kurtzman, together with business journalists Glenn Rifkin and Victoria Griffith, sets out to shake things up.

This book is not a “portable”

MBA, a compressed MBA curriculum. Mr. Kurtzman asked practitioners, journalists, and academics to write candid, open, opinionated pieces about their chosen topics. Their essays are leavened by short extracts from classical writings on management, and incisive commentaries from Mr. Kurtzman and his fellow editors. The contents address the functional areas presented in any MBA course.

The subjects dealt with best are strategy, implementation (there is a particularly helpful essay on using the balanced scorecard), and marketing, where the importance of appropriate segmentation and focus are emphasized. Overall, the book provides a lively picture of current issues for management practitioners.

**The Toyota Way:
14 Management Principles
from the World's Greatest
Manufacturer**

By Jeffrey K. Liker
McGraw-Hill, 2004
330 pages, \$24.95

Toyota invented “lean production” and is still its most advanced exponent. No other company has been able to emulate its success, even though Toyota has been astonishingly open in providing access to its facilities. The reasons for this failure become clear when one reads *The Toyota Way*, an admirable new book by Jeffrey K. Liker, professor of industrial and operations engineering at the University of Michigan, and a cofounder and director of the Japan Technology Management Program.

Although the book is structured around 14 principles that will be familiar to many *strategy+business* readers, it is clear that leanness can't

be achieved with a simple multistep program. Professor Liker places the principles within a four-level pyramid illustrating his “4 Ps” philosophy: Processes at the base, then People, Partners, and finally Problem-Solving. True lean production can be realized only when all these levels are addressed and integrated, which rarely happens. Lean production is also a continuous process of learning by doing. The primary goal is to root out waste (*muda* in Japanese), which Professor Liker says takes eight forms, from overproduction to unused employee creativity. What distinguishes Toyota from most companies, he writes, is that it not only seeks to eradicate *muda*, but also attacks two other equally important, and common, problems — *mura* (unevenness in the flow of work) and *muri* (overburdening of people).

Lean production is a management art that highlights the tensions between the visceral and the cerebral, between learning and instruction, and between standards that are supportive and those that are coercive. Success depends on reaching the appropriate dynamic balance between these apparent opposites. The author emphasizes the inherent counterintuitiveness of lean production for Western-trained managers. No wonder it's not easy being lean.

**The Culting of Brands:
When Customers Become
True Believers**

By Douglas Atkin
Portfolio, 2004
234 pages, \$24.95

What do Apple, Harley-Davidson, Saturn, Timberland, the U.S. Marines, and the Mormon Church have in common? According to

Douglas Atkin, director of strategy at New York ad agency Merkle + Partners, they are all cults, organizations dedicated to some person, idea, or thing that satisfies their members' hunger for community and their need to find meaning in their lives. Typically, cult members are devoted exclusively to their particular interest and are often voluntary proselytizers.

In *The Culting of Brands*, Mr. Atkin contends that many successful brands now perform the emotional and spiritual functions traditionally delivered by social and religious institutions. This is not a development that he necessarily welcomes, but he presents it both as a fact and as an opportunity for marketers to exploit.

The cultlike nature of many brands is illustrated with numerous examples, and, once alerted, readers can think of many others, whether rock groups, sports teams, or the BlackBerry. Mr. Atkin identifies the elements that cult brands have in common with more familiar cults. People join cults both to break with a larger community and to conform to a smaller one. In that process they usually feel more individual, more special, and more appreciated than they have in their previous lives. Thus marketers have to determine their potential sense of difference; declare that difference in doctrine, symbol, and language; demarcate the brand from the rest of the world; and demonize outsiders.

This advice is contrary to much conventional marketing wisdom, and marketers may be understandably nervous about restricting a product's appeal to a particular group. But the author makes a compelling case that this laserlike focus can build an emotional bond of immense and matchless value. +