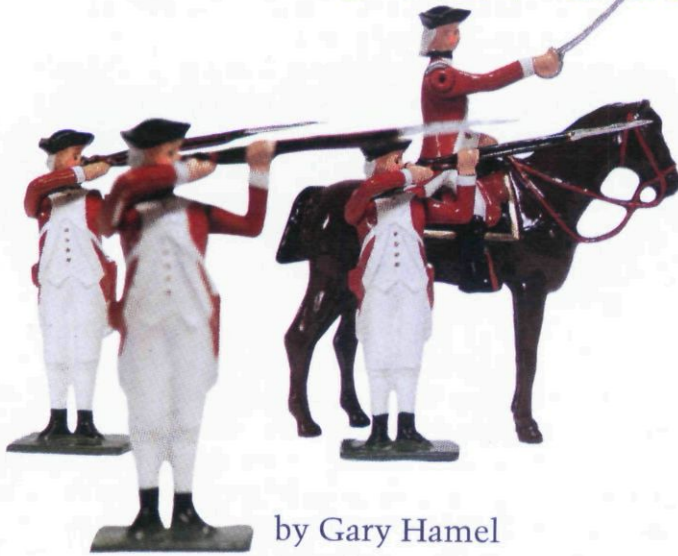


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## STRATEGY AS REVOLUTION



by Gary Hamel

Let's admit it. Corporations around the world are reaching the limits of incrementalism. Squeezing another penny out of costs, getting a product to market a few weeks earlier, responding to customers' inquiries a little bit faster, ratcheting quality up one more notch, capturing another point of market share—those are the obsessions of managers today. But pursuing incremental improvements while rivals reinvent the industry is like fiddling while Rome burns.

Look at any industry and you will see three kinds of companies. First are the rule makers, the incumbents that built the industry. IBM, CBS, United Airlines, Merrill Lynch, Sears, Coca-Cola, and the like are the creators and protectors of industrial orthodoxy. They are the oligarchy. Next are the rule takers, the companies that pay homage to the industrial "lords." Fujitsu, ABC, U.S. Air, Smith Barney, J.C. Penney, and numerous others are those peasants. Their life is hard. Imagine working at Fujitsu for 30 years trying to catch IBM in the mainframe business, or being McDonnell Douglas to Boeing, or Avis to Hertz. We Try Harder may be a great advertising slogan, but it's depressingly futile as a strategy. What good will it do to work harder to follow the rules when some com-

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