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Strategy crossroads

An embarrassment of riches or a poverty of opportunities? Ajit Kambil

With many US businesses today wading in cash, the author ponders why they aren't investing more actively in new businesses and opportunities. Failure to deploy these cash reserves intelligently may result in unwented mergers and buyouts.

Reaching for value

Refocus your business for improved performance 8

Stuart E. Jackson

In his first column, the author describes how C.H. Guenther & Sons, a regional flour milling and food products company based in San Antonio, Texas, applied the principles of strategic market positioning to refocus their business – with dramatic improvements in operating performance.

Corporate governance

CEO succession: best practices in a changing environment 11

Dan R. Dalton and Catherine M. Dalton

in this second of a two-part column on succession planning, our columnists highlight the ultimate irony of boards' grooming CEO successors effectively - the best and the brightest among the contenders often leave a company when they lose out on the top spot.

Feature articles

Serving the world's poor; innovation at the base of the economic pyramid

Jamie Anderson and Niels Billou

There are more than four billion customers at the bottom of the economic pyramid and they need products and services that range from sharnpoo to pre-paid feliaphone cards. Companies can make a profit serving these consumers by following the "'4As'': availability, affordability, acceptability, and awareness. The authors cite several case studies of companies that have used innovative marketing to turn surprising profits in some of the world's poorest markets.

Taking by storm: a breakout strategy

22

14

Thomas Lawton, Sydney Finkelstein and Charles Harvey

Business entrepreneurs who want to raise a company from a subordinate to a more dominant market.

position, through meeting the challenge of double-digit growth, must pursue an optimal strategy and excel in its execution. The authors found that breakouts typically are accompanied by sudden and dramatic increases in output and levels of activity. This paper provides a step-by-step action framework for the delivery of accelerated growth, founded on strategic excellence from beginning to end.

Untapped: strategies for success in underserved markets John Weiser

30

Many companies are still concerned about the difficulties of entering these markets and skeptical of whether they can operate profitably or find a reliable workforce, in these communities. This article addresses this concern head-on. It presents two case studies of companies that have sold to and hired from these markets and five strategies for success that have been distilled from a review of hundreds of similar examples. These strategies can help guide companies through these complex markets, building sustainable advantage and avoiding painful pitfalls.

The connected enterprise: beyond division of labor

38

Timothy Galpin, Rod Hilpirt and Bruce Evans

Are organizations today more like cross-functional "symphonies" or do they still resemble the traditional, functional, manufacturing model that Adam Smith described 230 years ago? Are cross-functional organizations really more effective than functional organizations? And, if cross-functional organizations are more effective, why aren't they more prevalent? The article presents a set of 12 pragmatic recommendations on how to implement cross-functional organization design structures.

The employee survey: more than asking questions Paul M. Sanchez

48

Employée engagement has declined in recent years but it can be a long-term source of competitive advantage. Step one may be a survey to measure attitudes, but follow-up is even more critical to success. The author provides best practice guidance on ensuring survey success, including the role of senior management and communicating results and intentions.

Global airline alliances: sparking profitability for a troubled industry Christian Czipura and Dominique R. Jolly

57

SkyTeam and Star Alliance are two of the largest alliance networks in the global airline industry. The authors conducted interviews with airline executives and researched the history and operations of the alliances, concluding that, although they are presently built on differences between partners, future alliances are likely to emphasize similarities. Airlines will increasingly form ailliances to streamline back office operations to regain profitability and aftract more customers.