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Organizational Behavior

strategy and rules

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2021

Rules, Norms, and Strategies

norms, principles, laws, rules, and strategies

- norms
    - general
    - typical
- principles
    - general
    - specific
- laws
    - written
    - based on norms or principles
- rules
    - specific
- strategy
    - individual

Approaches to Strategy

three approaches to strategy

	position	resources	simple rules
strategic logic	identify a market locate a position fortify and defend	establish a vision build resources leverage across markets	jump into confusion keep moving seize opportunities finish strong
strategic question	Where should we be?	What should we be?	How should we proceed?
source of advantage	unique, valuable position with tightly integrated activity system	unique, valuable, inimitable resources	key processes and unique simple rules
works best in	slowly changing, well-structured markets	moderately changing, well-structured markets	rapidly changing, ambiguous markets
duration of advantage	sustained	sustained	unpredictable
risk	difficulty in altering the position as conditions change	difficulty in altering resources as conditions change	executing on promising opportunities
performance goal	profitability	long-term dominance	growth

(Eisenhardt & Sull, 2001)

Simple Rules

opportunity

- market confusion
- guidance through chaos
- capturing opportunities
- for all companies (?)

(Eisenhardt & Sull, 2001)

Zeroing in on Key Processes

characterization

- lacking strategy (?)
- paralyzes by chaos
- a few, flexible and general

(Eisenhardt & Sull, 2001)

Types of Rules

types of rules

type	purpose	example
how-to	spelling out key features of how a process is executed	Akamai: customer service
boundary	focusing on which opportunities can be pursued and which should be left aside	Cisco: acquisitions
priority	ranking of accepted opportunities	Intel: allocation of manufacturing capacities
timing	synchronizing opportunities and other parts of the company	Nortel: product development
exit	helping decide to change	Oticon: development

(Eisenhardt & Sull, 2001)

Number of Rules

number of rules

- How much is too much?
    - overwhelming paralyzes
- How much is enough?
    - useless
- the rule of thumb
    - 2–7
- variations
    - age
    - state of market

(Eisenhardt & Sull, 2001)

Creation

inspirations

- knowledge
- intuition
- deliberation
- experience and practice

(Eisenhardt & Sull, 2001)

Change

number of rules

- consistency and stability
- frequency and necessity

(Eisenhardt & Sull, 2001)

Sources

Eisenhardt, K. M., & Sull, D. N. (2001). Strategy as simple rules. *Harvard business review*, *79*(1).

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