

**Dietmar Fink\***

## **A LIFE CYCLE APPROACH TO MANAGEMENT FASHION: AN INVESTIGATION OF MANAGEMENT CONCEPTS IN THE CONTEXT OF COMPETITIVE STRATEGY\*\***

---

### **ABSTRACT**

Although it is generally not possible to assess their economic benefits either in advance or even in retrospect, most executives rely on the reasoning and the ideas promoted in modern management concepts. This paper presents a model for explaining and predicting the underlying management decisions. In order to exemplify the methodology described, the model is applied to ten current management concepts in the context of an empirical analysis: Business Process Reengineering, Total Quality Management, Knowledge Management and Learning Organisations, Customer Relationship Management, Lean Management, Core Competence Management, Shareholder Value Management, Growth Strategies, eBusiness/eCommerce, as well as Virtual Corporations and Network Organizations.

JEL-Classification: M10.

---

### **1 INTRODUCTION: MANAGEMENT CONCEPTS AND THEIR EXPONENTS**

Numerous management concepts that have long been counted among the “classics” in business management were originally developed by management consultants for the purpose of uncovering innovative solutions to operational, and above all, strategic management problems. However, the success rate of many of these concepts may be questionable. *Michael Hammer* and *James Champy*, for example, the protagonists of Business Process Reengineering, cite the fact that 70 to 80 percent of such projects ultimately fail<sup>1</sup>. And yet, the tendency to invest vast sums into implementing the latest concepts has by no means diminished. Thus, we can expect that the consultants’ ideas will affect the general view on how to solve management problems in the future as well. The reason is that consultants are not simply *problem solvers*, but also *providers of meaning*: “By employing extremely effective rhetoric, primarily through bestsellers, articles in management journals, seminars and congresses, they instigate discourse, which propagates ‘management philosophies’, new ways of thinking and new management principles”<sup>2</sup>.

\* Prof. Dr. *Dietmar Fink*, Head of Management Consulting and Corporate Development, Bonn-Rhein-Sieg University of Applied Sciences, Managing Director WGMB Wissenschaftliche Gesellschaft für Management und Beratung, Bonn, e-mail: dietmar.fink@managementconsulting.de.

\*\* The author gratefully acknowledges the invaluable support provided by Dipl.-Kffr. (FH) *Bianka Knoblach*.

1 See *Straub/Forchhammer* (1995), p. 9.

2 *Kieser* (1998), p. 206 (translated by the author).

Kieser (1996, 1998) showed that in order to make consulting services accessible to potential clients, a discourse process is typically initiated and encouraged in a more or less open coalition of large consulting firms and other participants, including publishers, economic journals, seminar organisers, and government institutions that offer subsidy programmes. In their combined effort to promote the respective management concepts, all players pursue individual objectives, such as profit, prestige, influence, or career-related goals.

If a discourse process is successful, other consultants are usually very quick to advocate the propagated ideas, so that they too benefit from the emerging consulting market. This behavioural pattern leads to an ever-escalating process: the more willingly potential clients embrace the discourse, the more consultants take part in it. The more consultants take part, the more vehemently the ideas are channelled into the market, and hence it becomes all the more difficult for potential clients to withdraw from the discourse.

But why do managers, i.e., the potential clients, participate in this type of discourse at all? And why do they engage so willingly in such a large number of consulting projects as a result of it? The reasons are undoubtedly complex. However, we can assume that managers have a fundamental need to strengthen their company's *competitive position*. Given the increasing complexity and dynamic nature of most markets, many managers see themselves faced more and more with uncertain and unstructured situations, in which the path that leads to a strong position is never clearly mapped out.

In such an ambiguous context, management concepts can provide some form of orientation. They are generally well structured, their protagonists demonstrate their strategic value on the basis of numerous "success stories" from practice, and their clear structure permits swift and precise action. Thus, management concepts allow managers to reduce the complexity of the decision-making process, since they no longer need to orient their methods towards the reality of the company and its surrounding networks. Instead, managers can focus on the *competitive strategic potential perceived* to be achievable by adopting a certain concept. If the managers believe this potential is sufficient, the concept is applied to the company's own situation to the greatest possible extent<sup>3</sup>.

The following section presents a model that interprets and predicts decisions for investing in and implementing individual management concepts. The strategic potential of a concept and its rate of adoption are taken as the key determinants.

3 In some cases, management tends to adapt the perception of the company's actual situation to the premises of the concept during the discourse process. At the same time, consulting firms and their promotion partners often use rhetoric that appeals to the fear, greed, and vanity of potential clients: Fear that the company's competitive position may weaken, fear of not having the management of the company under control, and ultimately, fear of jeopardising the manager's own career. Greed in terms of achieving promised "quantum leaps" in profit, market share or similar indicators of success, which (should) have materialised in companies that already pursue a certain concept. And the vanity of managers in model companies to act as an outstanding example, even when evidence of an actual improvement of the company's competitive position is often either not, or cannot be, verified.

In order to exemplify the methodology described, the model is subsequently applied to ten current management concepts in the context of an empirical analysis<sup>4</sup>.

## **2 A MODEL FOR EXPLAINING AND PREDICTING INVESTMENTS IN MANAGEMENT CONCEPTS**

### *2.1 THE STRATEGIC POTENTIAL OF MANAGEMENT CONCEPTS*

#### *2.1.1 PROBLEMS OF MEASURING STRATEGIC EFFICIENCY*

Due to the complex interrelations involved, it is difficult, even in retrospect, to determine whether using a certain management concept can actually help a company to improve its competitive position. However, assessments of this kind are often not required in corporate practice. Many management concepts are considered, albeit for only a limited period, to be beyond all doubt the “best practice”, and the executives of the companies that use these concepts are recognized for their progressive management styles<sup>5</sup>. However, if we apply an economic standard, then we should be able to measure the efficiency of a management concept by using a cost/benefit analysis. That is to say, from an economic point of view, the concept must at least pay off in the long term, as reflected in a positive effect on company profitability. On the other hand, as is the case with all management decisions, the fundamental problem of measuring economic efficiency occurs here as well<sup>6</sup>. This problem can be illustrated as follows:

In principle, when a company decides to adopt a certain management concept, this decision is equivalent to an investment in the main ideas and principles embodied in the concept. Thus, the expected future discounted surpluses that result from the implementation of the concept must more than compensate the initial expenditure for such a “management investment”, should this investment comply with the requirements of economic efficiency. Although we may possibly assess both the initial as well as the expected future expenditure that is required to implement a management concept at least to a certain extent, calculating future return on investment presents a fundamental problem<sup>7</sup>: Owing to the interdepen-

4 A total of 2,700 companies were chosen for the analysis. The companies were selected at random from the banking and insurance, consumer goods, chemicals and pharmaceuticals, telecommunications, information systems and media, automotive, mechanical engineering and plant engineering industries. The data were gathered using a standardised questionnaire that was addressed to members of the executive board. The final survey comprised 241 respondents. This figure is equivalent to an overall response rate of 8.9 percent. The questionnaires were not always sent back by the respondents themselves. Occasionally, the board members sent them on to other staff functions or departments. However, due to the anonymous method of data collection employed, a systematic evaluation of this factor is not possible. Approximately half of the companies that participated (49.2 percent) classify themselves as medium-sized companies, 27.4 percent consider themselves large companies, and 13.4 percent rank among the 100 companies in Germany with the largest turnover. The survey was carried out from mid-May to the end of June 2001.

5 See *Kieser* (1998), pp. 202–203.

6 See *Link* (1996), pp. 37.

7 See e.g. *Frese/v. Werder* (1992), col. 380; *Picot/Reichwald* (1987), pp. 97–98.

dent nature of management decisions and in consideration of contextual influences, even if we were able to quantify all future returns in relation to the company as a whole, it would still not be possible to isolate the specific sum attributable to the implementation of a certain management concept<sup>8</sup>.

An example may clarify this: If the management of a company decides to carry out Business Process Reengineering, we cannot determine, even in retrospect, whether an increase in turnover (economic indicator of success) is attributable to an improvement in the customer orientation of a company's business processes (individual decision), the effect of a simultaneous increase in the marketing budget (interdependent decision-making), or resulting from an exogenous growth in demand (contextual influence). Neither can we determine to what extent the individual elements have contributed to this increase.

### 2.1.2 THE USE OF EFFICIENCY CRITERIA

The difficulties of specifically isolating and quantifying the benefits attributable to implementing a certain concept require an application of qualitative substitute benchmarks. Criteria that are used to evaluate complex circumstances surrounding economic decisions are called *efficiency criteria*<sup>9</sup>. Such criteria are based on a conjectural means-to-an-end relation to the economic goals of a company. They ultimately aim to optimise economic indicators of success.

When formulating such criteria, we must consider that the relation between a management concept as a theoretical construct and the actual economic consequences of implementing the concept is never inevitable and absolute, but rather a potential and conditional one<sup>10</sup>. Management concepts open up new courses of action to companies. They hold creative potential, which can either be utilised or rejected, depending on the specific contextual conditions that a company is faced with<sup>11</sup>. Following on from this consideration, we can deduce three principle requirements of the definition of appropriate efficiency criteria:

- (1) The criteria used for evaluation cannot be formulated as universally applicable, absolute indicators, but as *dimensions of an existing economic potential*. They must be tailored to a company's specific situation and surrounding networks. The individual dimensions may be different in the way they are applied, and they may only become effective when a company considers it advantageous to utilise the theoretical possibilities that a concept holds in actual commercial transactions. Thus, the existence of appropriate potential creates a necessary, though not sufficient, prerequisite for strengthening the competitive position.

8 On the impossibility of establishing a complete efficiency model of surrounding networks and companies, see *Drumm* (1980), p. 312.

9 See e.g. *Frese* (1998), pp. 251; *Link* (1996), pp. 38–39; *Hoffmann* (1980), col. 2270.

10 This has been similarly pointed out in the relation between technology and economy; see *Picol* (1985), p. 383; *Fink* (1998), p. 36 on this and in the following.

11 See e.g. *Frese/v. Werder* (1992), col. 384–385; *Servatius* (1985), pp. 30–31.

- (2) The efficiency criteria must be deduced from the contingent *contextual conditions* that a company may be faced with<sup>12</sup>. If we are to analyse different management concepts in terms of their ability to strengthen a company's competitive position, it is appropriate to first consider the competitive market environment in which the company operates. According to the system of strategic direction developed by *Porter*, management concepts can be defined as having two underlying dimensions of competitive strategic potential: differentiating potential and cost leadership potential<sup>13</sup>. The former refers to the potential a management concept bears in terms of a company's ability to set itself apart from the competition with a "superior" offer. The latter refers to its potential in terms of acquiring cost advantages.
- (3) The efficiency criteria must be formulated and evaluated as *subjectively perceived* dimensions of the respective strategic potential. It has already been made clear that due to the involvement of complex interrelations, it is more or less impossible to answer the question as to whether a company is actually able to strengthen its competitive position by pursuing a certain management concept. To reduce the complexity of the circumstances attached to its decision-making, rather than focusing on the objectively available competitive potential of a concept, which – if at all – can only be determined at prohibitive costs, the management of a company instead focuses on subjectively perceived differentiating and cost leadership potential. The discourse described in the introduction plays a fundamental role in forming these perceptions.

In principle, we can draw on two efficiency criteria for assessing management concepts in terms of strategic orientation: the *perceived differentiating potential* and the *perceived cost leadership potential*. These are "primary" efficiency criteria, which take effect directly on the market, and behind which various "secondary" efficiency criteria operate<sup>14</sup>. The secondary efficiency criteria imply higher-level potentials, which are necessary in order to enable an implementation of the primary efficiency criteria. They too must be deduced from the context factors that are relevant for a company<sup>15</sup>. Possible secondary efficiency criteria are, for example, the potential of a concept to contribute to the general pace of development in a company, its innovation strength, or its efficiency in terms of meeting individual customer requirements.

### 2.1.3 A PORTFOLIO CONCEPT FOR AGGREGATING PRIMARY EFFICIENCY CRITERIA

The contribution that a management concept can make when a company pursues a particular competitive strategy differs from concept to concept. Certain concepts are more suitable in terms of their differentiating potential, while others are more suitable for their cost-reducing potential. In this paper's empirical analysis, the differentiating potential and the cost leadership potential of the management con-

12 See *Fink* (1998), p. 37; *Link* (1993), p. 1121; *Link/Hildebrand* (1993), pp. 12.

13 See *Porter* (1996), pp. 31; *Porter* (1995), pp. 62.

14 See also *Fink* (1998), pp. 37.

15 For an illustration of various context factors, see *Link* (1993), p. 1122.

cepts are assessed on the basis of a five-level rating scale with “high” and “low” at opposite ends of the scale. The individual levels on the scale were assigned the values “100” (as the numerical equivalent of “low”) to “500” (the numerical equivalent of “high”)<sup>16</sup>. The highest differentiating potential, with a mean value of 433 points in each case, was ascribed to Customer Relationship Management and Knowledge Management/Learning Organisations. The highest cost leadership potential was assigned to Lean Management, with a mean value of 465 points.

The two separate dimensions of competitive strategic potential can now be combined to form an aggregated value of the overall *perceived strategic potential*. If it is initially assumed that the perceived differentiating potential (DP) and the perceived cost leadership potential (CP) contribute to the collective perceived strategic potential (SP) of a management concept to the same degree, this assumption can be represented in terms of the following functional relation:

$$SP = (DP + CP) / 2 \quad (1)$$

This equation can now be represented in the form of a portfolio with the two dimensions DP and CP as the axial values. By determining a mean value as a classification boundary for each of the dimensions, and by initially marginally distinguishing between low and high values, we are able to draw up a four-quadrant diagram as depicted in *Figure 1*.

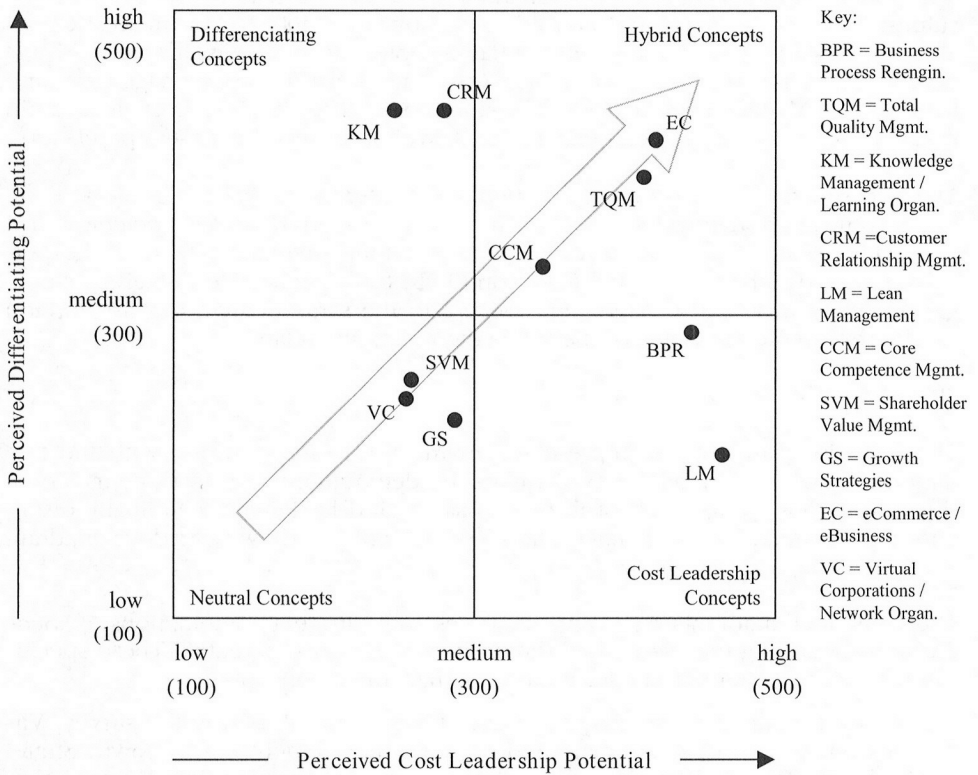
The individual quadrants represent categories with different combinations of specifications regarding the established dimensions of strategic potential. These specifications enable a strategic classification of management concepts<sup>17</sup>:

- According to the perceptions of the executives that took part in the survey, Virtual Company Structures, Shareholder Value Management, and Growth Strategies have only a low degree of strategic potential. Consequently, they are either barely or not at all suitable for pursuing either of the two underlying competitive strategies. Therefore, they are termed as *neutral concepts*.
- Knowledge Management and Learning Organisations, as well as Customer Relationship Management can be assigned to the top left quadrant. These concepts are characterised by high differentiating potential but low cost leadership potential. Therefore, in the eyes of the respondents, they aid the pursuit of a differentiating strategy while they are not considered suitable for supporting a cost leadership strategy. Accordingly, these concepts are termed as *differentiating concepts*.
- The strategic relevance of the management concepts assigned to the bottom right quadrant (Business Process Reengineering and Lean Management) con-

<sup>16</sup> Although the rating scales are in principle ordinal scales (as long as the assumption of equal sections of the scale is not verified), to some extent, in the course of data evaluation and interpretation the use of a ratio scale was implied. In this sense, the rank-scaled variable is interpreted as an undefined measurement of a (virtual) metric scale; see *Benninghaus* (1998), pp. 53; *Rotb* (1993), pp. 411.

<sup>17</sup> See below also *Fink* (1998), pp. 50.

Figure 1: Portfolio of Strategic Potential of the Studied Management Concepts



trasts with the concepts in the top left quadrant. While they demonstrate a relatively high degree of cost leadership potential, their differentiating potential is comparatively low. Hence, they are primarily suitable for supporting cost leadership strategies. Thus, we term them *cost leadership concepts*.

- Management concepts that are to be assigned to the top right quadrant of the portfolio combine the positive strategic properties of differentiating and cost leadership concepts. According to the perceptions of the surveyed executives, these are Core Competence Management, eBusiness/eCommerce and Total Quality Management. These concepts indicate high values for both differentiating and cost leadership potential. Therefore, they can be implemented in the pursuit of both types of strategies. Hence, we term them *hybrid concepts*<sup>18</sup>.

The explanations above emphasize the relation represented in equation (1), which shows that the perceived strategic potential of a management concept increases along with its perceived differentiating and cost leadership potential. In *Figure 1*, this relation is symbolised by the arrow that runs diagonally across the axes. How-

18 On hybrid strategies, see e.g. Jenner (2000), pp. 14–15.

ever, it is obvious that the classification scheme applied here is based on, or results in, a random demarcation of boundaries between the various management concepts. For example, in the boundary area the relevant differences between a neutral competitive strategy and a hybrid strategy can easily turn out to be marginal. However, despite this constraint, the standard classification of management concepts is appropriate for (roughly) characterizing their underlying strategic nature.

## 2.2 THE RATE OF ADOPTION OF MANAGEMENT CONCEPTS

### 2.2.1 MANAGEMENT CONCEPTS AND MANAGEMENT FASHION

In addition to the competitive strategic potential of a management concept, its appeal in the eyes of a potential user is primarily determined on the basis of its *rate of adoption*. In the following, this term is interpreted as the percentage of the companies in the relevant population (e.g., an industry or a region etc.) that pursue the objectives, norms, and methods on which a certain management concept is based.

The spread of a concept frequently follows the same pattern that is typical, for instance, of the fashion industry: “Similar to the fashion industry, they [the consultants] constantly present new strategies with a different look, tailor-made IT solutions or innovative management concepts that are all the rage. Yet just a few years on, the models are just as ‘out’ as last year’s summer collections”<sup>19</sup>.

The analogy to the fashion industry reveals a number of varied characteristics. For example, in a treatise on fashion in general, the philosopher and aesthete *Boris Groys* argued that if all the subjects in question differ only partially from one another, then fashion violates this apparent equality to the extent that it singles out any one difference from all the partial differences as being more significant and more valuable<sup>20</sup>. In the same way, specific aspects of management concepts, even if they are frequently very similar to each other, are emphasised as being essential. For instance, the focus on core competencies, outsourcing of certain activities, downsizing the corporation, and implementing lean management. By placing particular emphasis on these aspects in the discourses described earlier, they become distinctive elements of a concept, unfolding the same effect that we observe in fashion trends: they create new, temporary social codes, certain behavioural patterns, and a sense of group conformity. In doing so, they can maintain social elites, a hierarchy of values, and a system of criteria that carries weight within a certain group<sup>21</sup>.

Executives that embark on such fashions usually pursue two goals simultaneously, the management of the company and the management of their own careers<sup>22</sup>. It is not just the “modern” management concepts that are often considered to be the

19 *Heinisch* (2001), p. B1 (translated by the author).

20 See *Groys* (1999), p. 46.

21 See *Groys* (1999), p. 46.

22 See *Watson* (1994).



most effective for a certain period, but the executives that utilize them are also regarded as progressive, competent leaders<sup>23</sup>.

However, this positive run decreases over time. The innovative character of a management concept is archived and sealed, priorities are readjusted, and the next management fashion is due. Moving from fashion to fashion, or in this case from concept to concept, is characterised more by revolution rather than evolution<sup>24</sup>. On the whole, the guiding principles put forward by new management concepts are not based on those of their predecessors, but rather attempt to replace and *displace* them. Hence, it is often the case that new concepts dramatise the problems that emerged in preceding concepts, emphasising these to the extent that the once prevailing core assumptions are diametrically reversed, thus creating an “antifashion”. Centralisation follows on from decentralisation, a period of looking outward follows on from a period of inward orientation, a wave of growth and integration follows on from a wave of Lean Management<sup>25</sup>. However, the tendency to reverse the direction of the ideas and guiding principles embodied in the concepts often remains superficial: It frequently happens that exactly those concepts are marketed as new ones that enable the promoter community of economic press, authors and consultants to use existing skills acquired in the course of previous management fashion(s)<sup>26</sup>.

### 2.2.2 THE LIFE CYCLE OF MANAGEMENT CONCEPTS

The spread of new management concepts can generally be described as a bell-shaped curve: the early pioneers of new trends are imitated by more and more copycats until the trend is eventually “out” and the pioneers pursue a new path of orientation. In other words, these concepts go through a *life cycle*<sup>27</sup>, similar to that of products or industries. Ideally, this life cycle can be defined in four phases: thematisation, expansion, dominance, and dethematisation.

In the *thematisation phase*, initial discourse paves the way for a new concept, and the first coalitions of authors, consultants and other promoters are formed. The rate of adoption of the concept is still relatively low and is characterised by moderate growth rates. In the *expansion phase*, the propagated ideas and principles encounter wider acceptance. More and more companies go on to implement the concept, while at the same time it is being taken up by a growing promoter community and channelled into the market with increasing vehemence. Consequently, its rate of adoption increases strongly. The concept meets with the highest degree of acceptance in the *dominance phase*, during which its ideas and the methods that are derived from these become a generally accepted norm. Again, this phase

23 See Kieser (1998), p. 202.

24 See Kuhn (1993), pp. 97–98 and pp. 117.

25 See e.g. Kieser (1996), p. 33; Dichtl (1998), pp. 181–182.

26 This phenomenon occurred with Reengineering, for example, to the extent that it was interpreted as a comprehensive framework concept for Total Quality Management, Lean Management, Organisational Learning, and other concepts; see Kieser (1996), p. 33.

27 See Schütz (1998), pp. 179 for comments on the subject of life cycles.

is characterised by moderate growth. However, this time, growth is based on a relatively high rate of adoption. Finally, in the *dethematisation phase*, there is a change in the mode of thinking. The ideas, which are now no longer considered to be new and innovative, are worn out and have revealed weaknesses, and ultimately they lose ground to new concepts. More and more consultants disengage from the old coalitions, distance themselves from the previous ideas and join up to form new promoter communities in order to launch the next fashion.

However, not all management concepts go through the same life cycle that is portrayed here. Some concepts are displaced by others or dropped early on, either because their perceived strategic potential is insufficient or because rival concepts are considered more effective.

### 2.3 A CLASSIFICATION OF MANAGEMENT CONCEPTS

By combining the rate of adoption of a concept with its perceived strategic potential, it is possible to create a portfolio that enables us to classify management concepts into four ideal types of categories. However, before the portfolio is constructed, a further aspect of the networks surrounding a company should be considered:

In equation (1), it was initially assumed that the two dimensions of strategic potential, differentiating potential and cost leadership potential, contribute to the overall strategic potential of a management concept to the same degree. However, subject to the actual competitive situation on a market, the weight given each of the two dimensions can be different. For example, it is possible that different industries are characterised by different price sensitivity. These differences can lead to a deviation in the value of cost leadership potential compared to the value of differentiating potential. For this reason, it is important to consider not only the perceived strategic potential, but also its *perceived context-based relevance*. This aspect is taken into account by assigning specific weighting factors to differentiating potential ( $W_{DP}$ ) and cost leadership potential ( $W_{CP}$ ). Doing so expresses the relative weight of both strategic dimensions. Hence, equation (1) can be modified as follows:

$$SP = DP \times W_{DP} + CP \times W_{CP} \quad (2)$$

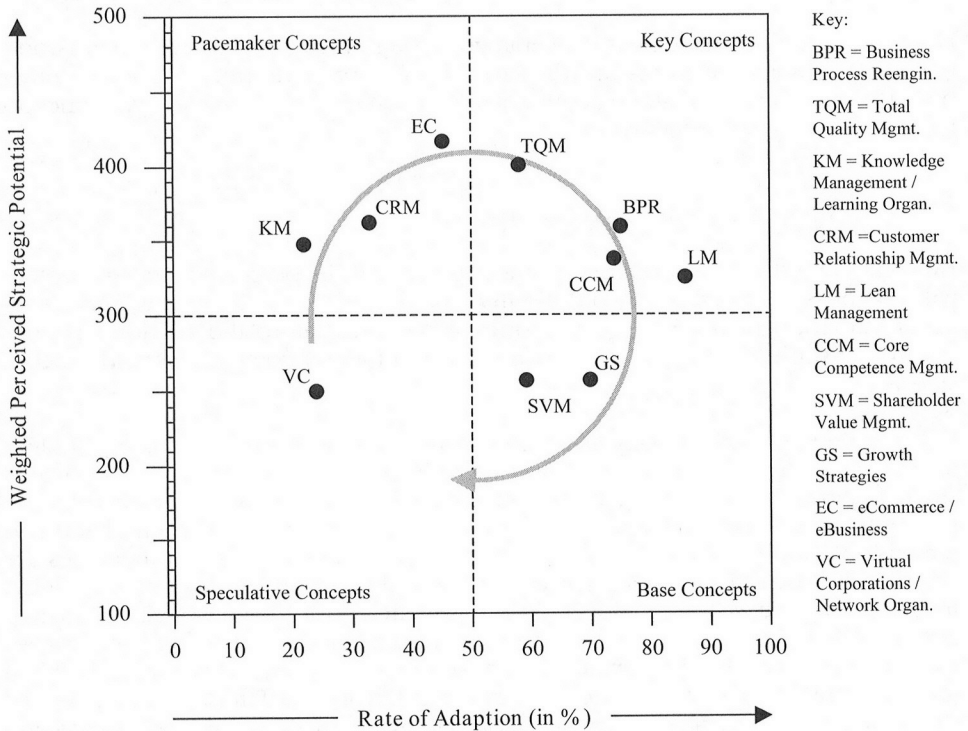
where:  $0 \leq W_{DP} \leq 1$ ;  $0 \leq W_{CP} \leq 1$ ;  $W_{DP} + W_{CP} = 1$

The corresponding ratio given by the surveyed executives averages at  $W_{DP} = 0.54$  to  $W_{CP} = 0.46$  as a cross-section of all the industries. Commensurate with the relevance of the underlying strategic directions, the weighted perceived strategic potential of a concept can now be represented as a value on the ordinate axis of the portfolio depicted in *Figure 2*. The rate of adoption of the relevant concept is represented on the abscissa axis<sup>28</sup>. If the transition from low to high strategic potential forms the basis of the classification thresholds on the one axis, and a 50 percent adoption rate on the other, it is possible to deduce the following arche-

<sup>28</sup> The rate of adoption was defined as the proportion of surveyed companies that indicated having already implemented the relevant management concepts.

typical management concepts from the four-field matrix that emerges: speculative concepts, pacemaker concepts, key concepts, and base concepts<sup>29</sup>. The temporal path of development that follows the life cycle of a concept is symbolised in *Figure 2* as an arrow.

*Figure 2: Classification Portfolio of the Studied Management Concepts*



*Speculative concepts* are management concepts that are still at a very early stage of development (thematisation). The results of the empirical survey show that the ideas concerning Virtual Corporations and Network Organisations correspond to this type of concept. Both their perceived strategic potential and their rate of adoption are (still) comparatively low. A reason for this may be that Virtual Company Structures and Network Organisations are based on the use of complex information technology, which has not yet achieved the necessary degree of technical maturity<sup>30</sup>. However, discourse has already been initiated for the purpose of examining the stability of the embodied ideas and principles. First venturesome innovators use the concepts at least to a small extent. As these concepts are still at an early stage of development and while it is still uncertain just how effective they are, it is difficult to estimate the future strategic potential of speculative concepts.

29 The terminology used here follows an approach that is common to technologies; see *Arthur D. Little* (1995), pp. 186; *Sommerlatte/Maier-Rothe/Terner* (1992), pp. 103; *Fink* (1998), pp. 53–54.

30 See e.g. *Fink* (1998), pp. 130.

*Pacemaker concepts* are also management concepts that are at a preliminary stage of development in terms of content, but these approaches already display a considerable amount of strategic potential in the eyes of the managers who may use them. In practice, these concepts include Knowledge Management and Customer Relationship Management, as well as eBusiness/eCommerce. Although their rate of adoption is still relatively low, it begins to increase as a result of the high degree of perceived strategic potential (thematisation/expansion). For fast-acting pioneers in particular, the opportunity to gain competitive advantages over a relatively large proportion of rival companies, which are not yet pursuing the respective concept, emerges at the beginning of this phase. In view of the increasing rate of adoption and perceived strategic potential, more and more consultants start to promote and improve the underlying ideas and principles.

*Key concepts* are management concepts whose ideas and principles are considered by most potential users as important for improving and maintaining a competitive position. Thus these concepts are recognised as the basis for successful management. In practice, these concepts include Lean Management, Business Process Reengineering, Total Quality Management and Core Competence Management. Since the key concepts have a high rate of adoption, their perceived strategic potential to gain competitive *advantages* starts to decline. Nevertheless, pursuing the main ideas of the concepts is considered essential for avoiding possible competitive *disadvantages*. Hence, the rate of adoption continues to increase (expansion/dominance).

*Base concepts* are management concepts that are pursued by most of the companies in the relevant population, since their ideas and principles represent a firmly established element of regular business practice (dominance). In view of their high rate of adoption, their perceived potential to gain strategic advantages declines even further. As a result of initial reports about problems, unwanted “side effects” and failures – that are picked up on and emphasised in new discourse about successive management concepts as a reason for changing modes of thinking – it is possible that their perceived significance in terms of the general competitive position, and thus the rate of adoption, may decrease (dethematisation). Furthermore, at this stage, discourse is only upheld in moderate proportions. However, what we have seen repeatedly in the fashion industry in general also applies to management fashions: changes in styles, colours, and materials, etc., follow regular patterns<sup>31</sup>. Hence, it often happens that the main principles of “passé” management concepts are resurrected in various forms and disguises<sup>32</sup>. Erstwhile base concepts can thus re-enter the life cycle as speculative concepts.

For example, this phenomenon can be observed in the case of Shareholder Value Management and Growth Strategies. Empirically, both can be classified as base concepts. However, despite their declining strategic potential, they have not yet entered into a dethematisation phase. Instead, the widely established ideas and

<sup>31</sup> See e.g. König (1985), pp. 52; Abshof (1992).

<sup>32</sup> Kieser cites as examples teamwork, hierarchy-free organisation, decentralisation and empowerment; see Kieser (1996), p. 34; see also Drucker (1977), p. 19.

principles of both concepts are merged and newly propagated as a new, combined concept<sup>33</sup>.

### 3 IMPLICATIONS FOR INVESTMENT IN MANAGEMENT CONCEPTS

The system presented here can be used to analyse and predict the behaviour of companies in terms of decision-making and investing in certain management concepts. If one assumes that the players who are geared towards the perceived strategic potential and the rate of adoption of a concept behave rationally, then the following patterns of action can be expected<sup>34</sup>:

In addition to the obvious need to pursue the ideas and principles of key concepts in order to prevent the possibility of competitive disadvantages, the management of a company will attempt to detect and use pacemaker concepts early on. The reason is that these concepts are the crucial starting points for gaining strategic advantages as well as contributing to safeguarding a company's strategic strength in the long run. Furthermore, the management will attempt to avoid overinvestment in base concepts, as the danger of these concepts being rapidly superseded by alternative ideas is now at its greatest. Finally, investments in speculative concepts are considered to be explorative, risky investments for the future that are made only on the grounds of an appropriate degree of financial strength and willingness to take risks.

A notable observation is the fact that, as shown in *Figure 1*, all the pacemaker concepts have a high degree of differentiating potential. In contrast, the key concepts group contains two concepts that, according to the estimations of the surveyed managers, are particularly suitable for pursuing a cost leadership strategy. These are the Business Process Reengineering and Lean Management concepts. Total Quality Management and Core Competence Management, which are also categorised as key concepts, are assigned a comparatively high degree of cost leadership potential as well. Although it is not possible to present statistically verified evidence, we can at least conjecture that differentiating strategies are increasingly pursued for the purpose of gaining strategic advantages, while cost leadership strategies are primarily used to prevent the emergence of competitive disadvantages.

### REFERENCES

- Abshof, Isa-Anne* (1992), *Modetrends deutscher Mode: Dargestellt an der Damenoberbekleidung des 20. Jahrhunderts.*
- Arthur D. Little* (ed.) (1995), *Management der Lernprozesse im Unternehmen.*
- Benninghaus, Hans* (1998), *Einführung in die sozialwissenschaftliche Datenanalyse*, 5th edition.
- Dichtl, Markus* (1998), *Standardisierung von Beratungsleistungen.*
- Drucker, Peter* (1977), *People and Performance: The best of Peter Drucker on Management.*

33 See e.g. the "Value-Growth" concept from *Mercer Management Consulting* and the "Value-Building-Growth" concept from *A.T. Kearney* in *Nebels/Baumgartner* (2000) and *Kröger* (2000) respectively.

34 See also *Fink* (1998), p. 54.

- Drumm, Hans Jürgen* (1989), Grundlagen und theoretische Konzepte der Organisationsplanung, in: *Wirtschaftswissenschaftliches Studium*, Nr. 7/1980, pp. 311–317.
- Fink, Dietmar* (1998), Virtuelle Unternehmensstrukturen: Strategische Wettbewerbsvorteile durch Telearbeit und Telekooperation.
- Frese, Erich* (1998), Grundlagen der Organisation: Konzept – Prinzipien – Strukturen, 7th edition.
- Frese, Erich/v. Werder, Axel* (1992), Bürokommunikation, in: *Grochla, Erwin* (ed.), *Handwörterbuch der Organisation*, 3rd edition, col. 374–390.
- Groys, Boris* (1999), Über das Neue: Versuch einer Kulturökonomie.
- Heinisch, Christina* (2001), Besser beraten, in: *Beratung: Management, IT, Kommunikation*, Verlagsbeilage der Frankfurter Allgemeine Zeitung, 29. 5. 2001, p. B1.
- Hoffmann, F.* (1980), Organisation der Unternehmensleitung, in: *Grochla, Erwin* (ed.), *Handwörterbuch der Organisation*, 2nd edition, col. 2261–2272.
- Jenner, Thomas* (2000), Hybride Wettbewerbsstrategien in der deutschen Industrie – Bedeutung, Determinanten und Konsequenzen für die Marktbearbeitung, in: *Die Betriebswirtschaft*, Vol. 60, pp. 7–22.
- Kieser, Alfred* (1996), Moden und Mythen des Organisierens, in: *Die Betriebswirtschaft*, Vol. 56, pp. 21–39.
- Kieser, Alfred* (1998), Unternehmensberater – Händler in Problemen, Praktiken und Sinn, in: *Glaser, Horst/Schröder, Ernst F./Werder, Axel v.* (ed.), *Organisation im Wandel der Märkte*, pp. 191–225.
- König, Rene* (1985), Menschheit auf dem Laufsteig: Die Mode im Zivilisationsprozeß.
- Kröger, Fritz* (2000), Value-Building-Growth: Wie man werttreibendes Wachstum erzielt – ein Ansatz von A. T. Kearney, in: *Fink, Dietmar* (ed.), *Management Consulting Fieldbook: Die Ansätze der großen Unternehmensberater*, pp. 95–107.
- Kuhn, Thomas S.* (1993), Die Struktur wissenschaftlicher Revolutionen.
- Link, Jörg* (1993), Die Erringung strategischer Wettbewerbsvorteile durch Systeminnovationen, in: *Zeitschrift für Betriebswirtschaft*, Vol. 63, pp. 1117–1136.
- Link, Jörg* (1996), Führungssysteme: Strategische Herausforderungen für Organisation, Controlling und Personalwesen.
- Link, Jörg/Hildebrand, Volker* (1993), Database Marketing und Computer Aided Selling: Strategische Wettbewerbsvorteile durch neue informationstechnologische Systemkonzeptionen.
- McKinley, William A./Mone, Mark A./Barker, Vincent L. III.* (1997), The Protestant Ethic, the Postmodern Ethic, and the Ideological Spirit of Downsizing, Working Paper, Southern Illinois University.
- Nehls, Rainer G./Baumgartner, Peter* (2000), Value-Growth: Neue Strategieregeln für wertorientiertes Wachstum – ein Ansatz von Mercer Management Consulting, in: *Fink, Dietmar* (ed.), *Management Consulting Fieldbook: Die Ansätze der großen Unternehmensberater*, pp. 77–93.
- Picot, Arnold* (1985), Kommunikationstechnik und Dezentralisierung, in: *Ballwieser, Wolfgang/Berger, Karl-Heinz* (ed.), *Information und Wirtschaftlichkeit*, pp. 377–02.
- Picot, Arnold/Reichwald, Ralf* (1987), Bürokommunikation: Leitsätze für den Anwender, 3rd edition.
- Porter, Michael E.* (1995), Wettbewerbsstrategie, 8th edition.
- Porter, Michael E.* (1996), Wettbewerbsvorteile, 4th edition.
- Roth, Erwin* (1993), Sozialwissenschaftliche Methoden: Lehr- und Handbuch für Forschung und Praxis, 3rd edition.
- Schültz, Florian* (1998), Managementsysteme und Strategien: State of the Art und neue Perspektiven.
- Servatius, Hans-Gerd* (1985), Methodik des strategischen Technologie-Managements: Grundlagen für erfolgreiche Innovationen.
- Sommerlatte, Tom/Maier-Rotbe, Christoph/Lerner, Wilhelm* (1992), Unternehmensstrategie zur Nutzung des europäischen Potentials, in: *Little, Artur D.* (ed.), *Management der Europa-Strategie*, pp. 35–122.
- Straub, Walter/Torchhammer, Lorenz* (1995), Berater können erfolgreicher werden, in: *Harvard Business Manager*, Nr. 3/1995, pp. 9–21.
- Watson, Tony J.* (1994), Management 'flavours of the month': their role in managers' lives, in: *The International Journal of Management*, Vol. 5, pp. 893–909.