

On Strategy & Competitiveness: 10 Recipes for Analytical Success

Edited by O. Sölvell

Ivory Tower Publishers & SIR

Stockholm

2015

Keywords Strategy & Competitiveness

Review DOI [10.1108/CR-04-2017-0028](https://doi.org/10.1108/CR-04-2017-0028)

433

Örjan Sölvell's book *On Strategy & Competitiveness* is a great read. It is not just an addition to the long list of “standard textbooks” on strategy and competition. The book is pleasantly different – both from the outside (unique shape and format), and the inside (unique presentation and organization of the content). Although covering an inherently difficult subject, the book is short (114 pages) and easy to read. Moreover, what makes it even more pleasant: it is never boring.

Part I of the book (the first 24 pages) offers a biographical knowledge journey spanning four decades of studying, teaching and researching the fields of strategy, competition, multinationals, competitiveness and clusters. It is most interesting to follow Örjan's learning path (which was enormously influenced by Professor Michael Porter; see [Sölvell, 2015](#)) that has led to multiple research interests – starting with publications in the areas of strategy and industry structure; then moving into the fields of competition, competitiveness and clusters and finally covering economic policy in relation to both cluster initiatives and active cluster policy.

Part II of the book comprises 10 conceptual models (Sölvell calls them “recipes” and uses the analogy of a “cookbook” with the strategist acting as the cook) which all have emerged out of classroom discussions with students and practitioners. They are intended to help managers in their decision-making process by “asking the right questions”.

Each recipe is linked to a type of metaphor and is spiced up with numerous real-life examples and practical checklists. The first three recipes are strategy models. *Recipe I - The Railway Model* deals with the extensively discussed problem of how to envision strategy: Why is it that firms often seem stuck or “locked-in” to a certain strategy? Why do get they stuck? What are the opportunities to shift strategy? (On a personal note: I use *Recipe I* in my MBA class to complement Richard Rumelt's explanations in *Good Strategy, Bad Strategy*, 2012). *Recipe II – The Radio Model* covers market entry (and exit) decisions and is closely linked to four questions (Why?/Bring?/Meet?/How?) which Örjan answered in his PhD dissertation specifically in terms of how to develop an entry strategy into a new industry or a new geographical market? *Recipe III – The Stairway Model* looks at strategy (dimensions) through a global lens: How can I grasp global competition? Is competition in our industry local (national), or multi-domestic (regional) or global? Why do firms with a global strategy succeed or fail in the light of industry competition? To answer these questions, Sölvell



suggests using a Global Market Matrix to determine different levels of competitive internationalization which can be interpreted as movements on a stairway (steps of stairs).

The next three recipes focus on issues of competitiveness and clusters. *Recipe IV – The Trabant Model* is based on Porter’s conceptual model of the microeconomic drivers of competitiveness (Diamond Model; Porter, 2008). It looks at external drivers of firm competitiveness: Why do firms based in certain business environments develop world leading products and services (e.g. BMW in West Germany), while firms based in other business environments (Trabant in East Germany) do not? *Recipe V – The Cluster and Inverted S Model* focuses on the fundamentals of agglomeration and cluster analysis, and identifies the relevant types of complementary actors involved (firms, research units, education institutions, capital providers, etc.) and asks: What is the role – if any – of local clusters in today’s global economy, global markets and value chains? The insight that dynamic clusters create the foundation for sophisticated strategies and innovation sets the stage for both *Recipe VI – The 7 Cluster Gap Model* and *Recipe VII – The Funnel Model*.

In *Recipe VI*, Sölvell discusses questions such as: how well does a cluster function? How can we improve the interactions and dynamics of a cluster? What are obstacles (gaps) to interaction? What is the role of cluster organizations in bridging these gaps? How can we think about building a “commons”? In *Recipe VII*, he introduces the metaphor of a funnel consisting of three levels: firms, clusters and the national business environment and extends the analysis to the evolution of a cluster (built on both evolutionary and constructive forces) and the interaction again among different levels of analysis (firm, industry, cluster, regional, national and international). In *Recipe VIII – The Hollywood Model*, Sölvell explains the impact of globalization on localization (and vice versa) and how local clusters link to global markets and value chains so that they even can become a world-class cluster. Questions considered are: Why are not all industry agglomerations as dynamic as Silicon Valley? What does it take to tap into a leading cluster?

The Multi-Home-Based Corporation Model – Recipe IX is an extension of the work on multi-home-based corporations (in small countries) that Sölvell started more than 20 years ago (Sölvell *et al.*, 1991). *Recipe X – The Hourglass Model* follows the logic developed in *Recipe IX*. What helps to organize for a truly global strategy? How should we organize and specialize different subsidiary units in our multinational corporation (MNC) that transcends borders and has access to global value chains and clusters? How should we organize innovation and product development in a global firm to really gain a sustained competitive advantage? Sölvell’s recommendation is to apply the hourglass model of product development in global firms (with a wide top and bottom). That is, the business model has to come up with a balance between the local focus on a home base and global resources and influences in the organization.

The book usefully complements Michael Porter’s *On Competition*, the collection of his landmark articles from *Harvard Business Review* (Porter, 2008). For all who teach courses on Strategy, Competition, Clusters and Competitiveness (or the course Microeconomics of Competitiveness), Örjan Sölvell’s book is an absolute must-read.

Ingo Böbel

*Department of Economics, International University of Monaco,
Monte Carlo, Monaco*

References

- Porter, M.E. (2008), *On Competition*, Harvard Business Press Books, Cambridge.
- Rumelt, R. (2012), *Good Strategy, Bad Strategy – The Difference, and Why It Matters*, Profile Books Ltd, London.
- Sölvell, Ö. (2015), “The competitive advantage of nations 25 years – opening up new perspectives on competitiveness”, *Competitiveness Review*, Vol. 25 No. 5, pp. 471-481.
- Sölvell, Ö. , Zander, I. and Porter, M.E. (1991), *Advantage Sweden*, Norstedts Juridik, Stockholm.

Corresponding author

Ingo Böbel can be contacted at: ibobel@monaco.edu