



Strategy Science

Publication details, including instructions for authors and subscription information:
<http://pubsonline.informs.org>

Why Great Strategies Spring from Identity Movements

Hayagreeva Rao, Sunasir Dutta

To cite this article:

Hayagreeva Rao, Sunasir Dutta (2018) Why Great Strategies Spring from Identity Movements. Strategy Science 3(1):313-322. <https://doi.org/10.1287/stsc.2017.0046>

Full terms and conditions of use: <https://pubsonline.informs.org/Publications/Librarians-Portal/PubsOnLine-Terms-and-Conditions>

This article may be used only for the purposes of research, teaching, and/or private study. Commercial use or systematic downloading (by robots or other automatic processes) is prohibited without explicit Publisher approval, unless otherwise noted. For more information, contact permissions@informs.org.

The Publisher does not warrant or guarantee the article's accuracy, completeness, merchantability, fitness for a particular purpose, or non-infringement. Descriptions of, or references to, products or publications, or inclusion of an advertisement in this article, neither constitutes nor implies a guarantee, endorsement, or support of claims made of that product, publication, or service.

Copyright © 2017, INFORMS

Please scroll down for article—it is on subsequent pages



With 12,500 members from nearly 90 countries, INFORMS is the largest international association of operations research (O.R.) and analytics professionals and students. INFORMS provides unique networking and learning opportunities for individual professionals, and organizations of all types and sizes, to better understand and use O.R. and analytics tools and methods to transform strategic visions and achieve better outcomes. For more information on INFORMS, its publications, membership, or meetings visit <http://www.informs.org>

Why Great Strategies Spring from Identity Movements

Hayagreeva Rao,^a Sunasir Dutta^b

^a Stanford University, Stanford, California 94305; ^b Carlson School of Management, University of Minnesota, Minneapolis, Minnesota 55455

Contact: hrao@stanford.edu,  <http://orcid.org/0000-0002-1085-7038> (HR); sdutta@umn.edu,  <http://orcid.org/0000-0002-6070-0397> (SD)

Received: September 14, 2017

Revised: October 30, 2017

Accepted: October 31, 2017

Published Online: December 12, 2017

<https://doi.org/10.1287/stsc.2017.0046>

Copyright: © 2017 INFORMS

Abstract. We extend the emergent lens on strategy formulation by arguing that great strategies arise from insurgent identity movements. In motivating the paper, we depict Steve Jobs as an activist constituted by the personal computing movement that attacked corporate computing. We discuss the processes that mediate the link between great strategies and oppositional movements, and suggest that the strategist ought to be an activist rather than an analyst alone.

Keywords: competitive advantage • strategy formulation • organizational identity • social movements in organizations

1. Introduction

Great strategies define what to do and what not to do, oppose conventional wisdom, mobilize people and inspire confidence, and are simple to understand and execute. The dominant view, as suggested by Mintzberg (1999), is that great strategies are the product of deliberate design by leaders; crucial insights are the cornerstone of strategic advantage. Several papers in this special issue pursue this line of reasoning and trace great strategies to the visionary leaders, or depict them as the outcome of discerning search along a fitness landscape, or a mix of thinking (seeing around the corner) and doing (iterative experimentation).

We offer an emergent lens on great strategies. We suggest great strategies spring from *insurgent identity movements* that sharply define what is sacred and what is taboo, disrupt conventional wisdom, mobilize ideas and people, and inspire confidence and engagement. In short, we propose that great strategists are activists rather than analysts, recruiters of people and ideas rather than searchers in a fitness landscape. The French sociologist Halbwachs (1992) portrayed individuals as vectors (carriers) and modifiers of collective memory—intersections of the objective past with belongingness to social groups and places where they came from. In a similar way, strategists are intersections, often constituted by an identity movement, and see themselves as part of a cultural crusade.

The connection between social movements and strategy is by no means recent. Etymologically, the term “strategy” is derived from the Greek “strategos”—and the position of the strategist was created when a social movement led by Cleisthenes in 507–508 BC mobilized commoners and defeated an alliance of Isithagoras and reactionary nobles.^{1,2} The linkage between strategy and social movements is not an oddity of Athenian history but relevant to our society of organizations.

We consider the example of Steve Jobs and suggest that he was not a lone genius but instead, an activist constituted by the personal computing movement. Jobs exemplified the strategist as activist crusading for a new identity, and early Apple embodied the insurgent identity of the personal computing movement: it opposed corporate computing managed by a priesthood and instead sought to enhance the personal autonomy of end-users by democratizing access to computers. This oppositional identity defined what was morally permissible and impermissible at Apple under Jobs, mobilized people early on to defeat IBM (the symbol of corporate computing), turned customers into fans, and fostered confidence and excitement in the rank and file. We start with a short history of personal computing and Jobs to foreground our argument and then outline four pathways that mediate the link between insurgent identity movements and great strategies.

2. The Personal Computing Movement: Jobs and Apple

It is tempting to see Apple as the product of an inspired duo of Jobs and Wozniak, and the later Jobs as a visionary with a relentless zeal for enhancing user experience. Arguably, Apple was born in the crucible of the personal computing movement. The picture of Jobs sticking his middle finger at IBM epitomizes how Jobs was an activist who pioneered an offshoot of personal computing—an emphasis on experience-led and user-centered design.

The core components of a personal computer such as motherboards, microprocessors, keyboard-based interfaces, and individual usability were available in 1972. Yet, harnessing computers as personal tools for computers came about because of the endeavors of hobbyists and amateur engineers. Until then, large makers of

mainframes such as IBM or DEC were yoked to centralized computing; the mainframe required a special priesthood to maintain it and to wall off ordinary users from actual contact. As one historian of computing, Levy (1984, p. 27) observed, “The most rigid rule was that no one should be able to touch or tamper with the machine itself. This, of course, was what these people (fans) were dying to do more than anything in the world, and the restrictions drove them mad.”

If the conventional wisdom of centralized computing elevated a priesthood, personal computing sought to democratize the access to computers and make them more *personal*—more user oriented, and more of a tool to reshape their world. The first outbreak of the personal computing movement began with the founding of a bimonthly newspaper—the *People's Computer Company*—in 1972. It was modeled on and inspired by the *Whole Earth Catalog*, a magazine that sought to introduce readers to ideas, goods, and products designed to help them shape their own experience and environment, and personified a countercultural identity; the *People's Computer Company* connected the counterculture to a cyberculture (Turner 2006). In an early issue, the newsletter argued that computers ought to free people rather than control them. The *People's Computer Company* later featured a comic strip built around F-Man and Billy Basic that parodied FORTRAN and Bill Gates and soon had a circulation of 8,000 copies. Subsequently, a book, *Computer Lib/Dream Machines*, authored by Ted Nelson, appeared in 1974 and was a clarion call for computers to be stripped of complications and made available to all users. Thereafter, the first kit-computer, the Altair (priced at \$397) was featured on the cover of the January 1975 issue of *Popular Electronics*. Two members of the People's Computer Company, Gordon French and Fred Moore, founded the first club of enthusiasts, the Homebrew Computer Club in Menlo Park, California, in March 1975. Its name was no accident. It was a signal of identity: that the hobbyists who made personal computers for personal consumption on a small scale were very much like those who brewed beer as a hobby for personal consumption. The first meeting attracted other enthusiasts, including Steve Jobs and Steve Wozniak, two childhood friends. By December 1975, the first shop to sell components to hobbyists appeared in Mountain View, California. Soon other homebrew clubs were launched elsewhere in the United States; these clubs allowed homebrewers to share software, components, and knowledge, and fostered a do-it-yourself ethos. These clubs were incubators for inventors, but also for founders of companies such as Apple.

Both Jobs and Wozniak were deeply affected by the ferment in the Homebrew Computer Club and the heady principle of personal empowerment that underlay personal computing. We draw on transcripts

from the PBS show “Revenge of the Nerds: Accidental Empires,” hereinafter referred to as PBS (1996), to spotlight the ferment in the movement. Jim Warren, an early observer characterized how much sharing there was in the club (PBS 1996):

the whole spirit there was working together, was sharing. You shared your dope, you shared your bed, you shared your life, you shared your hopes. And a whole bunch of us had the same community spirit and that permeated the whole HomeBrew Computer Club. As soon as somebody would solve a problem they'd come running down to the HomeBrew Computer Club's next meeting and say hey everybody you know that problem that all of us have been trying to figure out how to solve, here's the solution, isn't this wonderful? Aren't I a great guy? Out of this creative show-and-tell came Apple Computer, the first mass market PC company. The Apple founders, a couple of recent graduates from Homestead High were regulars at Homebrew meetings.

The first Apple computer was put together by Wozniak to impress members of the Homebrewing Computer Club. Jobs and Wozniak were vectors of the sharing ethos underlying the ideals and norms in the Homebrewing Club. Jobs himself acknowledged, “I feel incredibly lucky to be at exactly the right place in Silicon Valley, at exactly the right time historically where this invention has taken form” (PBS 1996). Could Steve Jobs have done the same thing if he were based in New York? Chicago? Texas? Unlikely, because there was no social surround of ferment that was activating a new oppositional identity and promoting the sharing of ideas. Most of all, they did not have a strategy but wanted to do it for fun. Wozniak quipped, “It wasn't like we both thought it was going to go a long ways, it was like, we'll both do it for fun and even though we're going to lose some money probably we'll just have been able to say we had a company” (PBS 1996).

Jobs and Wozniak had a vital piece of shared experience: they had developed a product called the “blue box” to hoodwink the phone company, which was an insurgent act that defined Apple. Wozniak described blue boxes as “devices that could put tones into your phone and direct the phone company to switch your calls anywhere in the world for free” (PBS 1996). Jobs recalled that “we were at Stanford Linear Accelerator Centre one night and way in the bowels of their technical library way down at the last bookshelf in the corner bottom rack we found an AT&T technical journal that laid out the whole thing and that's another moment I'll never forget—we saw this journal we thought my God it's all real and so we set out to build a device to make these tones” (PBS 1996). Wozniak (PBS 1996) put it as follows:

What we'd do is we'd walk into a dorm with a big tape recorder and we'd set the tape recorder on the floor and

play the phone through it, hook up the phone with alligator clips so that everyone in the room could hear the phone conversations. And I was master jokester, and then I would get on the phone and dial some countries to show how easy it was. I would dial The Ritz in London and make a reservation. . . and everybody was really amazed by these things and so one time I said I could call the Pope. I called into Italy and asked for the number of The Vatican and eventually got the call into The Vatican. And I said this is Henry Kissinger—I didn't even use an accent. This is Henry Kissinger and I'd like to speak to the Pope about the summit trip, he was on a summit trip. And they said oh wait wait a minute we'd have to wake him up. It was like 4:30 in the morning there.

Jobs reflected that "What we learned was that we could build something ourselves that could control billions of dollars worth of infrastructure in the world—that was what we learnt was that us two you know, we're not much, we could build a little thing that could control a giant thing and that was an incredible lesson. I don't think there would ever have been an Apple computer had there not been blue boxes" (PBS 1996).

Jobs and Wozniak cofounded Apple in 1976 and launched the Apple I, which was a success among personal computing enthusiasts. They followed it up with Apple II, aimed at the consumer market in 1977, launched at the first West Coast Computing Faire. Eventually, Apple went public. The IBM PC launched in 1981 was taking away sales from Apple, and the market share of Apple II was eroding. Jobs was invited to Xerox Parc and saw the graphical interface and thought it was the new face of personal computing—one that would put the user more in charge. He convinced the Apple board to invest in the project, and a hundred engineers were hired for the Lisa project. Jobs' micro-management, and his differences with Sculley—who was hired from Pepsi-Co to help run the company—led to his being ousted from the Lisa project.

In the meantime, Jeff Raskin, employee 31, had the idea of developing a \$600 computer, and as easy as a toaster to use. Jobs liked the idea, if not the design, and quickly took control of the Macintosh project. As he put it, "I formed a small team to do the Macintosh and we were on a mission from God you know to save Apple" (PBS 1996). The Macintosh was an insurgency within Apple, and there was competition between the frontrunner Lisa team and the Macintosh faction as to who would ship more quickly. At a Carmel retreat in 1983, Jobs proclaimed (with perhaps some intended puns) that: "(1) Real artists ship. (2) It's better to be a pirate than join the Navy. (3) Mac in a book by 1986." Hertzfeld (2005, p. 168). The Macintosh team was in a separate building with a conspicuous pirate flag on top. Andy Hertzfeld recalled, "We had started out as a rebellious skunkworks, much like Apple itself, and Steve wanted us to preserve our original spirit even

as we were growing more like the Navy every day" (Hertzfeld 2005, p. 168).

The Lisa came out to market first but flopped. The pressure on the Macintosh team increased, and eventually the Macintosh was released on January 24, 1984. Sculley authorized a \$15 million dollar ad campaign that pitched the Macintosh as the answer to the Orwellian tyranny of IBM. When Jobs presented the Macintosh as a third milestone after Apple II, Sculley (PBS 1996) observed, "I was standing off-stage and as he came off he said this is the proudest happiest moment of my life and it was all over his face it clearly was cause he had launched a revolution." Later, Sculley and Jobs disagreed, and Jobs was ousted, and came back in 1996. By then, as Jobs put it, "Apple had lost its way" or rather its very identity that specified what was permissible or impermissible. His goal was to reestablish the philosophy of personal computing. It is this philosophy that animates Apple's emphasis on experience, user needs, and emotional empowerment and underlies their innovation in the iPod, iPhone, and their stores. This is echoed even to this day in Apple's cultural aversion to entering the enterprise market, cemented by Jobs' persistent belief that CIOs were antithetical to user experience (Simson 2010, pp. 387–388). In each of these cases, it was not business analysis per se that preceded investment (or noninvestment). Instead, it was to ask "What sucks? What do we care about?" and "How do we create a great experience?"

3. Great Strategies Come from Insurgent Identity Movements

Despite the old Athenian connections between social movements and strategy, and even depictions of strategic management as social movement (Hambrick and Chen 2008), there has been little attention devoted to social contention as the crucible of great strategies. For the most part, social movements are portrayed as constraints on corporate strategy, in that protest movements target business firms through boycotts, blacklists, and on occasion, brickbats that lead to changes in corporate policies (e.g., Baron and Diermeier 2007, Hiatt et al. 2009, Ingram et al. 2010, King and Soule 2007, McDonnell et al. 2015, Baron et al. 2016).

However, as the story of Steve Jobs and personal computing indicates, great strategies spring from identity movements. More specifically:

(a) Jobs was shaped by the personal computing movement and was a vector who brought together counterculture and cyberculture in the environs of the Homebrewing club. It was a unique cohesive community—of fiercely independent hobbyist—that allowed for the exchange of ideas and solutions.

(b) The personal computing movement was a rebellion against a priesthood and sought to democratize

computing. Apple was born in the crucible of this oppositional identity movement.

(c) Jobs also launched the Macintosh as an insurgency against the Apple Board, but it embodied the ethos of personal computing. Under Jobs, the enemy was the ideas of computing embodied by IBM and accepted as technical gospel; product launches were mobilization mechanisms to arouse fans and employees.

(d) Identity defined what Apple would do and would not do. In this sense, strategy at Apple was not a statement of what we are good at, or what position we seek to acquire but echoed the identity of the personal computing movement.

(e) This insurgent identity is now manifested in an aversion to strategy speak or detailed analysis, and a veneration of prototypes and user experience.

Jobs was a remarkable activist in the personal computing movement who also founded and led a firm. Is he the exception? Are there more general processes by which identity movements spawn new strategies? We turn to this question below, but we begin with a discussion of identity movements.

3.1. Identity Movements

Social movements embody collective action and challenge conventional wisdom and authorities in political and cultural domains. They arise when normal incentives are not enough to recognize and solve social problems and also when people are excluded from conventional channels of voice in hierarchies and societies. In such cases, people band together to challenge the status quo and agitate for reform, and if not, revolution (Morill et al. 2003).

Instrumental movements aim to ameliorate injustice, or reduce social harms (e.g., drunk driving) and seek to agitate for new laws and policies. By contrast, identity movements seek to express subjugated identities, foster feelings of unity and worth sustained through interactions among movement participants, and are communicated through cultural materials such as names, narratives, symbols, and rituals (Taylor and Whittier 1992). Identity movements strive to expand personal autonomy and choice (Gamson 1995a, b). Unlike instrumental movements powered by bureaucratic social movement organizations, identity movements tend to be more informal, decentralized, and diffuse (Melucci 1996).

3.2. Identity and Strategy

The first stirrings of the modern idea of strategy were expressed by Joly de Maizeory (1777) who in his *Theorie de la Guerre* opined that “strategy combines times, places, people, means, various interests and considers all,” and systematized by Count Gilbert who wrote *La Strategique* in 1799 (Horwath 2006). Subsequently, a line of military strategists since Clausewitz defined

strategy “as the art of using military force against an intelligent foe(s) towards the attainment of policy objectives” (Lonsdale 2007, p. 6).

Organizational theorists have long emphasized the link between identity and strategy. Early treatments referred to identity as embodied in a purpose that inspired people, and competences that were distinctive enough to set the organization apart from its rivals (Selznick 1957, pp. 62–68). Similar ideas were being developed by a group of scholars at the Harvard Business School concerned with the course on business policy (Learned et al. 1969). The basic idea, expressed by Andrews (1997, p. 52) was that “Corporate strategy defines the businesses in which a company will compete, preferably in a way that focuses resources to convert distinctive competence into competitive advantage. . . . The pattern resulting from a series of such strategic decisions will probably define the central character and image of the company.” Here, it is the social and moral identity of the firm that arrests drift, imparts direction, and sustains engagement.

If great strategies embody insurgent identities, they are likely to take the shape of identity movements to challenge the interests of central players and authorities in hierarchically organized fields. Since actors at the periphery of a field possess neither influence nor resources, identity movements are the vehicles of collective action by which new strategies gain traction. Since identity movements crusade for subjugated identities, they tend to be oppositional and assume a “conflict-oriented” character. We discuss four pathways by which identity movements underlie strategy making:

(a) Coups, and Insurgencies in Hierarchies: Strategy changes occur through abrupt executive successions, and bureaucratic insurgency against the center.

(b) From Streets to Suites: Broader identity movements such as the environmental movement penetrate firms via a number of channels, and they shape decision premises of strategy.

(c) New Identities as New Niches: Entrepreneurs spawn new niches often through conflictual mobilization.

(d) Identity Groups, Movement vs. Countermovements: Competition between strategic groups (e.g., chain stores and independent stores) involves mobilization and countermobilization of different identities and tactics.

3.3. Coups, and Insurgencies in Hierarchies

An early intimation of how identity movements spawn great strategies within firms was outlined by Hedberg and Jönsson (1977, p. 94), who sought to understand why organizations went through long periods of incremental change and short bursts of rapid change in ideology and structure. They pointed to the possibility

of social contestation as the mechanism, arguing as follows:

a strategy has two parents—the myth that is the decision-maker's theory for understanding the world and motivating his actions, and the situation as perceived through the filter that the myth provides... strategy formulation always takes place in the presence of, and in opposition to, ruling myths and strategies. This means that new strategies must challenge and disprove the usefulness of the established ones in order to take over and be successful.

Therefore, a firm can be seen as a place where there are strategy entrepreneurs championing different causes (or myths) that seek to challenge the ruling myth of the current strategy. Hedberg and Jönsson (1977, p. 96) point out that "Succession through struggle develops in situations in which the emergence of a new myth is loosely, or not at all, coupled with the undermining of an old one" and therefore, lay down a scope condition where organized contestation spawns strategy. Although Hedberg and Jönsson (1977) described strategy formulation as a competition between ruling myths and challenger myths, ostensibly championed by different factions, they say very little about the actual process of contestation between an existing identity and new identity.

Strategy entails making choices about what to do, and equally importantly, what not to do. A social movement lens reveals that such choices are not just the outcome of analysis, but contention, and mobilization. From a social movement perspective, a firm can be seen as a place where there are strategy entrepreneurs championing different identities as they seek to challenge the ruling myth of the current strategy. For example, a design thinking movement at Procter and Gamble led by an activist named Claudia Kotchka, who led innovation, was responsible for challenging P&G's reliance on quantitative data to make products and instead led to a focus on the consumer's experience. One outcome was that the division that made Tide recast itself as being in the fabric care business rather than the laundry business, and the fabric care division ventured into franchising Tide Dry Cleaners.

Exogenous changes in competition, customers, and technology provide a window of opportunity for such entrepreneurs to gain support. Whether a coalition of strategy entrepreneurs wins or not hinges on their ability to mobilize opinion in the firm, and their ability to generate support from capital and talent markets. Ultimately, the competing quests to impose a preferred strategy generate conflict that is settled only when there is a truce within the organization (Nelson and Winter 1982, pp. 109–111).

Truces among rival strategy entrepreneurs need not be equal—indeed, some might get a larger portion of the cake. Truces increase the capacity for collective action by reducing comprehensiveness; some points of

view are ignored or suppressed. Consequently, strategic choices get "confined to extremely narrow channels by the dikes of vested interest. Adaptations that appear 'obvious' and 'easy' to an external observer may be foreclosed because they involve a perceived threat to the political equilibrium" Nelson and Winter (1982, p. 111).

Once generated, truces last as long as parties have little incentive to disrupt ongoing action; and hence, changes in truces are discontinuous and unfold through cycles of mobilization and contention. In an influential study, Zald and Berger (1978) suggested that the struggle between new and old myths and their supporters could take the form of coup d'états, bureaucratic insurgency by middle managers, and mass movements within firms. In each of these cases, the ruling myth is challenged by an identity movement. As in the case of Apple, these challenges continue to be remembered to reiterate the firm's identity and the consequent strategic choices. To celebrate the Macintosh "pirates," Apple flew a pirate flag over its headquarters on its 40th anniversary.

Coup d'états. Coup d'états are an important but understudied form of executive succession that entail discontinuous changes in strategy. Coups may be the outcome of competition among elite factions and an effort to replace the ruling myth with a new challenger myth through contentious politics. A striking example is the identity contest that unfolded at Morgan Stanley after it merged with Dean Witter in 1997. The Dean Witter CEO, Philip Purcell, became CEO of the merged company and was expected to hand over the reins to John Mack of Morgan Stanley. Nevertheless, right from the day of the merger, there was tension between Purcell, who was a cost conscious retailer, and Mack, who wanted to diversify and expand in mortgages and derivatives. Eventually, Purcell successfully forced out Mack in 2001 (who resigned after some of his supporters left). However, in 2005, Mack's supporters in the Morgan Stanley board mobilized board members, Morgan Stanley alums, the media, and orchestrated a coup to oust Purcell for his unwillingness to increase leverage, and reinstall Mack as CEO, who eventually led the firm into derivatives and subprime mortgages (Beard 2008, Bizouati and Basar 2010).

Bureaucratic Insurgency. When internal forums to debate ideas fail and inhibit voice, product innovation can go underground and take the form of bureaucratic insurgency. This usually arises at middle management levels, wherein middle managers launch innovation projects under cover to circumvent bureaucratic constraints and processes. Zald and Berger (1978) presciently suggested that much of new product innovation in large firms takes the form of such insurgency. A striking example is furnished by Burgelman's (1982, 1983) account of innovation at Intel. He found that

product managers used their initiative and discretion to make resource commitments to compete with their rivals, and that in turn this created the need for their business unit heads to develop justifications and create a common thread linking the disparate initiatives of product managers to their corporate overlords.

A more recent example is that offered by Truelove and Kellogg (2016). They conducted a 12-month ethnographic study of an early entrant in the ride-sharing industry and found that when the firm shifted from radical new technologies to incremental innovation, a conflict erupted between the dominant engineering group and the challenger group from marketing. They analyzed 42 projects and found that collaboration between the dominant and challenger groups was facilitated by the presence of radicals in the challenger group because of the radical flank effect. As radicals within the challenger group became more vocal, moderates within the challenger group were perceived as reasonable and likely to be invited to collaborate by the engineering group. Other examples of bureaucratic insurgency include culture clashes between the acquired and acquirers during post-acquisition integration (e.g., Mendenhall 2005). Although they do not explicitly invoke social movement arguments, Vaara and Monin (2010) chronicle a merger between BioMérieux (a gene therapy and diagnostics firm with sales of 0.5 billion euros) and Pierre Fabre (a pharmaceuticals, homeopathy, and dermacosmetics firm with sales of 1.1 billion euros). The founders were connected through affiliations with right wing political parties, and personal friends, and they wanted to combine pharmaceutical therapy (Pierre Fabre) and diagnostics (BioMérieux) in a bid to develop a new category: theranostics. The merger was approved in 2000, but by 2001 tensions were arising in integration teams consisting of employees from both firms. Eventually, the logic of the merger was discredited from within the firm, the CEO was scapegoated, and the merger crumbled.

3.4. From Streets to Suites: Broader Identity Movements Penetrate Firms

Identity movements, such as the environmental movement, can penetrate organizations and reshape the decision premises of strategists. A striking example is proffered by Weber et al. (2009) in their study of how a small antibiotechnology movement in Germany induced some large and powerful German pharmaceutical firms to abandon biotechnology. Historically, the German pharmaceutical industry was hailed as the pharmacy to the world. In the 1970s and 1980s, German pharmaceutical firms initiated a number of genetic engineering projects. The state, irrespective of whether the government was Social Democratic or Christian Democratic, supported biotechnology. National labs were founded and funded, and university research was

subsidized. Hoechst and Boehringer Mannheim sought to exploit commercial applications of biotechnology in the late 1970s and collaborated with advanced research centers in the United States, such as Massachusetts General Hospital. In the early 1980s, German firms and researchers tendered more patent applications than their American counterparts. An entrepreneurial biotechnology sector came into being only in the late 1990s because of the absence of a venture capital industry. Hence, existing pharmaceutical firms were the loci of innovation.

Yet by the early 1990s, efforts to commercialize biotechnology in large pharmaceutical firms had sputtered to a stop; production plants were sitting idle, such as Hoechst's \$37 million dollar facility in Frankfurt, or stalled such as Bayer's plant to make genetically engineered protein for hemophiliacs in Wuppertal, or relocated overseas as in the case of Bayer and Hoechst. How did powerful and resource-rich pharmaceutical firms with pioneering knowledge come to lag behind their smaller domestic counterparts?

Weber et al. (2009) suggest that a social movement against genetic technology in Germany in the 1980s affected decision processes inside some companies and derailed commercialization. The antibiotech movement was populated by a mélange of a few hundred activists but was strident in mobilizing public opinion. Instead of viewing organizations as unitary actors, Weber et al. (2009) show how the internal polity of organizations is linked to external polities. They show that antibiotechnology activists campaigned to create anxiety about eugenics, and created uncertainty about the investments, by also mandating long study and review protocols via regulations. If top management was concerned about delayed payback periods, middle managers were reluctant to push for biotechnology because they were concerned about spoiling their identities. Additionally, the large German firms had boards of directors packed with people from the chemical side and the pharmaceutical side, especially, biotechnology had little clout in decision-making arenas. As a result, top managers, who were chemical engineers and had experience with lower payback periods and low risk, simply felt that biotech was risky and had long payback periods. Most of all, there was no support for biotech even from middle managers, and the net result was inertia. Some firms were more affected than others, and it was their internal structures, routines, and decision logics that underlay divergent responses to the anti-biotech movement.

3.5. Identity Movements Create New Niches

Social movements play a key role in the birth of new identities, and in doing so, crystallize the formation of new niches. Rao et al. (2003) demonstrate that the fusty world of classical French haute cuisine was rudely shaken by the nouvelle cuisine movement that was

itself an outcome of the broader events of 1968 in France. The nouvelle cuisine movement created a new style with new techniques and ingredients. It was accompanied by the birth of an alternative to the Michelin Guide as the rater of restaurants—Gault Millau—which promoted insurgent restaurants and in turn induced change in the Michelin Guide and created a new ranking of restaurants in France. This example shows how identity movements can be promoted by activists who act as information suppliers to consumers (Feddersen and Gilligan 2001).

Another instantiation of identity movements underlining the formation of new boundaries is a resource partitioning process. When there is a dominant generalist(s) in the center of a market, new resources are created at the periphery and occasion the birth of specialists. While such new niches may arise due to variation in customer tastes (Boone et al. 2002), opposition to the dominant center can take the form of a social movement if there are consumer grievances that can be articulated into a critique, and thereby create a new niche. Carroll and Swaminathan (2000) show that the advent of homebrewing created a base of potential brewers, but it also improved consumer tastes and led to the critique of “industrial beer” sold by the Big Three Producers and the legitimization of a new kind of beer made in small scale using artisanal techniques in brewpubs and microbreweries. As the concentration of the market share by the Big Three rose, the critique intensified and led to the proliferation of specialist brewpubs. Efforts by the Big Three to launch craft beers either directly or through acquisition were outed as inconsistent with craft brewing.

Identity movements also have supply side effects on the flow of entrepreneurs. Greve et al. (2006) describe how the microradio movement sought to challenge domination by chain radio stations and sought to include more diverse voices in the air. Hence, when spectrum was allocated by the FCC to microradio stations because of the pressure by microradio enthusiasts, a flood of entrepreneurs followed; the resulting spurt of microradio stations and their diversity reshaped consumer listening behavior.

3.6. Identity Groups: Movements vs. Countermovement Dynamics

A core premise of corporate strategy is that industries are segregated into strategic groups such that there are mobility barriers that impede easy movement from one group to another (Caves 1974). Since then, researchers have emphasized how the differences between groups have less to do with economic characteristics as much as social identities (Peteraf and Shanley 1997). Recently, Soneshein et al. (2017) conducted an inductive study of 41 gourmet food trucks, describing how (1) existing members of the strategic group help new firms enter

the market; (2) resource scarcity leads to cooperation, not competition; and (3) competition had to do with status on culinary criteria and not price. Most of all, these gourmet food trucks had an identity that was insurgent and even oppositional to that of another group—gourmet restaurants.

Strategic groups engage in diffuse competition (they draw on common resources), but they also compete directly, especially if technological and legal changes alter markets. In such cases, strategic groups rely on contentious politics to shape laws and regulations, and disadvantage the opponent. If one strategic group launches a movement against another, the rival group may also launch a countermovement (Meyer and Staggenborg 1996). Notably, a strategic group may see another group as a threat to be mobilized against only when the other group has acquired numbers and mass. So firms in one strategic group themselves can use social movements to constrain another group, and in turn, the rival group may also use political mobilization as a countercheck.

Ingram and Rao (2004) draw on rich event history data to model mobilization by the antichain store movement composed of independent storeowners and countermobilization by the pro-chain store countermovement in the early 20th century. Indeed, independents sought to deinstitutionalize chains by enacting anti-chain laws *after* chains had become prevalent. Chains devoted attention to repealing anti-chain laws *after* such laws spread.³ Initially, the anti-chain crusade focused on “trade-at-home” advertising campaigns (Palamountain 1955); a case in point was the “Keep Ozark Dollars in the Ozarks” campaign that labeled chains stores as “mechanical operators” seeking to take money from the Ozarks to their headquarters (Lebhar 1959, p. 161). Anti-chain activists also exploited radio to broadcast their views; thus, W.K. (“Old Man”) Henderson, owner and operator of KWKH radio in Shreveport, Louisiana, predicted in 1929 that the growth of chains would lead to economic collapse (Bean 1996). A full-length propaganda picture entitled “America Forward” sought to portray the independent businessperson, besieged by chains, as a vital element of communities.

These views were translated into anti-chain laws that sought to restrict the number of chain stores in any one community, but they were judged as unconstitutional by the courts. Soon, anti-chain store activists exploited a new tactic; laws passed in 1929 in Indiana and North Carolina represented a significant variation, in that they applied increasing taxes to chains starting with the *second rather than the fifth* store. Such was the public opinion mobilized by anti-chain store activists that one observer put it, “wherever a little band of lawmakers are gathered together in the sacred name of legislation, you can be sure that they are thinking up things they can do to the chain stores” (John Flynn quoted

in Phillips 1936, p. 354). Ultimately, 27 of the 48 states enacted anti-chain laws in the interwar period.

If a social movement targets one group and seeks to disadvantage them, members of the threatened group coalesce into a countermovement (Meyer and Staggenborg 1996). Pro-chain forces formed the National Chain Store Association (NCSA), created in 1928 through the merger of two regional associations in the grocery industry, to advance their case. The NCSA published 400,000 copies of a monthly bulletin, as well as the publication and distribution of several hundred thousand pamphlets and editorial reprints, and it maintained a legal defense fund (\$175,000 in each of 1933 and 1934) for battling state anti-chain laws. Large chains such as the A&P alone bought space in 1,300 newspapers and sent its spokesmen out to address thousands of civic organizations (Palamountain 1955).

One example is the 1936 referendum over an anti-chain bill in California. Anti-chain store crusaders organized a “March on Sacramento” by thousands of independent merchants, accompanied by brass bands, who wanted to register their opinion at hearings for the bill. The pro-chain forces, who forced the referendum, formed a state chain store association representing 65 chains, committed to sharing the costs of the campaign. Their strategy had two elements: (a) co-opting farmers by striking deals with cooperatives; and (b) an advertising blitz against the tax itself, with radio commercials and newspaper advertising. On November 3, 1936, the referendum was defeated by a seven-to-five margin.

More generally, firms can use third parties to advance their cause. For example, firms use corporate foundations and trade associations to bolster the moral credentials of the firm/industry (Walker 2014) or promote “astroturfing,” i.e., firms funding groups to make their case against activist pressure (Lyon and Maxwell 2004; see also Hall 2015, Cho et al. 2011). Astroturfing can be exposed; thus, Working Families for Walmart sought to present itself as a countervailing mass movement opposed to the anti-Walmart protesters, but lost traction as it failed to build trust and the right community ties to be seen as legitimate (Walker 2014).

4. Formulating Great Strategies: The Strategist as an Activist

The argument that great strategies emerge from identity movements also meshes well with the portrait of organizations and industries going through long periods of incremental change and then quantum change (Gersick 1991, Tushman and Romanelli 1985, Levinthal 1988). Our argument also connects with the literature on organizational identity that suggests that the central, distinctive, and enduring characteristics of the organization define the shared sayings, doings, and feelings of organization members (e.g., Albert and Whetten 1985).

What can the identity movement perspective tell strategists that is useful? A broad implication is that strategists are not just analysts but activists defined by a cause, and promoting a cause. The dominant view of strategy formulation depicts it as a cool analytical exercise consisting of logical activities such as “identifying opportunities and threats in the company’s environment, and attaching some estimate or risk to the discernible alternatives. . . . The process described thus far assumes strategists are analytically objective in estimating the relative capacity of their company and the opportunities they see” Andrews (1997, p. 53).

In contrast, we propose that great strategies emerge from identity movements, and the new firms that embody them arise as insurgencies against the prevalent social order. We recognize that there are scope conditions to our argument. Great strategies are likely to arise from identity movements when “normal” incentives are not enough, and channels of voice are foreclosed to people lacking power. Identity movements are more likely to produce great strategies in B2C markets (business to consumer) because this is where new firms and customers may more easily be connected by a movement than B2B (business to business markets) where buyers and consumers are organizations.

Notwithstanding these scope conditions, the identity movement perspective suggests that strategists are not players on a chessboard but instead, activists in a movement. Strategy is not just a position in the market place, nor a mere set of financial goals, but is an outcropping of identity. It is the cultural identity of the firm that defines what is sacred (and will be done without question), and equally, what is taboo or forbidden (what will never be done). Identity orients people to what is possible, and what is not feasible. The activist is an intersection of ideas and skills in a community, and is defined and motivated by a cause. The activist usually lacks resources, is marginal, and has to undertake insurgent identity. What, however, are the practical implications for strategists? Given the implications of a social movement perspective on great strategies, how can the strategist use this perspective to seek out and formulate a great strategy? Using Alinsky (1971) as inspiration, we sketch out some *rules for radical strategies*:

(a) *Turn market imperfections into grievances*: In the strategy canon, market imperfections provide opportunities for new entrants because they attest to an unmet market need, or consumer pain point. The strategist as activist converts them into grievances—injustices that needs to be addressed. Thus, personal computing was not just a market segment, or unmet need, it was premised on a grievance against the priesthood of corporate computing—a grievance deeply felt and resented by hobbyists. Jobs too was a master of turning consumer pain points into grievances as exemplified in his constant emphasis on finding out what sucks.

(b) *You exist in an identity field and not just an industry or market:* In classic strategy parlance, firms position themselves in industries or markets. However, a strategist who is an activist understands that firms also exist in an identity field. An identity field, as noted, is where activists, be they individuals inside a firm, seek to claim identities for themselves as protagonists and impute identities to antagonists, and of course to the audience(s). Jobs deeply understood this—even as he focused on the identity of an Apple product, he always was sensitive to the identity of the consumer and constantly sought to contrast Apple vis-à-vis an opponent.

(c) *Identity is oppositional:* Alinsky (1971, p. 130) noted, “Pick the target, freeze it, personalize it, and polarize it.” Polarization implies that one’s own identity (as the protagonist) is defined in opposition to that of the antagonist. Oppositional identity imparts focus because it defines what is and is not permissible, but it also mobilizes emotions of pride and anger. The image of Jobs sticking his middle finger up at IBM embodies how the strategist polarizes. Activists blame a culprit as a cause of a social problem, and then offer a constructive solution. Such “framing” helps arouse awareness and mobilize individuals. Put differently, it is the framing that creates “reality distortion” which animates innovation, such as in the lore of Silicon Valley. Strategists can often ground this new version of reality in elements of collective memory that harken back to places, times, and people that undergird what went wrong and what needs to change.

(d) *Strategy ought to produce a mobilization advantage:* For too long, strategy scholars have emphasized firm resources and analysis at the expense of social mobilization; as a result, strategy has become something to be explained to the rank and file, and not a vehicle to arouse enthusiasm, initiative, and energy. An identity-based strategy mobilizes confidence and enthusiasm. Tilly (2006) notes that identity movements derive strength from WUNC (a feeling of worthiness x a sense of unity, a sense of numbers, and a sense of commitment). Jobs as a strategist was masterful by enhancing feelings of worthiness, unity, numbers, and commitment amongst employees by starting with a grievance and then developing an oppositional identity vis-à-vis IBM. Great strategists bring WUNC to shareholders, employees, and customers alike.

Acknowledgments

The authors thank Joe Porac and Giovanni Gavetti for their suggestions. They also thank participants at the Conference at Apple University on Great Strategies in September 2017 for the valuable discussions around the theme of the paper.

Endnotes

¹ *Encyclopedia Britannica*, s.v. “Ancient Greek civilization: The reforms of Cleisthenes.” May 19, 2017.

² *Encyclopedia Britannica*, s.v. “Strategus: Ancient Greek officer.” July 20, 1998.

³ Thus, sheer initial prevalence does not always produce legitimacy as density dependence theory in organizational ecology suggests.

References

- Albert S, Whetten DA (1985) Organizational identity. Cummings LL, Staw BM, eds. *Research In Organizational Behavior*, Vol. 7 (JAI Press, Greenwich, CT), 263–295.
- Alinsky S (1971) *Rules for Radicals: A Practical Primer for Realistic Radicals* (Vintage, New York).
- Andrews K (1997) Concept of corporate strategy. Foss N, ed. *Resources, Firms and Strategies* (Oxford University Press, Oxford, UK), 52–72.
- Baron DP, Diermeier D (2007) Strategic activism and nonmarket strategy. *J. Econom. Management Strategy* 16(3):599–634.
- Baron DP, Neale M, Rao H (2016) Extending nonmarket strategy: Political economy and the radical flank effect in private politics. *Strategy Sci.* 1(2):105–126.
- Bean JJ (1996) *Beyond the Broker State: Federal Policies Toward Small Business, 1936–1961* (University of North Carolina Press, Chapel Hill, NC).
- Beard P (2008) *Blue Blood and Mutiny: The Fight for the Soul of Morgan Stanley* (Harper Perennial, New York).
- Bizouati Y, Basar S (2010) Was Purcell right about Morgan Stanley after all? *Dow Jones Financial News* (February 18), <https://www.fnlondon.com/articles/was-purcell-right-about-morgan-stanley-after-all-1-20090406>.
- Boone C, van Witteloostuijn A, Carroll GR (2002) Resource distributions and market partitioning: Dutch daily newspapers, 1968 to 1994. *Amer. Sociol. Rev.* 67(3):408–431.
- Burgelman RA (1982) *Strategy making of internal corporate ventures: Findings on the interplay of content and process* Working paper, Graduate School of Business, Stanford University.
- Burgelman RA (1983) A process model of internal corporate venturing in the diversified major firm. *Admin. Sci. Quart.* 28(2): 223–244.
- Carroll GR, Swaminathan A (2000) Why the microbrewery movement? Organizational dynamics of resource partitioning in the US brewing industry. *Amer. J. Sociol.* 106(3):715–762.
- Caves RE (1974) Multinational firms, competition, and productivity in host-country markets. *Economica* 41(162):176–193.
- Cho CH, Martens ML, Kim H, Rodrigue M (2011) Astroturfing global warming: It isn’t always greener on the other side of the fence. *J. Bus. Ethics* 104(4):571–587.
- Feddersen TJ, Gilligan TW (2001) Saints and markets: Activists and the supply of credence goods. *J. Econom. Management Strategy* 10(1):149–171.
- Gamson WA (1995a) Constructing social protest. Johnston H, Klendermans B, eds. *Social Movements and Culture*, Vol. 4 (University of Minnesota Press, Minneapolis), 85–106.
- Gamson J (1995b) Must identity movements self-destruct? A queer dilemma. *Soc. Problems* 42(3):390–407.
- Gersick CJ (1991) Revolutionary change theories: A multilevel exploration of the punctuated equilibrium paradigm. *Acad. Management Rev.* 16(1):10–36.
- Greve HR, Pozner JE, Rao H (2006) Vox populi: Resource partitioning, organizational proliferation, and the cultural impact of the insurgent microradio movement. *Amer. J. Sociol.* 112(3): 802–837.
- Halbwachs M (1992) *On Collective Memory* (University of Chicago Press, Chicago).
- Hall S (2015) Exxon knew about climate change almost 40 years ago. *Scientific Amer.* (October 26). <https://www.scientificamerican.com/article/exxon-knew-about-climate-change-almost-40-years-ago/>.
- Hambrick DC, Chen MJ (2008) New academic fields as admittance-seeking social movements: The case of strategic management. *Acad. Management Rev.* 33(1):32–54.
- Hedberg B, Jönsson S (1977) Strategy formulation as a discontinuous process. *Internat. Stud. Management Organ.* 7(2):88–109.
- Hertzfeld A (2005) *Revolution in The Valley: The Insanely Great Story of How the Mac Was Made* (O’Reilly Media, Sebastopol CA).

- Hiatt SR, Sine WD, Tolbert PS (2009) From Pabst to Pepsi: The deinstitutionalization of social practices and the creation of entrepreneurial opportunities. *Admin. Sci. Quart.* 54(4):635–667.
- Horwath R (2006) The origin of strategy. (Strategic Thinking Institute, Barrington Hills, IL), 1–5.
- Ingram P, Rao H (2004) Store wars: The enactment and repeal of anti-chain-store legislation in America. *Amer. J. Sociol.* 110(2): 446–487.
- Ingram P, Yue LQ, Rao H (2010) Trouble in store: Probes, protests, and store openings by Wal-Mart, 1998–2007. *Amer. J. Sociol.* 116(1): 53–92.
- Joly de Maizeury PG (1777) *Théorie de la guerre* (Chez la Veuve Leclerc, Paris).
- King BG, Soule SA (2007) Social movements as extra-institutional entrepreneurs: The effect of protests on stock price returns. *Admin. Sci. Quart.* 52(3):413–442.
- Learned EP, Christensen CR, Andrews KR, Guth WR (1969) *Business Policy* (Irwin, Homewood, IL).
- Lebhar GM (1959) *Chain Stores in America, 1859–1959* (Chain Store Publishing Corp., New York).
- Levinthal D (1988) A survey of agency models of organizations. *J. Econom. Behav. Organ.* 9(2):153–185.
- Levy S (1984) *Hackers: Heroes of the Computer Revolution*, Vol. 14 (Anchor Press/Doubleday, Garden City, NY).
- Lonsdale DJ (2007) *Alexander the Great: Lessons in Strategy* (Routledge, London).
- Lyon TP, Maxwell JW (2004) Astroturf: Interest group lobbying and corporate strategy. *J. Econom. Management Strategy* 13(4):561–597.
- McDonnell MH, King BG, Soule SA (2015) A dynamic process model of private politics: Activist targeting and corporate receptivity to social challenges. *Amer. Sociol. Rev.* 80(3):654–678.
- Melucci A (1996) *Challenging Codes: Collective Action in the Information Age* (Cambridge University Press, Cambridge, UK).
- Mendenhall ME (2005) *Mergers and Acquisitions: Managing Culture and Human Resources* (Stanford University Press, Stanford, CA).
- Meyer DS, Staggenborg S (1996) Movements, countermovements, and the structure of political opportunity. *Amer. J. Sociol.* 101(6): 1628–1660.
- Mintzberg H (1999) *The Strategy Process* (Prentice Hall, London).
- Morrill C, Zald MN, Rao H (2003) Covert political conflict in organizations: Challenges from below. *Annual Rev. Sociol.* 29(1): 391–415.
- Nelson RR, Winter SG (1982) *An Evolutionary Theory of Economic Change* (Harvard University Press, Cambridge, MA).
- Palamountain JC (1955) *The Politics of Distribution* (Harvard University Press, Cambridge, MA).
- PBS (1996) *Triumph of the Nerds: The Rise of Accidental Empires* (Oregon Public Broadcasting and John Gau Productions, Producers).
- People Computer Company (1972) *Newsletter* (October).
- Peteraf M, Shanley M (1997) Getting to know you: A theory of strategic group identity. *Strategic Management J.* 18(S1):165–186.
- Phillips CF (1936) State discriminatory chain store taxation. *Harvard Bus. Rev.* 14(3):349–59.
- Rao H, Monin P, Durand R (2003) Institutional change in Toque Ville: Nouvelle cuisine as an identity movement in French gastronomy. *Amer. J. Sociol.* 108(4):795–843.
- Selznick P (1957) *Leadership in Administration: A Sociological Interpretation* (Harper & Row, New York).
- Simson EV (2010) *The Limits of Strategy: Lessons in Leadership from the Computer Industry* (iUniverse, Bloomington, IN).
- Sonenshein S, Nault K, Obodaru O (2017) Competition of a different flavor: How a strategic group identity shapes competition and cooperation. *Admin. Sci. Quart.*, ePub ahead of print April 6, <https://doi.org/10.1177/0001839217704849>.
- Taylor V, Whittier NE (1992) Collective identity in social movement communities: Lesbian feminist mobilization. Morris AD, Mueller CM, eds. *Frontiers in Social Movement Theory* (Yale University Press, New Haven, CT), 104–129.
- Tilly C (2006) WUNC. Schnapp JT, Tiewms M, eds. *Crowds* (Stanford University Press, Stanford, CA), 289–306.
- Truelove E, Kellogg KC (2016) The radical flank effect and cross-occupational collaboration for technology development during a power shift. *Admin. Sci. Quart.* 61(4):662–701.
- Turner F (2006) *From Counterculture to Cyberculture: Stewart Brand, the Whole Earth Network, and the Rise of Digital Utopianism* (University of Chicago Press, Chicago).
- Tushman ML, Romanelli E (1985) Organizational evolution: Interactions between external and emergent processes and strategic choice. *Res. Organ. Behav.*, Vol. 8 (Elsevier, Amsterdam), 171–222.
- Vaara E, Monin P (2010) A recursive perspective on discursive legitimation and organizational action in mergers and acquisitions. *Organ. Sci.* 21(1):3–22.
- Walker ET (2014) *Grassroots for Hire: Public Affairs Consultants in American Democracy* (Cambridge University Press, Cambridge, UK).
- Weber K, Rao H, Thomas LG (2009) From streets to suites: How the anti-biotech movement affected German pharmaceutical firms. *Amer. Sociol. Rev.* 74(1):106–127.
- Yue LQ, Rao H, Ingram P (2013) Information spillovers from protests against corporations: A tale of Walmart and Target. *Admin. Sci. Quart.* 58(4):669–701.
- Zald MN, Berger MA (1978) Social movements in organizations: Coup d'état, insurgency, and mass movements. *Amer. J. Sociol.* 83(4):823–861.

Hayagreeva Rao is the Atholl McBean Professor of Organizational Behavior and Human Resources Management, as well as the academic director, Stanford Innovation and Entrepreneurship Certificate, at the Graduate School of Business, Stanford University. His recent work investigates the role of social movements as motors of organizational change in professional and organizational fields.

Sunasir Dutta is assistant professor of strategic management and entrepreneurship at the Carlson School of Management, University of Minnesota. His recent work investigates how collective action underlies much organizational phenomena, including local social entrepreneurship after natural disasters.