

EVALUATING BUSINESS STRATEGY*

Richard P. Rumelt
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Strategy can neither be formulated nor adjusted to changing circumstances without a process of strategy evaluation. Whether performed by an individual or as part of an organizational review procedure, strategy evaluation forms an essential step in the process of guiding an enterprise.

For many executives strategy evaluation is simply an appraisal of how well a business performs. Has it grown? Is the profit rate normal or better? If the answers to these questions are affirmative, it is argued that the firm's strategy must be sound. Despite its unassailable simplicity, this line of reasoning misses the whole point of strategy—that the critical factors determining the quality of long-term results are often not directly observable or simply measured, and that by the time strategic opportunities or threats do directly affect operating results, it may well be too late for an effective response. Thus, strategy evaluation is an attempt to look beyond the obvious facts regarding the short-term health of a business and appraise instead those more fundamental factors and trends that govern success in the chosen field of endeavor.

THE CHALLENGE OF EVALUATION

However it is accomplished, the products of a business strategy evaluation are answers to these three questions:

- Are the objectives of the business appropriate?
- Are the major policies and plans appropriate?
- Do the results obtained to date confirm or refute critical assumptions on which the strategy rests?

Devising adequate answers to these questions is neither simple nor straightforward. It requires a reasonable store of situation-based knowledge and more than the usual degree of insight. In particular, the major issues which make evaluation difficult and with which the analyst must come to grips are these:

- Each business strategy is unique. For example, one paper manufacturer might rely in its vast timber holdings to weather almost any storm while another might place primary reliance in modern machinery and an extensive distribution system. Neither strategy is "wrong" nor "right" in any absolute sense; both may be right or wrong for the firms in question. Strategy evaluation must, then, rest on a type of situational logic that does not focus on "one best way" but which can be tailored to each problem as it is faced.
- Strategy is centrally concerned with the selection of goals and objectives. Many people, including seasoned executives, find it much easier to set or try to achieve goals than to evaluate them. In part this is a consequence of training in problem solving rather than in problem structuring. It also arises out of a tendency to confuse

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values, which are fundamental expressions of human personality, with objectives, which are devices for lending coherence to action.

- Formal systems of strategic review, while appealing in principal, can create explosive conflict situations. Not only are there serious questions as to who is qualified to give an objective evaluation, the whole idea of strategy evaluation implies management by "much more than results" and runs counter to much of currently popular management philosophy.

THE GENERAL PRINCIPLES OF STRATEGY EVALUATION

The term "strategy" has been so widely used for different purposes that it has lost any clearly defined meaning. For our purposes a strategy is a set of objectives, policies, and plans that, taken together, define the scope of the enterprise and its approach to survival and success. Alternatively, we could say that the particular policies, plans, and objectives of a business express its strategy for coping with a complex competitive environment.

One of the fundamental tenets of science is that a theory can never be proven to be absolutely true. A theory can, however, be declared absolutely false if it fails to stand up to testing. Similarly, it is impossible to demonstrate conclusively that a particular business strategy is optimal or even to guarantee that it will work. One can, nevertheless, test it for critical flaws. Of the many tests which could be justifiably applied to a business strategy, most will fit within one of these broad criteria:

- *Consistency*: The strategy must not present mutually inconsistent goals and policies.
- *Consonance*: The strategy must represent an adaptive response to the external environment and to the critical changes occurring within it.
- *Advantage*: The strategy must provide for the creation and/or maintenance of a competitive advantage in the selected area of activity.
- *Feasibility*: The strategy must neither overtax available resources nor create unsolvable sub problems.

A strategy that fails to meet one or more of these criteria is strongly suspect. It fails to perform at least one of the key functions that are necessary for the survival of the business. Experience within a particular industry or other setting will permit the analyst to sharpen these criteria and add others that are appropriate to the situation at hand.

Consistency

Gross inconsistency within a strategy seems unlikely until it is realized that many strategies have not been explicitly formulated but have evolved over time in an ad hoc fashion. Even strategies that are the result of formal procedures may easily contain compromise arrangements between opposing power groups.

Inconsistency in strategy is not simply a flaw in logic. A key function of strategy is to provide coherence to organizational action. A clear and explicit concept of strategy can foster a climate of tacit coordination that is more efficient than most administrative mechanisms. Many high-technology firms, for example, face a basic strategic choice between offering high-cost products with high custom-engineering content and lower-cost products that are more standardized and sold at higher volume. If senior management does not enunciate a clear consistent sense of where the corporation stands on these issues, there will be continuing conflict between sales, design, engineering, and manufacturing people. A clear consistent strategy, by contrast, allows a sales engineer to negotiate a contract with a minimum of coordination-the trade-offs are an explicit part of the firm's posture.

Organizational conflict and interdepartmental bickering are often symptoms of a managerial disorder but may also indicate problems of strategic inconsistency. Here are some indicators that can help sort out these two different problems:

- If problems in coordination and planning continue despite changes in personnel and tend to be issue- rather than people-based, they are probably due to inconsistencies in strategy.
- If success for one organizational department means, or is interpreted to mean, failure for another department, either the basic objective structure is inconsistent or the organizational structure is wastefully duplicative.
- If, despite attempts to delegate authority, operating problems continue to be brought to the top for the resolution of policy issues, the basic strategy is probably inconsistent.

A final type of consistency that must be sought in strategy is between organizational objectives and the values of the management group. Inconsistency in this area is more of a problem in strategy formulation than in the evaluation of a strategy that has already been implemented. It can still arise, however, if the future direction of the business requires changes that conflict with managerial values. The most frequent source of such conflict is growth. As a business expands beyond the scale that allows an easy informal method of operation, many executives experience a sharp sense of loss. While growth can of course be curtailed, it often will require special attention to a firm's competitive position if survival without growth is desired. The same basic issues arise when other types of personal or social values come into conflict with existing or apparently necessary policies: the resolution of the conflict will normally require an adjustment in the competitive strategy.

Consonance

The way in which a business relates to its environment has two aspects: the business must both match and be adapted to its environment and it must at the same time compete with other firms that are also trying to adapt. This dual character of the relationship between the firm and its environment has its analog in two different aspects of strategic choice and two different methods of strategy evaluation.

The first aspect of fit deals with the basic mission or scope of the business and the second with its special competitive position or "edge." Analysis of the first is normally done by looking at changing economic and social conditions over time. Analysis of the second, by contrast, typically focuses on the differences across firms at a given time. We call the first the *generic* aspect of strategy and the second *competitive* strategy. Generic strategy deals with the creation of social value—with the question of whether the products and services being created are worth more than their cost. Competitive strategy, by contrast, deals with the firm's need to capture some of the social value as profit. Exhibit 1 summarizes the differences between these concepts.

The notion of consonance, or matching, therefore, invites a focus on generic strategy. The role of the evaluator in this case is to examine the basic pattern of economic relationships that characterize the business and determine whether or not sufficient value is being created to sustain the strategy. Most macroanalysis of changing economic conditions is oriented toward the formulation or evaluation of generic strategies. For example, a planning department forecasts that within six years flat-panel liquid crystal displays will replace CRT-based video displays in computers. The basic message here to makers of CRT-based video displays is that their generic strategies are becoming obsolete. Note that the threat in this case is not to a particular firm, competitive position, or individual approach to the marketplace but to the basic generic mission.

**EXHIBIT 1
GENERIC VERSUS COMPETITIVE STRATEGY**

	Generic Strategy	Competitive Strategy
Value Issue	Social Value	Corporate Value
Value Constraint	Customer Value > Cost	Price > Cost
Success Indicator	Sales Growth	Increased Corporate Worth
Basic Strategic Task	Adapting to Change	Innovating, impeding imitation, deterring rivals
How Strategy is Expressed	Product-market definition	Advantage, position, and policies supporting them
Basic Approach to Analysis	Study of an industry over time	Comparison across rivals

One major difficulty in evaluating consonance is that most of the critical threats to a business are those which come from without, threatening an entire group of firms. Management, however, is often so engrossed in competitive thinking that such threats are only recognized after the damage has reached considerable proportions.

Another difficulty in appraising the fit between a firm's mission and the environment is that trend analysis does not normally reveal the most critical changes—they are the result of interactions among trends. The supermarket, for example, comes into being only when home refrigeration and the widespread use of automobiles allow shoppers to buy in significantly larger volumes. The supermarket, the automobile, and the move to suburbia together form the nexus which gives rise to shopping centers. These, in turn, change the nature of retailing and, together with the decline of urban centers, create new forms of enterprise, such as the suburban film theater with four screens. Thus, while gross economic or demographic trends might appear steady for many years, there are waves of change going on at the institutional level.

The key to evaluating consonance is an understanding of why the business, as it currently stands, exists at all and how it assumed its current pattern. Once the analyst obtains a good grasp of the basic economic foundation that supports and defines the business, it is possible to study the consequences of key trends and changes. Without such an understanding, there is no good way of deciding what kinds of changes are most crucial and the analyst can be quickly overwhelmed with data.

Advantage

It is no exaggeration to say that competitive strategy is the art of creating or exploiting those advantages that are most telling, enduring, and most difficult to duplicate.

Competitive strategy, in contrast with generic strategy, focuses on the differences among firms rather than their common missions. The problem it addresses is not so much "how can this function be performed" but "how can we perform it either better than, or at least instead of, our rivals?" The chain supermarket, for example, represents a successful generic strategy. As a way of doing business, of organizing economic transactions, it has replaced almost all

the smaller owner-managed food shops of an earlier era. Yet a potential or actual participant in the retail food business must go beyond this generic strategy and find a way of competing in this business. As another illustration, IBM's early success in the PC industry was generic—other firms soon copied the basic product concept. Once this happened, IBM had to try to either forge a strong competitive strategy in this area or seek a different type of competitive arena.

Competitive advantages can normally be traced to one of three roots:

- Superior skills
- Superior resources
- Superior position

In examining a potential advantage, the critical question is "what sustains this advantage, keeping competitors from imitating or replicating it?" A firm's skills can be a source of advantage if they are based on its own history of learning-by-doing and if they are rooted in the coordinated behavior of many people. By contrast, skills that are based on generally understood scientific principles, on training that can be purchased by competitors, or which can be analyzed and replicated by others are not sources of sustained advantage.

The skills which compose advantages are usually organizational, rather than individual, skills. They involve the adept coordination or collaboration of individual specialists and are built through the interplay of investment, work, and learning. Unlike physical assets, skills are enhanced by their use. Skills that are not continually used and improved will atrophy.

Resources include patents, trade-mark rights, specialized physical assets, and the firm's working relationships with suppliers and distribution channels. In addition, a firm's reputation with its employees, suppliers, and customers is a resource. Resources that constitute advantages are specialized to the firm, are built up slowly over time through the accumulated exercise of superior skills, or are obtained through being an insightful first mover, or by just plain luck. For example, Nucor's special skills in mini-mill construction are embodied in superior physical plants. Goldman Sachs reputation as the premier U.S. investment banking house has been built up over many years and is now a major resource in its own right.

A firm's *position* consists of the products or services it provides, the market segments it sells to, and the degree to which it is isolated from direct competition. In general, the best positions involve supplying very uniquely valuable products to price insensitive buyers, whereas poor positions involve being one of many firms supplying marginally valuable products to very well informed price sensitive buyers.

Positional advantage can be gained by foresight, superior skill and/or resources, or just plain luck. Once gained, a good position is defensible. This means that it (1) returns enough value to warrant its continued maintenance and (2) would be so costly to capture that rivals are deterred from full-scale attacks on the core of the business. Position, it must be noted, tends to be self-sustaining as long as the basic environmental factors that underlie it remain stable. Thus, entrenched firms can be almost impossible to unseat, even if their raw skill levels are only average. And when a shifting environment allows position to be gained by a new entrant or innovator, the results can be spectacular.

Positional advantages are of two types: (1) first mover advantages and (2) reinforcers. The most basic first mover advantage occurs when the minimum scale to be efficient requires a large (sunk) investment relative to the market. Thus, the first firm to open a large discount retail store in a rural area precludes, through its relative scale, close followers. More subtle first mover advantages occur when standardization effects "lock-in" customers to the first-mover's product (e.g., Lotus 123). Buyer learning and related phenomena can increase the

buyer's switching costs, protecting an incumbent's customer base from attack. Frequent flyer programs are aimed in this direction. First movers may also gain advantages in building distribution channels, in tying up specialized suppliers, or in gaining the attention of customers. The first product of a class to engage in mass advertising, for example, tends to impress itself more deeply in people's minds than the second, third, or fourth. In a careful study of frequently-purchased consumer products, Urban et al. [1986] found that (other things being equal) the first entrant will have a market share that is \sqrt{n} times as large as that of the n^{th} entrant.

Reinforcers are policies or practices acting to strengthen or preserve a strong market position and which are easier to carry out because of the position. The idea that certain arrangements of one's resources can enhance their combined effectiveness, and perhaps even put rival forces in a state of disarray, is at the heart of the traditional notion of strategy. It is reinforcers which provide positional advantage the strategic quality familiar to military theorists, chess players, and diplomats.

A firm with a larger market share, due to being an early mover or to having a technological lead, can typically build a more efficient production and distribution system. Competitors with less demand simply cannot cover the fixed costs of the larger more efficient facilities, so for them larger facilities are not an economic choice. In this case, scale economies are a reinforcer of market position, not the cause of market position. The firm that has a strong brand can use it as a reinforcer in the introduction of related brands. A company that sells a specialty coating to a broader variety of users may have better data on how to adapt the coating to special conditions than a competitor with more limited sales—properly used, this information is a reinforcer. A famous brand will appear on TV and in films because it is famous, another reinforcer. An example given by Porter [1985: 145], is that of Steinway and Sons, the premier U.S. maker of fine pianos. Steinway maintains a dispersed inventory of grand pianos that approved pianists are permitted to use for concerts at very low rental rates. The policy is less expensive for a leader than for a follower and helps maintain leadership.

The positive feedback provided by reinforcers is the source of the power of position-based advantages—the policies that act to enhance position may not require unusual skills; they simply work most effectively for those who are already in the position in the first place.

While it is not true that larger businesses always have the advantages, it is true that larger businesses will tend to operate in markets and use procedures that turn their size to advantage. Large national consumer-products firms, for example, will normally have an advantage over smaller regional firms in the efficient use of mass advertising, especially network TV. The larger firm will, then, tend to deal in those products where the marginal effect of advertising is most potent, while the smaller firms will seek product/market positions that exploit other types of advantage.

Other position-based advantages follow from such factors as:

- The ownership of special raw material sources or advantageous long-term supply contracts
- Being geographically located near key customers in a business involving significant fixed investment and high transport costs
- Being a leader in a service field that permits or requires the building of a unique experience base while serving clients
- Being a full-line producer in a market with heavy trade-up phenomena
- Having a wide reputation for providing a needed product or service trait reliably and dependably

In each case, the position permits competitive policies to be adopted that can serve to reinforce the position. Whenever this type of positive-feedback phenomena is encountered,

the particular policy mix that creates it will be found to be a defensible business position. The key factors that sparked industrial success stories such as IBM and Eastman Kodak were the early and rapid domination of strong positions opened up by new technologies.

Feasibility

The final broad test of strategy is its feasibility. Can the strategy be attempted within the physical, human, and financial resources available? The financial resources of a business are the easiest to quantify and are normally the first limitation against which strategy is tested. It is sometimes forgotten, however, that innovative approaches to financing expansion can both stretch the ultimate limitations and provide a competitive advantage, even if it is only temporary. Devices such as captive finance subsidiaries, sale-leaseback arrangements, and tying plant mortgages to long-term contracts have all been used effectively to help win key positions in suddenly expanding industries.

The less quantifiable but actually more rigid limitation on strategic choice is that imposed by the individual and organizational capabilities that are available.

In assessing the organization's ability to carry out a strategy, it is helpful to ask three separate questions:

1. Has the organization demonstrated that it possesses the problem-solving abilities and/or special competencies required by the strategy? A strategy, as such, does not and cannot specify in detail each action that must be carried out. Its purpose is to provide structure to the general issue of the business' goals and approaches to coping with its environment. It is up to the members and departments of the organization to carry out the tasks defined by strategy. A strategy that requires tasks to be accomplished which fall outside the realm of available or easily obtainable skill and knowledge cannot be accepted. It is either unfeasible or incomplete.
2. Has the organization demonstrated the degree of coordinative and integrative skill necessary to carry out the strategy.? The key tasks required of a strategy not only require specialized skill, but often make considerable demands on the organization's ability to integrate disparate activities. A manufacturer of standard office furniture may find, for example, that its primary difficulty in entering the new market for modular office systems is a lack of sophisticated interaction between its field sales offices and its manufacturing plant. Firms that hope to span national boundaries with integrated worldwide systems of production and marketing may also find that organizational process, rather than functional skill per se or isolated competitive strength, becomes the weak link in the strategic posture.
3. Does the strategy challenge and motivate key personnel and is it acceptable to those who must lend their support? The purpose of strategy is to effectively deploy the unique and distinctive resources of an enterprise. If key managers are unmoved by a strategy, not excited by its goals or methods, or strongly support an alternative, it fails in a major way.

THE PROCESS OF STRATEGY EVALUATION

Strategy evaluation can take place as an abstract analytic task, perhaps performed by consultants. But most often it is an integral part of an organization's processes of planning, review, and control. In some organizations, evaluation is informal, only occasional, brief, and cursory. Others have created elaborate systems containing formal periodic strategy review sessions. In either case, the quality of strategy evaluation and, ultimately, the quality of corporate performance, will be determined more by the organization's capacity for self-appraisal and learning than by the particular analytic technique employed.

In their study of organizational learning, Argyris and Schon distinguish between single-loop and double-loop learning. They argue that normal organizational learning is of the feed-

back-control type-deviations between expected and actual performance lead to problem solving which brings the system back under control. They note that

[Single-loop learning] is concerned primarily with effectiveness-that is, with how best to achieve existing 'goals and objectives and how best to keep organizational performance within the range specified by existing norms. In some cases, however, error correction requires a learning cycle in which organizational norms themselves are modified.... We call this sort of learning "double-loop." There is ... a double feedback loop which connects the detection of error not only to strategies and assumptions for effective performance but to the very norms which define effective performance. [1978:20]

These ideas parallel those of Ashby, a cyberneticist. Ashby [1954] has argued that all feedback systems require more than single-loop error control for stability; they also need a way of monitoring certain critical variables and changing the system "goals" when old control methods are no longer working.

These viewpoints help to remind us that the real strategic processes in any organization are not found by looking at those things that happen to be labeled "strategic" or "long range." Rather, the real components of the strategic process are, by definition, those activities which most strongly affect the selection and modification of objectives and which influence the irreversible commitment of important resources. They also suggest that appropriate methods of strategy evaluation cannot be specified in abstract terms. Instead, an organization's approach to evaluation must fit its strategic posture and work in conjunction with its methods of planning and control.

In most firms comprehensive strategy evaluation is infrequent and, if it occurs, is normally triggered by a change in leadership or financial performance. The fact that comprehensive strategy evaluation is neither a regular event nor part of a formal system tends to be deplored by some theorists, but there are several good reasons for this state of affairs. Most obviously, any activity that becomes an annual procedure is bound to become more automatic. While evaluating strategy on an annual basis might lead to some sorts of efficiencies in data collection and analysis, it would also tend to strongly channel the types of questions asked and inhibit broad-ranging reflection.

Second, a good strategy does not need constant reformulation. It is a framework for continuing problem solving, not the problem solving itself. One senior executive expressed it this way: "If you play from strength you don't always need to be rethinking the whole plan; you can concentrate on details. So when you see us talking about slight changes in tooling it isn't because we forgot the big picture, it's because we took care of it."

Strategy also represents a political alignment within the firm and embodies the past convictions and commitments of key executives. Comprehensive strategy evaluation is not just an analytical exercise, it calls into question this basic pattern of commitments and policies. Most organizations would be hurt rather than helped to have their mission's validity called into question on a regular basis. Zero-base budgeting, for example, was an attempt to get agencies to re-justify their existence each time a new budget is drawn up. If this were literally true, there would be little time or energy remaining for any but political activity.

Finally, there are competitive reasons for not reviewing the validity of a strategy too freely! There are a wide range of rivalrous confrontations in which it is crucial to be able to convince others that one's position, or strategy, is fixed and unshakable. Schelling's [1963] analysis of bargaining and conflict shows that a great deal of what is involved in negotiating is finding ways to bind or commit oneself convincingly. This is the principle underlying the concept of deterrence and what lies behind the union leader's tactic of claiming that while he would go along with management's desire for moderation, he cannot control the members if the less moderate demands are not met. In business strategy, such situations occur in classic oligopoly, plant-capacity duels, new-product conflicts, and other situations in which the winner may be the party whose policies are most credibly unswayable. Japanese electronics

firms, for example, have gained such strong reputations as low-cost committed players that their very entry into a market has come to induce rivals to give up. If such firms had instead the reputation of continually reviewing the advisability of continuing each product, they would be much less threatening, and thus less effective, competitors.

Given these barriers to formal periodic comprehensive strategy review, it may seem that firms have little way of ensuring the continuing validity of their strategies. Most firms, however, suffer no lack of measures on their performance. Deviations from expected results are the constant stimuli for management activity and problem solving. When such deviations are unusual in size or nature, or when corrective actions become ineffective, it is often evidence of strategic rather than operating problems. Thus, for most single-business firms, the problem of strategy evaluation is not one of some large analytic project but of separating out of the constant flow of information on problems and actions those pieces of evidence that point towards the need for more fundamental change. If this strategic management job is done well, it may never be necessary to step back and call for a full evaluation of the firm's position.

What governs how well the strategic management job is done? The organization structure, the type of planning, control, and reward systems, and the managerial "climate" all have important impacts. It is worth singling out the effects of structure and objectives for further discussion.

Structure directly influences the quality of strategy management through the way it shapes perceptions as to what tasks and issues are germane. For example, two aerospace firms both use project-matrix organizations. But one makes potential or current project managers responsible for the generation of new business while the other only assigns the project manager after senior executives have nailed down a contract. The first firm has a much better ability to sense relationships and gaps between its customer's problems and its own technical ability at a good level of detail. The second firm, by contrast, is less likely to perceive gaps at the detailed technical level but is more sensitive to changes in ongoing procurement programs. Thus, in each firm, structure influences what kinds of strategic insights are facilitated.

The quality of strategic management is also strongly influenced by the kind of objectives that are set. The issue here is not the traditional one of whether objectives should be "hard" or "easy" but the question of what variables are made into objectives in the first place. Most management control systems have evolved out of statement of accounts and provide little, if any, help in evaluating the strategic position of the business. If, however, management is able to devise measures that relate directly to the firm's basis of advantage or position, a much clearer separation of long- and short-run phenomena takes place.

Market share, at the necessary level of detail, is an excellent strategic benchmark. So are such measures as share of industry capacity, percentage of specialty outlets carrying the product, estimated relative cost (relative to competitors), and relative price-value relationships. Equally important in many situations are direct measures of quality and of customer satisfaction. These kinds of measures not only allow management to track the accomplishment of strategy, they also permit the testing of judgments as to whether or not key assumptions are valid. It is one thing, for example, to register a healthy increase in sales and profits and quite another to discover that it was in, say, the adult market rather than the teen market as had been expected. The latter type of information immediately suggests helpful adaptive actions that straight sales data do not.

CONCLUSIONS

Strategy evaluation is the appraisal of plans and the results of plans that centrally concern or affect the basic mission of an enterprise. Its special focus is the separation between obvious current operating results and those factors which underlie success or failure in the

chosen domain of activity. Its result is the rejection, modification, or ratification of existing strategies and plans.

It is usual to view strategy evaluation as an intellectual task-as a problem in data analysis and interpretation that requires both imagination and intelligence. From this point of view, there are four essential tests a strategy must pass. The strategy must (1) be internally consistent, (2) provide for consonance between the firm and its environment, (3) be based on the gaining and maintenance of competitive advantage, and (4) be feasible in the light of existing skills and resources. A strategy which fails one or more of these tests possesses quite serious flaws. While a strategy which passes all four tests cannot be guaranteed to succeed, it is without question a better starting place than one that is known to be unsound.

In most medium- to large-size firms, strategy evaluation is not a purely intellectual task. The issues involved are too important and too closely associated with the distribution of power and authority for either strategy formulation or evaluation to take place in an ivory tower environment. In fact, most firms rarely engage in explicit formal strategy evaluation. Rather, the evaluation of current strategy is a continuing process and one that is difficult to separate from the normal planning, reporting, control, and reward systems of the firm. From this point of view, strategy evaluation is not so much an intellectual task as it is an organizational process.

As process, strategy evaluation is the outcome of activities and events which are strongly shaped by the firm's control and reward systems, its information and planning systems, its structure, and its history and particular culture. Thus, its performance is, in practice, tied more directly to the quality of the firm's strategic management than to any particular analytical scheme. In particular, organizing major units around the primary strategic tasks and making the extra effort required to incorporate measures of strategic success in the control system may play vital roles in facilitating strategy evaluation within the firm.

Ultimately, a firm's ability to maintain its competitive position in a world of rivalry and change may be best served by managers who can maintain a dual view of strategy and strategy evaluation-they must be willing and able to perceive the strategy within the welter of daily activity and to build and maintain structures and systems that make strategic factors the object of current activity.

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