Chapter 3 from Competitive Strategic Management,
R.B. Lamb (ed.), Prentice-Hall, 1984

3

Researching the Formation of Strategies: The History of Canadian Lady, 1939–1976

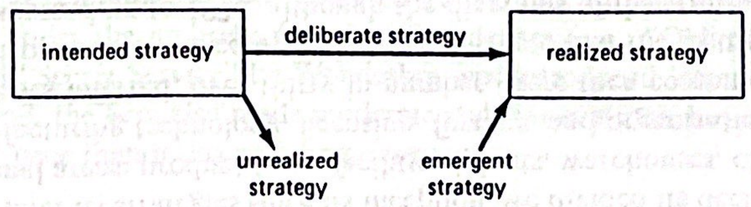
HENRY MINTZBERG AND JAMES A. WATERS
McGill University

Our thanks to David Rappoport for data collection, to the Canadian Social Sciences and Humanities Research Council for its financial support, and to the executives of Canadian Lady, particularly Larry Nadler (president of the firm to the end of our study period), for their time and kind cooperation.

A major danger faced by the new field of Strategic Management is that prescription will get too far ahead of description. The urge to develop technique and prescribe procedure in the absence of in-depth knowledge about how strategies actually form may render much of that technique and procedure not just irrelevant but downright dysfunctional. This paper describes one approach to the study of strategy formation, based on what for most practitioners will be an unconventional view of the concept strategy. While we have used the approach for purposes of descriptive research, we also believe it has utility for organizations themselves, as a means to understand how their own strategies developed, what they are now, and how their current strategies might influence what they do in the future. Our research has taught us one very clear lesson: that no organization can deny its history in trying to formulate its strategies. Today's strategies—and tomorrow's—no matter how much they seek to alter direction, are very much rooted in yesterday's.

This research project began in 1971, under the title "Patterns in Strategy Formation," with the intention of developing a comprehensive understanding of how strategies form and are formulated in organizations. Viewing strategies as "patterns in streams of decisions," the focus was on tracking decision streams in organizations over long periods of time (several decades), inferring strategies as the consistencies in such streams and inferring periods of strategy development by considering the relationships among the different strategies, and then studying intensively the forces behind the appearance of the different periods.

An initial report described the results of the first two studies, of U. S. strategy in Vietnam (1950–73) and of Volkswagenwerk (1934–74).[1] Among other points noted in that paper was the key one that our view of strategy, which we refer to as *realized* strategy, when combined with the traditional view of the word as a plan or a set of guidelines, which we call *intended* strategy, yields three other basic views of strategy. As shown below, a *deliberate* strategy is one both intended and realized, an *unrealized* strategy is one intended but never realized, and an *emergent* strategy is one realized although never intended (which is not to say specifically unintended). This issue, of the deliberateness of strategy, became a central theme of the research, alongside two others: the interplay of environment, leadership, and organization; and the patterns of strategic change over time.



Subsequently this research became more systematic, with specific attempts to quantify decison streams where possible and to represent strategies in graphi-

[1] H. Mintzberg, "What Is Planning Anyway?" *Strategic Management Journal*, 1981, pp. 319–24.

cal or symbolic form. Studies have been undertaken of a large retail chain,[2] a mining company, an airline, a film-making agency, a small daily newspaper, a university, an architectural firm, and a garment manufacturer.

This paper presents the results of this last study, perhaps the simplest of those undertaken. We have a number of intentions in presenting it. First, we wish to illustrate the nature of the research approach, both for researchers and for practitioners who may wish to consider using it to better understand their own organizations. Second, we wish to promote a new concept of strategy, one that we think can change significantly how people think about the process of strategy making and thereby perhaps influence the direction taken by the field of Strategic Management. And third, we wish to give the reader the flavor of some of the theory that is emerging from our research. While there are a number of interesting findings characteristic of this particular firm, others are indicative of the broader set of results of this research project.

Each of our studies has proceeded in a number of steps, reflecting the inductive and intensive nature of the research. First we collect the basic data—chronologies of decisions and actions that shaped the organization's history, as well as related trends and events in the environment and figures available on the organization's performance. Then we infer strategies (patterns or consistencies) in these streams of decisions and actions, and label each and represent it in symbolic form. At this point we stack up all the strategies represented in symbolic form on a common time scale, and by scanning the result, infer major periods in the history of the company. The research then shifts to a more intensive investigation of each period, to try to understand especially what provoked major changes in strategies, how different strategies related to each other (e.g., which led and which lagged), what explains periods of continuity, how strategy related to structure, and so on. This step relies primarily on interviewing key actors of the period and on reading available records and in-depth reports about it. The final step is one of brainstorming, in which members of the research team sit down together to try to develop propositions and themes about the process of strategy formation, from an assessment of this study itself as well as a comparison with the results of studies of the other organizations. We are concerned about understanding how and why strategies change, what role timing plays in the process, what role judgment, bargaining, and analysis play in the process and what is the meaning of the word *planning* in strategy formation,[3] what relationship exists between strategy, structure, leadership, and environment, the conditions under which strategies emerge and under which they are deliberately formulated. One unique feature of this particular study is that the individual who was president of the firm for the last seven years of our study period joined the team for the brainstorming sessions. As a practitioner with strong conceptual in-

[2]H. Mintzberg and J. A. Waters, "Tracking Strategy in an Entrepreneurial Firm," *Academy of Management Journal*, 1982.

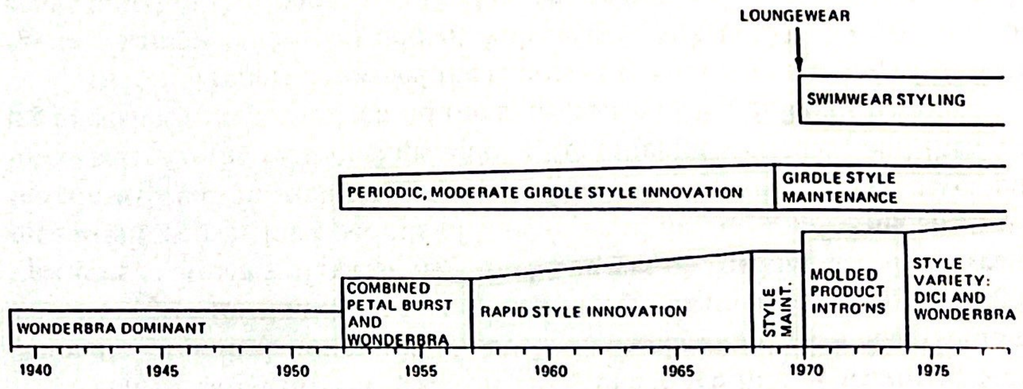
[3]See Mintzberg, "What Is Planning Anyway?"

terests—he holds an MBA from Harvard and has taught part-time in McGill's Faculty of Management for a number of years—his presence was most worthwhile.

Canadian Lady Inc., or more recently, Canadelle Inc., founded in 1939, has been primarily a manufacturer of women's undergarments, notably brassieres. To infer its strategies since its inception, we divided its decisions into seven functional areas: product lines, facilities (plants, warehouses, office), marketing, manufacturing technology, licensing, finance, and organizational structure. The strategies inferred, over thirty in number, were then combined to describe four major periods in the company's history. (Note that the history of the company is discussed up to 1976, although the diagrams of the strategies are shown to 1978.)

I. THE STRATEGIES OF CANADIAN LADY

PRODUCT LINES



The company's products include brassieres, girdles, and swimwear, with very minor sales of such items as lingerie sets including panties, combination braslips, and shampoo for elastic products. The three major product strategies are described. With respect to brassieres, six differnt strategies were inferred:

1939–1952: Wonderbra Dominant

The company began in 1939 with licenses to produce Lovable and Wonderbra brassieres in Canada. Lovable was a low-end brand which was not very successful, and the license was dropped around 1941. Wonderbra was a trade-

mark for a brassiere product employing a diagonal slash strap which provided more comfort and freedom of movement for the user.

1952–1957: Combined Petal Burst and Wonderbra

In anticipation of expiration of the Wonderbra patent and forthcoming negotiations with the patent owner, a U. S. firm, and in response to a new fashion trend—the pointed bust look—the company launched Petal Burst. This product, employing a spoke-stitched cup in combination with the diagonal slash strap, became an important part of the line, reaching 50 percent of brassiere sales by 1957.

1957–1968: Rapid Style Innovation

The year 1957 marked the introduction of the first product design not covered by the diagonal slash patent. Over the next twelve years, a variety of new styles were introduced almost every year under such new brand names as Risque, Curve-V, Fleur de Lis, Petal Teen, Scandale, Young Wonder, and Wonder Bare. Also during this period, size ranges were extended for many lines and additional colors were introduced.

1969–1970: Style Maintenance

During these two years, the company engaged heavily in product and manufacturing work to produce a brassiere with a molded cup (discussed under "Manufacturing Technology"). While this experimentation was going on, very few style innovations were introduced (see also "Organization Structure"). Hence the strategy is labeled "Style Maintenance."

1970–1973: Molded Product Introductions

Molded bras, with molding done by subcontractors, began to reach the market in 1970 under the Wonderbra brand name. Two styles were introduced, but while response was favorable, production difficulties prevented sales from becoming significant. In addition, the difficulty of working through outside subcontractors impeded design innovation (see "Manufacturing Technology") and no new styles were introduced in 1971.

The first in-house molded bra was introduced in 1972. The company also began to experiment with in-house production of the two styles that had been introduced earlier. During 1973 substantial improvement in the molding process was achieved, but no new products were introduced to the market. Except for the few introductions of molded Wonderbra products, there were few style innovations. During this transition period, similar garments were imported from France under the brand name of Pomone.

1974–1978+: Style Variety: Dici and Wonderbra

In 1974 a new product line aimed at the younger consumer was introduced under the brand name of Dici. The younger consumer wanted a more natural, "less-bra" look. In keeping with this demand, Dici styles were all seamless and included both molded and non-molded stretch fabric designs. The brand name grew out of a packaging innovation (a cube, like dice, with holes in it so the customer could see and feel the product).

The brassiere business was consolidated into two major segments: Dici and Wonderbra. A variety of Dici styles were introduced with regularity as the product line came to represent a substantial portion of the business. At the same time, regular style innovation resumed in the Wonderbra line in both sewn styles and molded heavier fabrics. Regular style innovation continued through the end of the study period for both major lines.

(In 1978, after the study period, Dici Nova was introduced as a natural look product for the woman interested in high fashion. The line was expensive and appealed more to the Wonderbra age customer. It was also a response to the fact that the original Dici customers were now four years older.)

Over the study period, girdles represented a variable portion of the firm's business. At the high point, 1966, girdles were approximately one-third of the overall volume. At the end of the study period, the portion of total volume represented by girdles had fallen to approximately 5 percent. With respect to girdles, two different strategies were inferred:

1952–1968: Periodic, Moderate Style Innovation

The first girdle product was "Winkie," which was copied from a U. S. product. This was followed by "Scandale" in 1957 (a French design licensed from U. S.) and "Oblique" in 1961 (licensed from U. S.). In 1964 all brands were consolidated under the umbrella brand of Wonderbra (e.g., "Oblique by Wonderbra"), and "Secret Service" by Wonderbra was introduced later in the year. Over the period, the firm also made moderate style innovations, but at a considerably slower pace than it did with brassieres.

1969–1978+: Style Maintenance

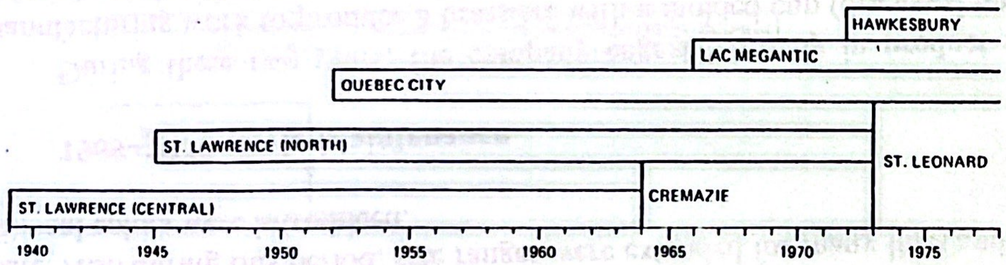
With the advent of miniskirts and panty hose, the market for girdles dropped at a rate of approximately 30 percent per year, beginning in 1969. The firm serviced the existing market but introduced few new styles.

Following the introduction of "loungewear" in 1970, which met with a very poor response, the company introduced a line of swimwear to use the material that had been purchased for the ill-fated loungewear line. One strategy is identified for the swimwear business, as follows:

1970–1978+: Swimwear Styling

The line of swimwear was marketed on the basis of fit—it was brassiere sized and sold through corset departments where clerks are trained to fit the customer. Once introduced, the firm followed industry practice of annual styling changes in color, fabric, and/or style. By the end of the study period, swimwear represented approximately 12 percent of total sales volume.

PLANT, WAREHOUSE, AND OFFICE FACILITIES



Decisions with respect to establishment and consolidation of plant, warehouse, and office facilities appear as events in the history of the firm. The overall strategy in this area might be described as "sporadic expansion in blocks," although we prefer to show specific detail.

The diagram depicts the expansion moves as follows:

1939: Total operations located at 4475 St. Lawrence Street, Montreal.

1945: Sewing and cutting operations moved to 9500 St. Lawrence while the office and finished goods warehouse remained at 4475 St. Lawrence; the move resulted in a net expansion of capacity.

1952: Additional sewing capacity in Quebec City, 248 kilometers from Montreal, because of labor scarcity and cost in Montreal. During the same year, warehouse moved from 4475 to 9500 St. Lawrence.

1964: 4475 St. Lawrence closed; offices and warehouse moved to Cremazie Blvd., resulting in a net expansion. Operations (and some warehouse) continued at 9500 St. Lawrence.

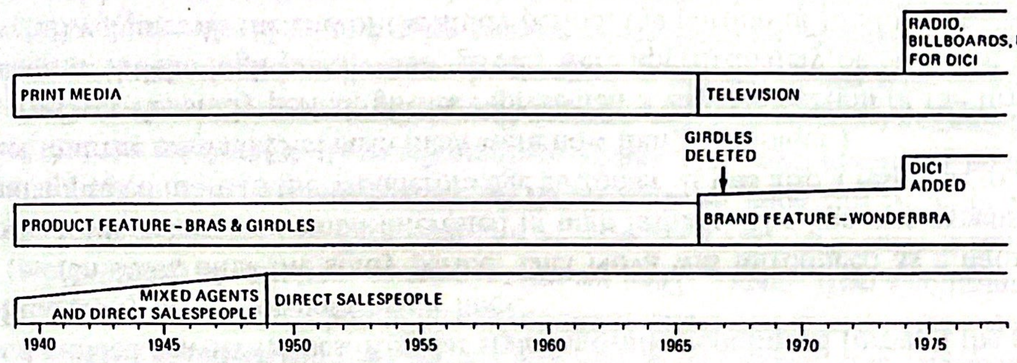
1966: Purchase of bankrupt lingerie plant in Lac Megantic, 193 kilometers from Montreal. Expansion was partly an opportunistic move in response to the availability of a plant all set up for sewing and the opportunity to get

training grants and tax holiday of three years. Most importantly, this location permitted the hiring of locally available skilled workers, already trained to sew.

1972: Expanded by purchasing a plant in Hawkesbury, Ontario, 96 kilometers from Montreal. As with Lac Megantic, labor availability and government training grants were important considerations. Swimwear was produced here because labor regulations were more flexible regarding working hours and conditions than in Quebec where swimwear is classified as ladies' outerwear. This different classification would otherwise have required different working conditions in the same plant, causing confusion in operating practices.

1973: All Montreal operations consolidated in suburb of St. Leonard. This was not only a consolidation aimed at eliminating communication problems arising from fragmented locations but also an expansion of total operating space.

MARKETING



Three dimensions of marketing strategy are described. With respect to sales force decisions, two different strategies were employed.

1939–1949: Mixed Agents and Direct Salespeople

After starting with sales agents, the firm gradually switched to direct salespeople. One agent was retained in Ontario until his death in 1949.

1949–1979: Direct Salespeople

Since 1949, all selling has been done by company salespeople.

With respect to decisions about the content of advertising messages, three different strategies were employed:

1939–1965: Product Feature—Bras and Girdles

Emphasis was on specific products and their features (e.g., Dream Lift, Oblique, Petal Burst, etc.).

1966–1974: Brand Feature—Wonderbra

After a complete shift to TV advertising (discussed below), the decision was made to switch from a product emphasis to a brand emphasis. Ads attempted to build consumer awareness of the one brand name—Wonderbra. It was quickly discovered through research that women did not want to see girdles advertised on TV; girdles were seen as an armor against sex, while the reverse was true for bras. Thus, beginning in 1967, the content of advertising was focused exclusively on Wonderbra brand brassieres. The Wonderbra ads were based on fashion and emotional appeal (see discussion of "Product Lines"). The ads included a male in the picture, and the theme—"We care about the shape you're in" was used in one form or another from 1967 through the end of the study period.

1974–1978+: Brand Feature—Wonderbra and Dici

With the addition of the Dici line, both brands were featured, but always in separate ads. Dici was aimed at a different market segment (see discussion of "Product Lines") and ads made a distinctly different appeal—no males—"It's like wearing no bra at all," or "Dici or nothing."

With respect to advertising media decisions, three strategies were inferred:

1939–1966: Print Media

All advertising took place in newspapers and magazines.

1966–1974: Television

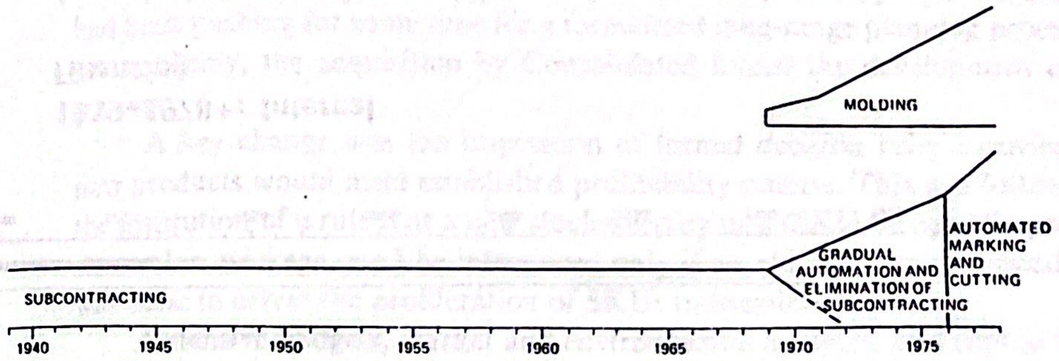
After a change of advertising agency in 1966, the first TV commercials were shown in 1966. Following their success, most of the advertising budget was put into TV applications.

1974–1978+: Television and Radio, Billboards, Subway Cars

Advertising for the mobile Dici consumer was on radio, billboards, and subway cars. Budget restrictions did not initially allow TV advertising of Dici;

moreover, there was some question about whether it would be as cost-effective for this market. Most of Wonderbra advertising continued on TV.

MANUFACTURING TECHNOLOGY



All of the company's products utilize various textiles and combinations of textiles. The company has never undertaken the production of basic textiles, so the basic manufacturing technology deals with the cutting, shaping, and sewing of yard goods. The manufacturing technology strategies are described as follows.

1939–1969: Subcontracting

In these years, substantial portions of the manufacturing process were contracted out to suppliers and subcontractors. Laminations (i.e., combinations of fabrics) were done by the textile manufacturers. Textiles were preslit by these manufacturers for binding tapes and straps.

In addition, shoulder and hook-and-eye straps were obtained through subcontractors, who employed homeworkers to sew these subassemblies. The final sewing, assembly, and packaging were done inhouse.

1969–1976: Gradual Automation and Elimination of Subcontracting

Following a study in 1969 of opportunities for vertical integration, an increasing portion of the manufacturing process was brought in-house and automated. The first step for the company was to purchase basic yard goods and do its own laminating and slitting. Research was undertaken, and machines were developed to make hook-and-eye tapes and to produce shoulder straps. By the end of the period, all this work was done in-house.

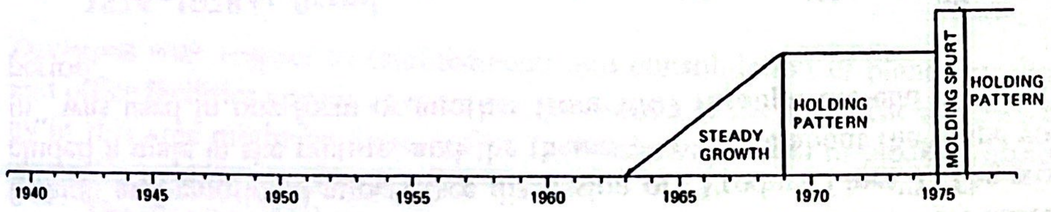
1976–1978+: Automated Marking and Cutting

A major increase in automation took place with the introduction in 1976 of the Camsco computer-assisted marker and the Gerber automated cutting machinery. Both of these machines produced substantial increaases in textile usage, efficiency, quality, reliability, and speed of production.

1969–1978+: Molding

This period covered the emergence of molding technology as an important element of manufacturing. At first this work was done by subcontractors. Because of high costs, quality-control problems, difficulties in introducing new designs, excessive lead-time requirements for the production of new products, and inability to control material waste, a program was undertaken to develop an in-house molding capability. After a two-year lead-in period (1969–1970), during which new fabric specifications were developed, proprietary molding machines were manufactured, and a mold-making shop was established, all molding was done in-house. This was the final step in eliminating reliance on subcontracting. Upward of 50 percent of brassiere production became molded.

LICENSING



Licensing involves the selling, on a royalty basis, to other manufacturers of technological know-how, brand use, promotional aids (posters, ad copy, etc.), and, where applicable, patent rights.

Generally, a future licensee would import products from Canada for a few years and then begin domestic manufacturing. In a few cases, the period of importation was extended; in some cases, notably Switzerland, the "licensee" was primarily an importer and only engaged in limited manufacturing. While exact data are not available, exports independent of license arrangements were always a negligible portion of total sales. From 1963 to the end of the study period, net income from licensing represented between 2 and 6 percent of the company's total profits.

Three different strategies are identified over the study period, as follows.

1963–1969: Steady Growth

A new license arrangement was established in each year of this period except 1968. The licensees were in most of the major developed countries of Europe (England, Germany, Switzerland, Sweden, Italy, and the Benelux countries) and in South Africa. Two licensees were established in 1969, but one of these was minor and expired within a few years.

1969–1974: Holding Pattern

Over the next five years, only one license was established (Australia in 1971). This was a minor arrangement and expired within a few years. The license/export arrangements established in the previous period were maintained, though royalties began tapering off because no new-product innovations were made available to licensees.

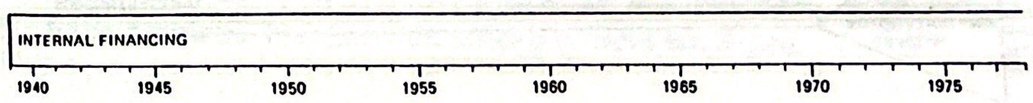
1975: Molding License Spurt

In 1975, three licensees were established for the transfer of molding technology know-how. Two of these were for new countries (Mexico and the U. S. A.) and one was an addition to an existing license arrangement.

1976–1978+: Holding Pattern

Following the spurt in 1975, no subsequent licenses were established in the next few years, suggesting the start of a holding pattern.

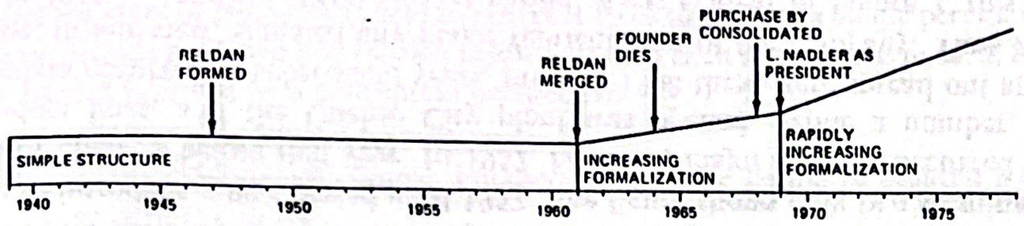
FINANCE



1939–1978+: Internal Financing

A constant strategy of internal financing was pursued over the study period. Only short-term borrowing was employed, and this never exceeded $1 million. Neither the formation of Reldan in 1947 nor the acquisition of the company in 1969 by Consolidated Foods resulted in long-term capital additions to the firm.

ORGANIZATION STRUCTURE



Three periods are identified in the evolution of organization structure over the study period.

1939–1961: Simple Structure

From 1939 to 1952, the firm was almost literally a one-man show. M. Nadler founded the firm, owned all the stock, and supervised all the details. However, his brother, D. Nadler, operated as an executive in the areas of advertising and sales.

In 1947 a new corporate unit called Reldan (Nadler spelled backwards) was created to provide a specific equity interest for D. Nadler after the war. Reldan was owned 50/50 by the Nadler brothers and was not completely separate from Canadian Lady. M. Nadler was president of both operations and made all the major decisions. From 1947 to 1952, sales of certain products (e.g., garter belts, strapless bras) were reported through Reldan, even though the two companies shared the same facilities (offices, manufacturing plant, warehouses, etc.). Beginning with the Winkie girdle in 1952, all girdle products were reported through Reldan.

L. Nadler, M. Nalder's son, joined the firm in 1955, working in various positions in sales and quality control. He went to Harvard Business School in 1959 but continued to take an active interest in the firm (e.g., with a classmate, he studied the firm as part of a course assignment).

1961–1969: Increasing Formalization

After graduating from Harvard, L. Nadler rejoined the firm full time in 1961 as secretary-treasurer. At his urging, the two firms were merged and D. Nadler received 25 percent of the resultant company, L. Nadler 10 percent, with M. Nadler retaining 65 percent.

L. Nadler brought with him many other ideas and desires for change. The firm began to hire MBA graduates in various positions as well as computer specialists, mathematicians, and accountants. Various clerical functions were automated during this period, including accounting and marketing reports, as well as routine credit decisions and product allocations among customers in times of shortage.

Upon the death of M. Nadler in 1964, D. Nadler became president and L. Nadler assumed the post of executive vice-president. The firm was purchased by Consolidated Foods, Inc., a U. S.-based conglomerate, in March 1968.

1969–1978+: Rapidly Increasing Formalization

In July 1969 L. Nadler became president of the company. Although he had been pushing for some time for a formalized long-range planning process for the company, the acquisition by Consolidated forced the development of this process.

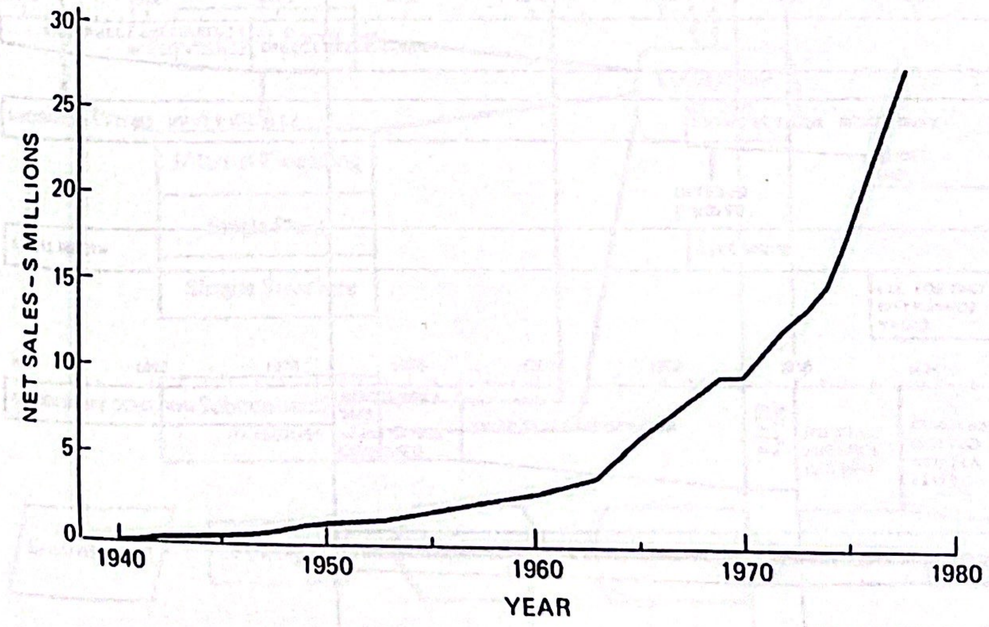
A key change was the imposition of formal decision rules ensuring that new products would meet established profitability criteria. This was followed by the institution of a rule that a new stock-keeping unit (SKU—a specific product, size, color, package, etc.) be introduced only if an old SKU was dropped. This was done to arrest the proliferation of SKUs in brassieres.

Extensive budgets, market and environmental analyses, and capital investment plans began to be produced annually. An incentive compensation system for key executives was established. The formalization of work procedures and job specialization begun in the previous period continued but at a more rapid pace.

PERFORMANCE

Figure 1 presents combined annual net sales for Canadian Lady and Reldan over the study period. Missing data are represented by straight-line extrapolation between the years for which sales figures were available.

Figure 1 Annual Net Sales



From 1939 through 1963, sales volume grew slowly with an average increase of approximately $160,000 per year over the period. From 1963 through 1978, sales volume grew much more rapidly, with an average increase of approximately $1.6 million per year over the period, or ten times the average annual sales increase during the previous twenty-four years. This sales growth was particularly rapid starting in 1975; for the three years from 1975 to 1978, the average sales growth was $3.2 million per year.

For the years 1972 to 1977, the following details of performance were available:

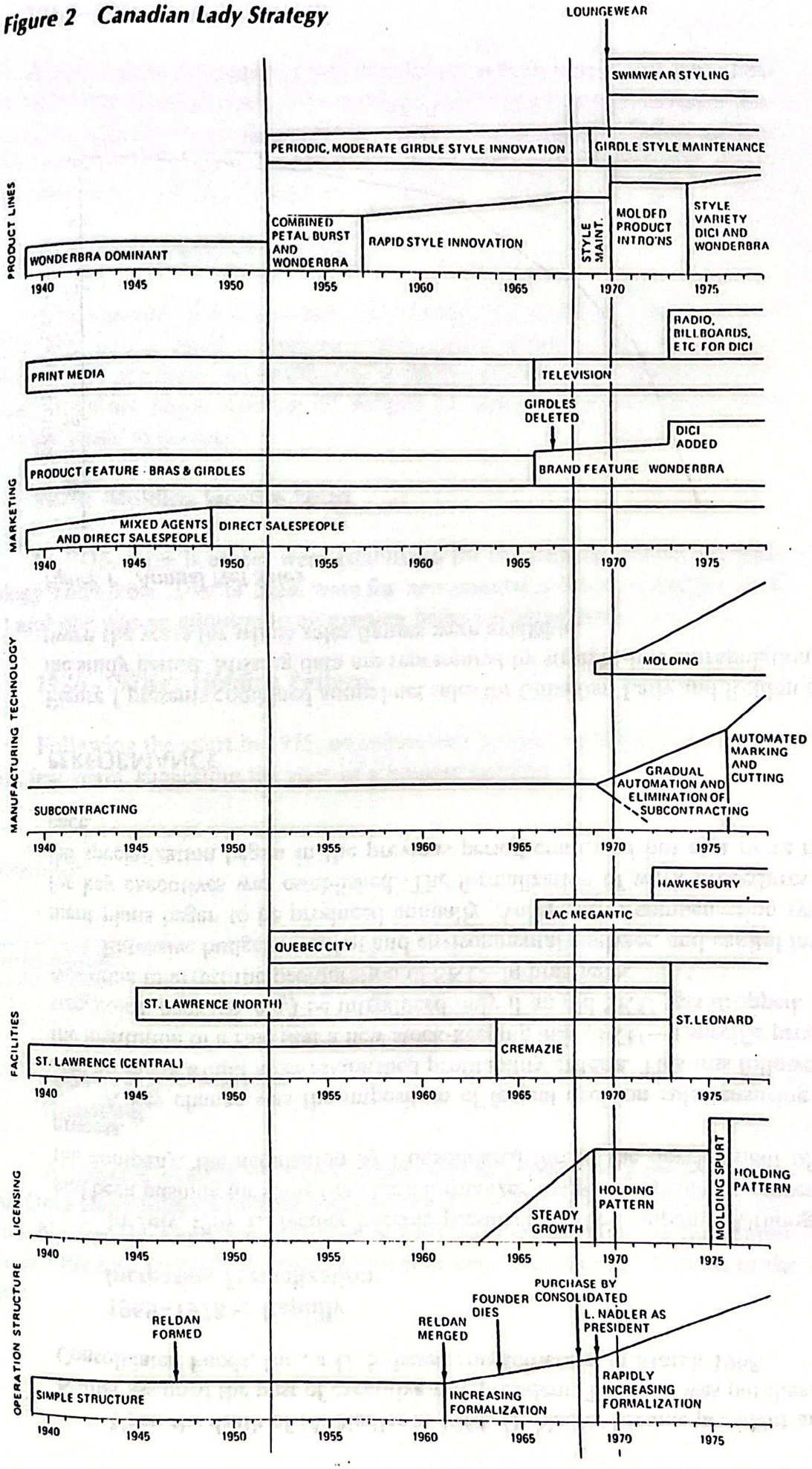
Year	Sales ($ Million)	Pretax Operating Profit %	Canadian Market Share %
1972	12.614	14.3	20.6
1973	13.422	15.3	19.1
1974	15.011	13.7	19.7
1975	18.039	14.6	21.6
1976	21.261	14.0	24.2
1977	24.900	12.3	26.8

Beyond the rapid sales growth, these data reveal the rapidly increasing share of the undergarment market. Over this six-year period, roughly three-quarters of sales volume was to customers in Quebec, Ontario, and the Maritime Provinces of Canada. The balance of sales was to Western provinces with minor exports.

II. PERIODS IN THE HISTORY OF CANADIAN LADY

Our procedure is to combine all the graphical representations of the strategies on a single sheet with a common horizontal time scale, and then to scan the sheet to infer distinct periods in the history of strategy formation in the organizations. As noted in Figure 2, a reproduction of this sheet, the procedure resulted in four periods for Canadian Lady. From its inception, we could see no reason to introduce a new period until 1952. The figure shows only two seemingly minor changes before that year. In 1952, however, major changes occurred in product lines, and the Quebec City plant was opened. While a number of changes occurred in subsequent years, prior to 1968 these were spread out and none, in our view, signaled any major reorientation of the company. Thus we treat 1952 to 1968 as one consistent period. As is evident in Figure 2, this is clearly not true subsequently. The years 1968–1970 stand out for a number of major changes, notably in product line but also in manufacturing technology

Figure 2 Canadian Lady Strategy



and some other areas. Subsequently, to the end of the study period, there was a steady stream of changes. But these, as we shall see, were manifestations of the reorientation of 1968–1970, and so we treat 1970 to 1976 as a single period. Our four periods are listed and labeled below and then each is discussed in turn, from a factual followed by a conceptual perspective.

1939–1952: Small, Simple, Focused Operations: Period of Making a Given Strategy Work

1952–1968: Becoming an Independent, Broad-Line Women's Undergarment Manufacturer: Period of Change in Thrust Followed by Growth

1968–1970: Rethinking the Business: Period of Reconception

1970–1976: Getting Settled in New Directions: Period of Elaborating the New Concepts

1939–1952: Small, Simple, Focused Operations: Period of Making a Given Strategy Work

Canadian Lady was started in 1939 when Moe Nadler, sensing an opportunity in a business he knew a little about, obtained an exclusive license from New York to manufacture and market Wonderbra brassieres in Canada. Despite his lack of knowledge (he had been in dress retailing), Nadler entered the business because, in the words of his son, "brassieres were stable" and they made money. The license covered patent rights to a unique shoulder strap design—diagonal slash—which permitted greater movement and comfort for the garment wearer. The license agreement also covered manufacturing know-how and marketing and promotional aids, including use of the Wonderbra trademark, with resulting benefits of associated national advertising in the United States.

Throughout this period the company remained small, with annual sales volume eventually reaching $1 million. The product line was primarily based on the diagonal slash feature brassiere in a variety of sizes, materials, and colors.

All internal operations were located at first in a 4,200-square-foot factory/warehouse at 4475 St. Lawrence Street in Montreal. In part because of its own size and in part because of limitations imposed by the war, the firm subcontracted the work of sewing the shoulder strap assemblies to women who worked in their own homes. Increasing volume and the release of some of the wartime constraints brought on an expansion of operations facilities, and additional factory/warehouse space was leased at 9500 St. Lawrence Street in 1945.

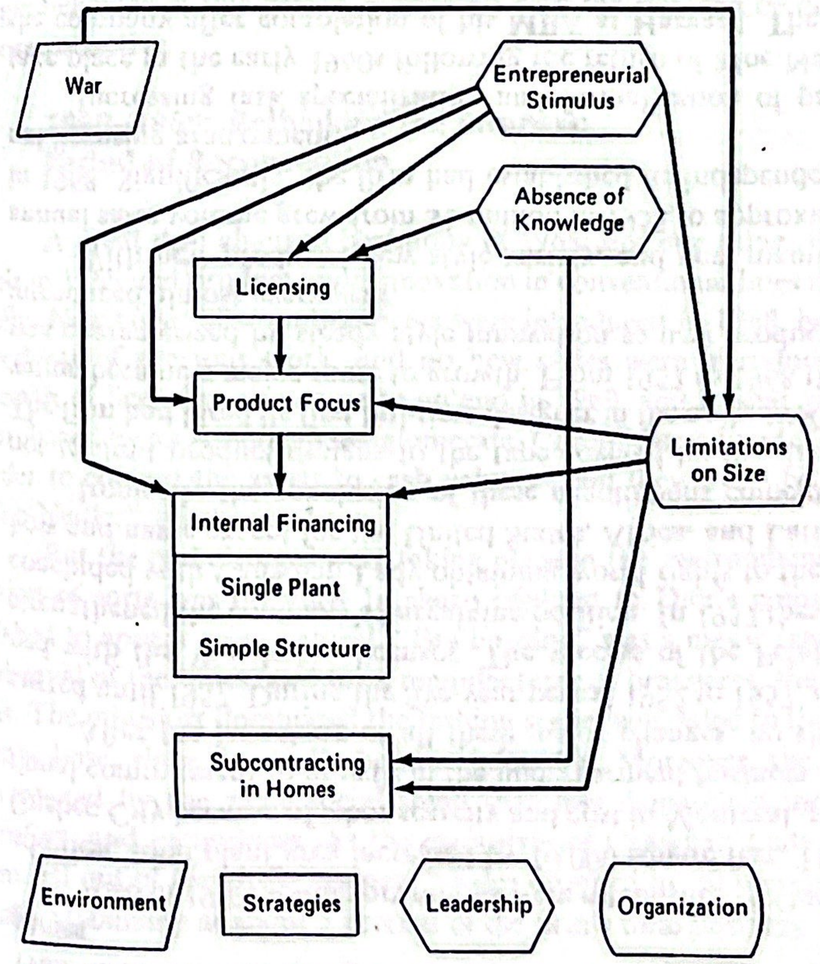
In 1947 a new corporate unit was formed called Reldan. It was differentiated from Canadian Lady only in terms of accounting records and was established to provide Moe Nadler's brother Dave with a specific equity interest in the firm.

Thus the period was spent in establishing the firm, utilizing the entry route

of licensing. Toward the end of the period, however, the role of single-product licensee, dependent on an unresponsive licensor for product and marketing innovation, was beginning to chafe Mr. Nadler. He clearly had intentions for growth and, as we shall discuss below, was doing the design work that would facilitate his gaining of independence from the original licensor.

Conceptual interpretation. Our conceptual interpretation of this period is shown in Figure 3, with environmental factors on the left (in parallelograms), organizational and leadership factors on the right (in rounded rectangles and diamond shapes, respectively), and the strategies down the middle (in rectangles). What we have here is a fairly typical entrepreneurial beginning, with its resource limitations, giving rise to focus on a single product, limited financing, constrained operations, and simple structure. Atypical, perhaps, was the entrepreneur's lack of knowledge of the business, encouraging the licensing arrangement, and the wartime economy, imposing more stringent resource constraints than normal.

Figure 3 Establishment



In terms of the strategies pursued, this was a period of stability, with signs of the changes to come appearing at the end. The strategies appear to be deliberate for the most part, although not particularly formalized (except, of course, for the licensing). They reflect the stability of the industry environment, the stage of development of the firm, and what we were told was an absence of stringent competition. The strategies were not particularly bold or unique (not what we have earlier called "gestalt strategy,"[4] although they did seem to be integrated around the basic status of the firm in these early years. The key strategy—concerning the one product—was clearly a copy of another strategy, and in that sense, it, and the strategies that resulted in part from it, could be considered given ones.

Thus we characterize the period as one of getting established—simply surviving, learning the business, building a base in it—and then, once this was done, beginning to consider how to break the initial bounds to become free of the initial constraints. The object of the company in these early years, then, was to make a given strategy work. The energies for most of the period were on operating matters, not strategic ones.

1952–1968: Becoming an Independent, Broad-Line Women's Undergarment Manufacturer: Period of Change in Thrust Followed by Growth

The Wonderbra patent was due to expire in 1952. In anticipation of this, and because of Moe Nadler's concern that the New York designer was not responding to a new-product trend—the pointed bust look introduced by Dior—the firm began work to design a new brassiere that would not use the Wonderbra technology. Maidenform, a major competitor in Canada, had a pointed bra product that was selling well, and Canadian Lady wanted a design with which it could compete.

As a result of this, a number of major shifts took place in Canadian Lady in 1952, all of which were to initiate a period that can be characterized as the flowering of an independent, broad-line women's undergarment manufacturer. With respect to the mainline brassiere business, the Petal Burst line, designed in-house, was launched in 1952 and was a major success. Petal Burst received the major advertising and promotional effort at the expense of Wonderbra, and by 1957 Petal Burst represented 50 percent of brassiere sales volume.

The Winkie girdle line was introduced in 1952 also. The line was copied from a U. S. product and was the firm's initial entry into the sizable girdle market, which was roughly the same size as the brassiere market. Girdle sales increased steadily until, by 1966, they represented approximately one-third of the

[4]H. Mintzberg, "Patterns in Strategy Formation," *Management Science*, 1978, pp. 934–48.

firm's total business volume. Girdle sales were reported through Reldan until 1962 when the accounting distinction was eliminated by merging the two companies.

Also in 1952, sewing operations were established in Quebec City. With this addition, total plant area increased by 10,000 square feet. The plant, located in Quebec City because of labor scarcity and cost in Montreal, represented an additional commitment to growth in the undergarment business.

After the launching of all these major changes, no shifts in strategy occurred until 1957. During the five-year period 1952 to 1957, negotiations continued with the Wonderbra licensor. The success of the Petal Burst line greatly strengthened the company's bargaining position. In 1957 these negotiations were concluded with Canadian Lady obtaining world rights to the Wonderbra know-how and name except for the United States, Africa, and Latin America.

Ironically the conclusion of these negotiations coincided with a decision not to limit product designs to the type covered by the diagonal slash patent. The firm had hired its first full-time designer in the early 1950s, and design innovation became a major route to growth. From 1957 to 1968 the product strategy was characterized by steady style innovation as new products and names were introduced almost every year.

With new products, new style variety, and new manufacturing capacity, annual sales volume grew from $1 million in 1952 to approximately $8.8 million in 1968. Significantly, the firm had established its independence from the original licensing arangement.

Increasing task specialization and formalization of procedures began to take place in the early 1960s following the return of Moe Nadler's son Larry to the company after completion of his MBA at Harvard. The resulting structure had sufficient vitality that the death of Moe Nadler in 1964 caused no immediate changes in the directions being pursued.

Production capacity was expanded twice, in 1964 and in 1966, to support the strong growth in business. Other evidence of the continuing transition to independence was the beginning of a foreign licensing program in 1963, which grew steadily to the end of the period. The original licensee operation was now the licensor of its own products and technology.

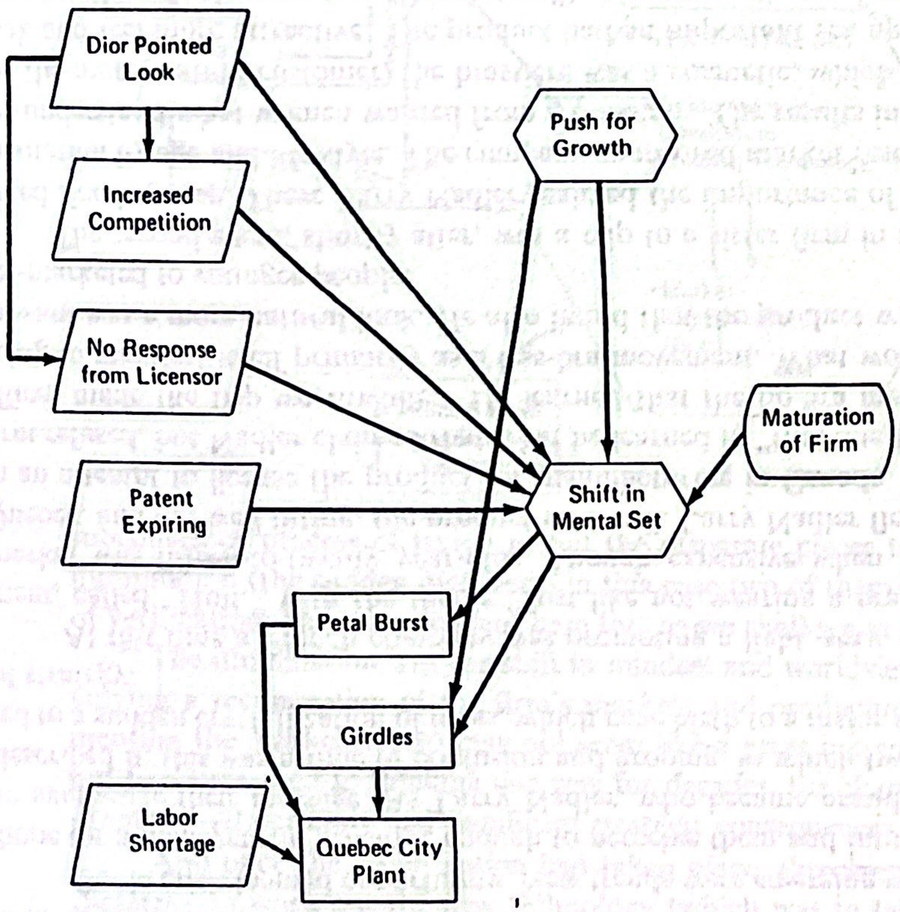
The advent of the overseas licensing program was stimulated by the strong success of a new product, known internally as Wonderbra 1350, one of the first lace brassieres that was not simple utilitarian but also emphasized fashion and sex appeal. On the domestic front, the success of this product and similar fashion products subsequently helped to increase the rate of sales growth over the period.

Perhaps the clearest symbol of the completion of the transformation to independent status was the shift in 1966 in advertising and promotional effort from a focus on product features to a focus on brand awareness. The company thus began to promote itself as a company, rather than promoting individual products.

A related change, the result of which gives a hint of the next period in the firm, was the move to television advertising in 1967. One-half of the 1967 TV budget was allocated to Wonderbra girdles, but in the words of Larry Nadler, "It was a big mistake." It was discovered that women did not like to see girdles on TV, so the TV budget was switched exclusively to brassieres six months into the year. Girdle sales continued at the same pace as before, and the company in fact introduced a new design in 1967. But the social reactions to the advertisement was a harbinger of changes to come.

Conceptual interpretation. As shown in Figure 4, what particularly characterizes this period is a confluence of a few major changes in the environment—the running out of the patent coinciding with the appearance of Dior's pointed look, and the resultant rise of competition. All of this occurred together with the maturation of the firm and with the owners push for growth. In effect, conditions around and inside an organization can shift in global or "gestalt" ways to—that is, all at once, perhaps even suggesting their own form of integration (although later we shall see a much clearer example of such a shift). In this case, as implied in Figure 4, external changes and threats, internal developments, and managerial values all pointed in the same direction. Often, however,

Figure 4 Change in Thrust



no matter how complementary, such changes require a tangible stimulus to evoke action. In this case, that stimulus was provided by the expiration of the patent—ostensibly a problem.

Such a gestalt shift can stimulate a change in mental set (or worldview, "Weltanschauung") on the part of responsive managers. That is what seems to have happened in this firm. From operating within a given strategy, the managers began to put that strategy itself into question—to rethink their concept of the business. This led to two major changes: (1) in the traditional product—their own brassiere, and (2) in market—the introduction of girdles. A third change resulted immediately—in plant capacity and location. And from this fairly sudden change in thrust followed extensive and sustained growth of the firm. The managers reverted to pursuing set strategies, the company thereby experiencing a long period of stability.

Again strategies of the period appeared to be deliberate—in part a kind of battle plan to deal with the licensor—but this time they were more original to the firm, although not particularly unique. They did, however, represent an opening up, a breaking away from earlier constraints, presumably associated with a sense of excitement. The stimulus that was a problem—how to deal with loss of patent protection—was turned into an opportunity. In these senses, strategic behavior of this period, compared with the last, can be described as being more proactive.

1968–1969: Rethinking the Business: Period of Reconception

A great deal changed beginning in 1968. For one thing, the head designer quit in 1968 and product style innovation in conventional lines dropped dramatically. New styles of sewn brassieres were introduced in 1968, but these were the products of previous work, and no new styles were introduced in 1969. The growth of licensing also came to an end in 1969, and in that year the firm was purchased by an American conglomerate, Consolidated Foods. This was done in order to convert the assets to cash value so that they could be divided between Moe Nadler's brother and son.

But the real changes were taking place in the environment. A sexual revolution of sorts was brewing. In sharp contrast to Dior's pointed look, women wished to appear more natural. "Bra burning" was a major symbol of the social upheaval of the times, and for a manufacturer of brassieres, the threat was obvious. The miniskirt dominated the fashion scene, which led to the development of panty hose, since the girdle became infeasible. Moreover, the girdle itself was threatened by the same social trend that was demanding increased freedom, comfort, and naturalness. As the executives of Canadian Lady put it, "the bottom fell out of the girdle business." Sales dropped by 30 percent per year, eventually stabilizing at about 5 percent of the firm's total business. Essentially it ap-

peared that the whole environment—for years so receptive to the company's strategies—had suddenly turned rejective.

But in crisis loomed opportunity. New trends were emerging which offered hope for a management sensitive enough to perceive them and intuitive enough to synthesize their message. As Larry Nadler, who became president in 1969, described it, this was a time of confusion and groping, in which two key events led to a sudden crystallization of ideas, which gave birth to a major reconception of strategy.

At this time a French company was promoting a light, sexy, molded garment, called "Huit," with the theme "Just like not wearing a bra." Its target market was fifteen-to-twenty year-olds. Though expensive when it landed in Quebec, and not well fitting, the product sold well. Larry Nadler flew to France in an attempt to license the product for manufacturing in Canada. The French firm refused, but Nadler claimed that what he learned in "that one hour in their offices made the trip worthwhile." He learned that the no-bra movement was going to manifest itself primarily as a less-bra movement. What women seemed to want was a more natural look. He also found that the product was being target-marketed to younger people.

The second event, shortly after, was a trip to a sister firm in the Consolidated Foods group. There Larry Nadler realized the importance of market segmentation by age and life style. The company sponsored market research to better understand what women wanted from a brassiere. The results indicated that for the more mature customer, the brassiere was a cosmetic, which she wore to look and feel more attractive. The product had an important sex appeal dimension for these customers (see "Marketing"). Moreover, it was found that the Wonderbra brand had high recognition among these consumers. In contrast, the younger customer wanted to look and feel natural. The sex appeal dimension was considerably less important. Also, in the minds of these consumers, the Wonderbra brand name was associated with older women. Based on these distinctions, Larry Nadler became convinced that some major product line differentiation was required.

These two events led to major shift in strategy. Larry Nadler describes it as a kind of revelation—the confluence of different ideas to create a new mental set. In his words, "All of a sudden the idea forms." His groping had led to two new major concepts in the firm's strategy. On the marketing side was market segmentation, specifically the division of the market into older and younger customers. And on the technology and manufacturing side was the use of molding.

Canadian Lady initiated an intensive technology development program to produce its own molded brassiere, stimulated by the recent introduction of new fabrics. The firm introduced a molded garment out of Tricot under the Wonderbra name for older customers and a stretch garment of Lycra for the younger market. It might be noted that Canadian Lady was able to proceed with its development work without having to seek budget approval from its new parent

firm. Canadian Lady was profitable, and the Consolidated Foods executive to whom it reported was occupied with other, less successful, divisions.

Another major change during the period was the development of a line of swimwear. The product was born from the ashes of a mistake. At the fall market in 1969, the company introduced a line of loungewear that "was a complete disaster"; nobody placed orders. Substantial amounts of specialized fabrics (colors and prints) had been purchased, and the company was faced with the prospect of a large write-off, even after canceling as many fabric shipments as possible. It was decided to experiment with the fabric to produce a line of bikini swimwear. The product was introduced in early 1970 and was greeted with success in the marketplace.

Finally, this period saw the start and acceleration of work to automate the manufacturing processes. A study of opportunities for vertical integration was completed in 1969, which led to an ongoing strategy to bring more and more of the manufacturing in-house.

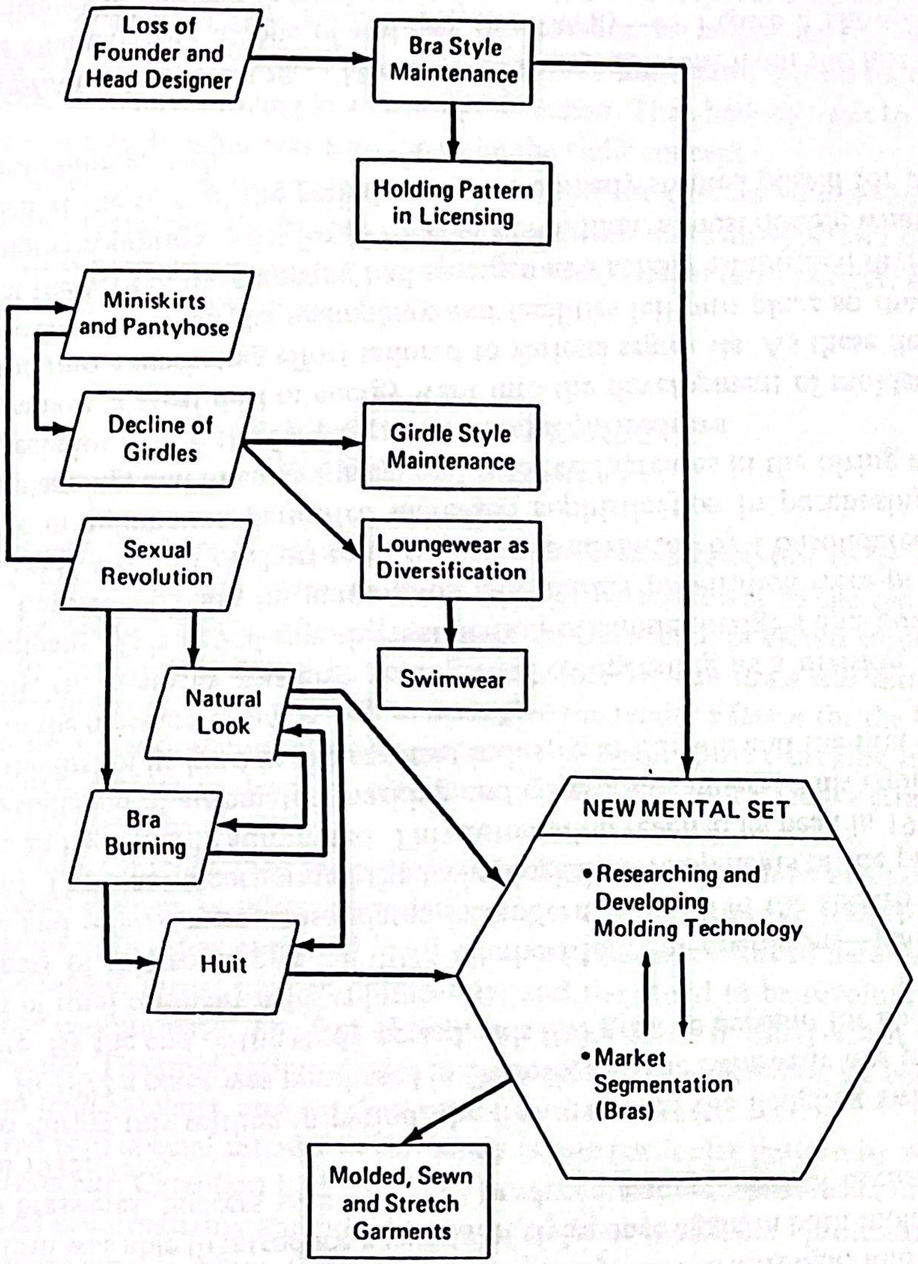
Conceptual interpretation. This was clearly a period of global change for the firm, of "organizational revolution," in which almost all of its strategies changed at once. (Remaining ones changed subsequently as a result, as we shall see.) In the short space of two to three years the company changed ownership and top management, saw the permanent downturn of one of its major product lines (girdles), began the experimentation required to respond to a major threat to its mainline business (brassieres), experienced a major product introduction failure (loungewear), successfully introduced another product as a result (swimwear), and established new strategies for automation and vertical integration.

Of particular interest here is the fact that the environment changed in global fashion, or perhaps more to the point, in gestalt fashion as well, as shown in Figure 5. That is, everything seemed to change all at once. It was as if the rug had been pulled out from under the firm.

How does an organization respond to such a gestalt shift in the environment? The pattern here is probably typical of effective management. A gestalt shift in situation elicits a gestalt shift in strategy. But not immediately. Managers used to a given conception of their world cannot just change overnight. As the chief executive of this organization described so clearly, the initial feeling was one of confusion, which stimulated a vigorous search for information, for every available scrap that might help explain what was happening, what opportunities might be available. Much as gestalt psychologists and scientists themselves have described the creative process,[5] the chief executive went through a period of preparation (informing himself), followed by incubation (the uncomfortable,

[5]G. Wallas, *The Art of Thought* (New York: Harcourt, Brace and World, 1926); and J. Hadamard, *Psychology of Invention in the Mathematical Field* (Princeton, N. J.: Princeton University Press, 1949).

Figure 5 Reconceptualization



subconscious process of trying to put the disparate pieces together), to one of illumination (the sudden discovery, in this case two of them). The fourth stage, of verification, had its equivalent here too, as we shall see in the next period.

The illumination was the shift in mindset and worldview, as we noted, involving a reconception of the firm's markets and production technology. Segmenting the market in two may not seem like a great innovation in retrospect; but to a firm used to thinking one way for decades, the change must have been dramatic—it certainly had significant strategic consequences.

And once the reconception had taken place, the object was to follow its dictates—to work out the new technology (which was to take some time) and reach the new segments. In Larry Nadler's words, "Once the insight is there—

once you understand it—you know what to do about it and you go." In other words, the notion of reconception implies a high degree of deliberateness, although more in a general than a specific sense. The thrust was deliberate, but the details of it—the specific strategies—by having to be worked out, had an emergent quality to them. One could describe a deliberate umbrella under which specific orientations emerged. In fact the one move outside the umbrella—the diversification into loungewear—proved ineffective, and that was quickly pulled back in.

There is at least one major, if implicit, assumption in such an approach to strategy making—that the enviornment, no matter how sudden and dramatic its change, has become firmly established in a new direction. Much as an automobile turns from one highway on to another, so Canadian Lady proceeded as if the environment were again on a steady, if new, course. That proved to be a good assumption; had it not, the reconception could have proved dysfunctional, compared with a more adaptive mode of strategy making, with no deliberate thrust encompassing specific strategies.

The approach was largely entrepreneurial, in the sense that both the strategy-making process and the strategies themselves were very personalized, centering on one individual whose behavior seemed to be as much intuitive (as we are describing the processes of synthesis and illumination) as they were systematic or analytic. But once attention turned to developing the insight, and once the takeover by the parent firm was consolidated, the analytic component was to become more significant.

In our study of a highly entrepreneurial retail firm,[6] we discussed the "proactive reaction"—the turning of problems or crises into opportunities, oversolving them if you like. Here again, under entrepreneurial conditions we see this phenomenon. Bra burning became, not a cause for panic and diversification (as in the case of some competitors), but an opportunity to serve old markets in new ways. What might in contemporary terms of strategic management have been categorized as a "dog" was going to perform like a "star."

1970–1976: Getting Settled in New Directions: Period of Elaborating the New Concepts

Although the new directions were more or less identified during the 1968–1970 period, much more time would be required to establish them in an integrated way. For example, because some senior people in the company resisted the new concepts, the president formed two task forces of younger ones, bypassing the usual chain of command. Starting in 1970, one task force worked on molding technology and the other on marketing a new "young" brand.

As the task forces pushed their mandates, molded brassiere products, pro-

[6]Mintzberg and Waters, "Tracking Strategy."

duced by molding subcontractors, began to hit the market under the Wonderbra name. Quality-control problems existed (fit, durability), but good product acceptance encouraged continued effort. Some molded brassieres were imported from France to supplement the subcontracted production.

Meanwhile the marketing task force was being sabotaged by the regular organization. In order to minimize conflict and consolidate the innovations of the task forces, both were eventually merged into the organization as their work continued.

Eventually, out of this development effort came Dici, the new line for younger women, as well as molded Wonderbra products. Internal production began in 1973, although production problems continued as the Dici brand hit the market in 1974. These problems were eventually worked through, and by 1974 the firm was able to introduce a variety of styles once again in both molded and sewn brassieres. Success with Dici also produced a short burst of licensing activity in 1975.

Also during this settling-in period, the firm nurtured the fledgling swimwear line. In 1972 a plant was purchased in Ontario, and the swimwear was produced there. By the end of the study period, this line grew to account for about 10 percent of total company sales volume.

As part of this settling in, in 1973 all the Montreal operations—plant, warehouse and office—were consolidated in modern facilities in the suburb of St. Leonard. The plant incorporated the technological developments of the previous years and was highly automated. This automation reached its peak in 1975 with the installation of automated marking and cutting machinery. This equipment was the first of its kind in the garment industry in Canada and the first in the world in the brassiere business.

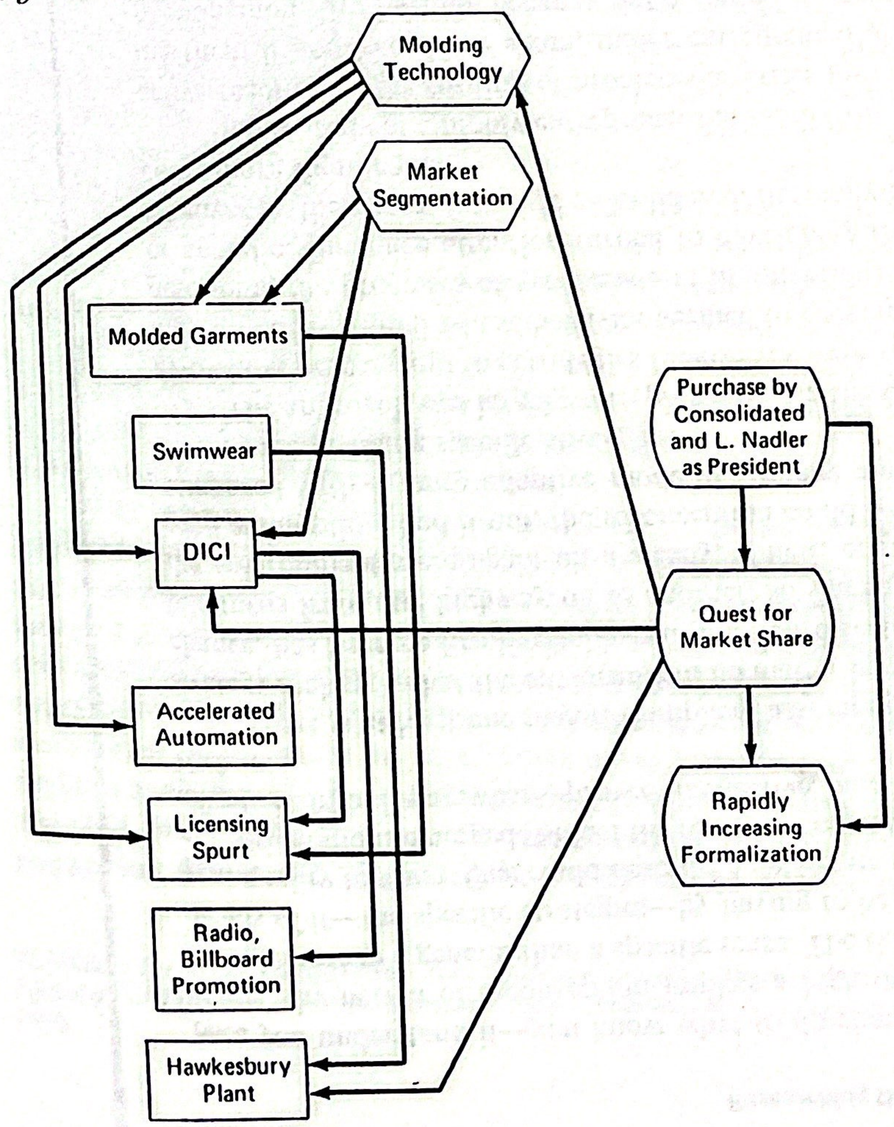
Finally, the company was also getting used to operating as a division of another company. This period saw the installation of annual budgets and business plans. Long-range plans for automation and market penetration were prepared, and small amounts of short-term funds were advanced by Consolidated. The increase in automation permitted increased sophistication in purchasing, production planning, and manufacturing, and it led to increases in the hiring of technical specialists and to the formalization of work procedures.

In summary, a great deal of energy went into the development of molded brassieres and into a marketing effort tailored to various segments. As these developments were successful, the technology and facilities fell into place so that by the end of the period, the company had emerged as a solidly established division of a major corporation. Sales for 1976 were $21 million, almost double what they had been at the start of the period, and the company seemed poised for a period of continuing growth.

Conceptual interpretation. This period is very different from the last. It cannot be characterized as one of stability in strategy—as Figure 2 shows, there were changes in strategy throughout it, in parallel and on a piecemeal basis. Yet there was not the same groping. The general thrust had been determined; this was a period of elaboration—of pursuing the consequences of the new concepts. As noted earlier, the thrust was deliberate, with some specific strategies partially emergent, although once these were established, they became firmly deliberate as well. In simpler terms, once the firm had resolved certain specific problems—both technical and organizational—it then pursued the resulting strategies in explicit ways.

One can imagine the mood in the firm—of being up to date, if not on the cutting edge, of knowing what it wished to do, and of moving full-steam ahead to do it. The approach was clearly proactive. The concerns, however, were not conceptual, as in the previous period, but operational: how to solve technical problems, how to organize around a new strategic thrust. As the company's president remarked, "We were pushing the strength we had for all it was worth." As can be seen by comparing Figure 6 with Figure 5, whereas the previous period was driven by the environment, this period was driven by concepts—

Figure 6 Elaboration of New Concepts



by the results of the previous period. Note that in the conceptual diagram for the period developed by Larry Nadler and the authors, no major environmental shifts appear. The environment naturally remained important, but all its major dimensions were now moving in a constant direction. The challenge was to operationalize efficiently what was proving to be the right concept.

Commensurate with greater attention to operating issues within the context of a given strategic thrust, behavior became much more analytic and decentralized, with more planning, the use of task forces, and so on. In effect, as the needs changed, so did the mode of behavior.

III. SOME CONCLUSIONS ABOUT STRATEGY FORMATION

Our purpose here is not to draw definitive conclusions, nor to be at all comprehensive about the issues we think need to be addressed in the realm of strategy formation. This is, after all, a report on the fourth of eleven studies of strategy formation, and it will be some time before we can draw our different conclusions together. What we wish to do is give the reader a flavor for the kinds of issues we are addressing, and the patterns that seem to be emerging in our own research, and try to develop some sense of what we think effective strategic management might be.

Our major interest is in the patterns of strategic change—how often different strategies change, in what interrelationships, and according to what forces. One conclusion that has appeared in all of our studies is reinforced here. Major shifts in strategic thrust happen only rarely, and they tend to be revolutionary rather than evolutionary. The fact of only two major shifts in thirty-seven years is not unusual. The implications of this for strategic management are, we believe, important (and evident), and we shall return to them shortly.

What is of special interest in this study is one particular pattern by which such shifts occur. Canadian Lady is, of course, the classic entrepreneurial firm in the process of formalizing and adopting more of what is called a "professional" style of management. Many firms subsequently undergo another transition, involving diversification followed by divisionalization.[7] But Canadian Lady did not. In fact, its president referred to the firm's good fortune in having its loungewear sortie nipped in the bud, thereby maintaining the focus of the management on its basic business. Commensurate with the entrepreneurial mode of strategy making that dominated during this study, we see an inclination toward the formation of deliberate strategies, or at least the quick perception of emergent patterns to make them deliberate, and what we called the "proactive reaction"—turning problems and crises into opportunities.

[7]B. R. Scott, "The Industrial State: Old Myths and New Realities," *Harvard Business Review*, March–April 1973, pp. 133–48.

The shifts we see in this firm are, we believe, characteristic of its entrepreneurial foundation, as well as of the fashion nature of its business. Twice in its history the firm exercised sudden and major changes in its strategic thrust, in both cases in response to rather sudden and global shifts in its environment. The two changes are similar in nature, but because the second was more pronounced on all counts and because we had access to its key actors, we concentrate our discussion on it.

The pattern seems clear enough. Coming out of a long period of stability in strategy, with an environment that had long been, if not munificent, then at least acquiescent, the firm finds that many of the important parameters have suddenly changed, all at once. Initially it is stunned, like the boxer who never saw the punch coming. But in time it adapts. Drawing on Lewin's notions, we can describe this adaptation in three stages: unfreezing, changing, and refreezing.[8]

The process of unfreezing is essentially one of overcoming the natural defense mechanisms to realize that the environment has in fact changed. Effective managers are supposed to scan their environments continually; indeed effective *strategic* managers are supposed to be especially in touch with changing trends. One danger of strategic management is that it may encourage managers to be *too* much in touch. Managers may be so busy managing strategic change—the big issues—that they may fail to do well what usually matters, namely to operate effectively with a given strategy. (Remember that Canadian Lady is not atypical in experiencing only two brief periods of major strategic change in thirty-seven years.) Or, equally dangerous (and perhaps more likely), is that the firm gives so much attention to strategic monitoring when nothing important is changing that when something finally does happen, the firm does not even notice it. The trick, of course, is to pick out the discontinuities that count. Many changes are temporary or simply unimportant. Some are consequential and a few, revolutionary. For Canadian Lady, the changes in 1968 were of the latter category.

The second step in unfreezing is to be willing to step into the void, so to speak, in order for the managers to shed their conventional notions of how the business is supposed to function (the industry recipe, as Grinyer and Spender have termed it[9]) and really open their minds to what is happening. Critical is the avoidance of premature closure—not to seize on a new thrust before it is clear what the signals really mean. This takes a special kind of management, one able to live with a good deal of uncertainty and discomfort. The president of this firm was able to articulate his feelings at the time: "There is a period of confusion before you know what to do about it. . . . You sleep on it . . . start looking for patterns . . . become an information hound, searching for [explanations] everywhere." This stage may be painful, but in our view it is critical to successful resolution.

[8]K. Lewin, *Field Theory in Social Science* (New York: Harper & Row, 1951).

[9]P. H. Grinyer and J-C Spender, *Turnaround—Managerial Recipes for Strategic Success* (Associated Business Press, 1979).

Strategic change of this magnitude seems to involve mindset before strategy and seems to be essentially conceptual in nature. In other words, the concepts of the strategy maker(s)—his or her Weltanschauung—must change before anything else can change. If this study gives any indication, then while problems and threats in the environment may provoke the unfreezing, it is opportunities that stimulate the process of change. With some idea of what *can* be done, the strategy maker(s) will begin to converge on a new concept of the business—a new strategic thrust. Our guess is that the experience here—of one or two basic driving ideas—is typical: Change in mindset is stimulated by a small number of key events, probably one critical incident in most cases. Continuous bombardment of facts, opinions, problems, and so on, may have had to prepare the mind for the change, but one simple insight probably creates the synthesis—brings all the disparate data together in one sudden "eureka"-type flash, like a supersaturated liquid that immediately freezes when disturbed slightly.

Once the mind is set, assuming it has read the new environment correctly and has not seized prematurely on trends that have not themselves stabilized, then the refreezing stage begins. Here the object is not to read the environment, at least not in a global sense, but, in effect, to block it out. This is no time for the monitoring precepts of strategic management. It is time to work out the consequences of the new strategic thrust. It has been claimed that obsession is an ingredient in effective organizations.[10] For the period of refreezing (not unfreezing or changing), we would certainly agree. This is not the time for questioning, but for pursuing the new orientation—the new mindset—with full vigor. When we asked the president how the post-1970 period differed from that of the two previous years, he commented: "Any idea is acceptable so long as it's . . ." He motioned with his hands in two parallel lines to indicate: so long as it is strictly within the bounds of the new concept. A management that was open and divergent in its thinking must now become convergent. We wonder how many executives fail in one or the other—remaining convergent when divergence becomes necessary, or failing to settle down to a convergent pattern after a period of divergence.

While unfreezing was a time of great discomfort, refreezing must be one of great excitement (at least for those who accept the reorientation). The organization now knows where it is going; the object of the exercise is to use all the skills at its command to get there. That is not to say that all is creative. Refreezing is characterized by an analytic mode of behavior, with heavy emphasis on formal evaluation, planning in the form of programming, and so on. Of course, not everyone accepts the reorientation; for them, the discomfort now begins, and this can spill over to the strategy maker(s) if considerable resistance arises. (At this point, it helps if the organization is small, as was Canadian Lady.)

The pattern we have been describing is one among a number that we sus-

[10]T. J. Peters, "A Style for All Seasons," *Executive* (Special Issue on Leadership, Cornell University, Summer 1980), pp. 12–16.

pect is common. It is an important one for the organization that experiences a sudden but permanent shift in its environment, as opposed to a gradual one, or is exposed to a more generally turbulent environment (i.e., one that does not stabilize). The process of adaptation that we have been describing is strongly intuitive and personal, at least in its early stages, in the sense that it depends on the synthesis created by a single mind (or a few that can work in concert). It is also a process characterized by design, the achievement of a unique strategy to cope with a new environment. This intuitive synthesis does not preclude analytical techniques. Analytical techniques certainly play a role in preparing for such processes and in pursuing their outcomes. However, the synthesis, the attainment of a new concept of the business, stands apart from those techniques. This process of adaptation by design stands in sharp contrast to approaches favored in the field of strategic management, which tend to emphasize selection from a portfolio of generic strategies based on formal analysis of specific parameters in the environment.