ASEAN Journal of Management & Innovation
Vol. 4 No. 1, 193 – 195
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DOI: 10.14456/ajmi.2017.15
ajmi.stamford.edu

BOOK REVIEW

If You're in a Dogfight, Become a Cat!: Strategies for Long-Term Growth
Leonard Sherman
New York: Columbia University Press, 2017. 360 pp. ISBN 978-0-231-17482-4, (cloth)

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This work was written by an adjunct professor of marketing and management at Columbia University's school of business. The purpose of the book was to determine how businesses can achieve and then sustain long-term profitable growth. To derive an answer, the authored surveyed forty years of strategic thinking in business. The works of Michael Porter (creator of the Five Forces framework), Tom Peters and Robert Waterman, Jr. (*In Search of Excellence),* Jim Collins (the HALO effect), Peter Drucker and others were reviewed along with theories tied to the managerial practices of companies such as FedEx, Amazon, Walmart, Apple, Southwest Airlines, Casella Family Brands, and others.

Based on this research, the author concluded that long-term profitably depended on three primary strategic imperatives: **continuous innovation** along with **meaningful differentiation** of products and service, and; **business alignment** – wherein the company's resources and organizational culture are aligned to fulfill a strategic intent tied to the first two imperatives.

To add *gravitas* to his argument, the author contrasted his strategic approach to that of the doctrine of shareholder value maximization, as prominently presented by Michael Jensen and William Meckling (1976). Maximizing shareholder value (MSV), the author argued, is misguided as a driver to business success. Instead, the maximizing of profits and the generation of additional value for shareholders should be seen as a *result* within a context of not undermining societal and economic welfare. The author argues that the MSV theory was operationalized by turning corporate executives into major shareholders and that its misguided focus has led to misallocation of capital through stock buybacks, offshoring of manufacturing and product development as well as underinvestment in research & development. The true drivers leading to long-term sustainable profitability consist of "continuously delivering innovative and meaningfully differentiated products and services" (p. X) to attract and retain customers in a way that is difficult for competitors to replicate. Much of the book went into detail to explain the implementation of the strategic imperatives as drivers, using references to specific companies but in presentations too short to qualify as case studies.

The strategic imperatives chosen by the author for his overall thesis are important, but they are hardly original. In fact, they have already been established to be fundamental in the existing literature on business strategy. However, the author makes the obvious seem like a significant personal discovery. His characterization of MSV theory, in order to contrast against his argumentation, bears scrutiny as a straw man developed for self-serving contrast. For example, there is nothing inherent within MSV theory that calls for high-level executives to become major shareholders. The author describes Milton Friedman's (1970) *New York Times* article on the role of businesses as "fiercely" (p. 54) defending Jensen and Meckling and their MSV doctrine. However, their MSV doctrine was not articulated until six years *after*

Friedman's piece. In addition, Friedman's article addressed all business, not just corporations with shareholders, and the focus of that work was to criticize the developing theory that businesses had "social responsibilities" or what is now referred to as "corporate social responsibility" – a concept devoid of any solid definition and based on a stakeholder theory that can logically conclude that virtually everyone in the world can be a "stakeholder" of a business (Franco, 2015). Fundamentally, Friedman's position in the 1970 article was that to embrace the notion of corporate social responsibility involved "the acceptance of the socialist view that political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources."

It is curious that after knocking down his MSV straw man, the author allied himself with Peter Drucker whose views on the purpose of business were actually very close to those of Friedman. The author selected a quote by Drucker which stated: "There is only one valid definition of business purpose: to create a customer" (p. 63). This definition was then revised by the author to state: "The only valid definition of business purpose is to profitably create and retain satisfied customers" (p. 63). This was not an exercise in pedantry. As in his examination of the MSV doctrine and its advocates, the author tended to manipulate to give his proposition more weight. A business sage like Drucker was never delinquent in factoring in profitability. In fact, he actually stated (2010): "The first responsibility of business is to make enough profit to cover the costs for the future." It was not lost on him that long-term profitability could not be achieved without business innovation aimed at attracting and retaining customers. The two, naturally, go hand-in-hand.

And here is where we confront the most disappointing part of this book. The author claims that there is "no such thing as a bad industry" (p. 29) and that all companies can achieve long-term profitability and sustained growth by following the criteria of imperatives he outlined in the book. To believe otherwise is a flawed viewpoint that "could become a self-fulfilling prophecy of corporate failure" (p. 290). History books dispute the absence of bad industries. However, the real flaw in this work – and it is a profound flaw – is in the belief and expectation of equal results by way of profitability for all companies because this presupposes that what causes inequality is the failure to apply the author's imperatives.

What is at play here is not hubris. The author's endeavor is based on an egalitarian ideal, in this case, not equality in profits but equality in performance – that is – that everyone can be a winner. In the contemporary academy, any ship of inquiry must encounter the perilous waters between the Scylla of postmodern metaphysics and the Charybdis of politically correct egalitarianism. Postmodern metaphysics is so crippled by its rejection of objective reality that it cannot provide any ontological structure of reality. The egalitarian ideal that dominants the academy (including in many business school classrooms) defies biological reality including the diversity that exists among human beings and the variability of effort and energy that individuals experience throughout their lives. It is not common to find a sixty-year-old man burning the midnight oil. But look back thirty years in his past.

The inequality of skill and knowledge as well as the variability of individuals (most prominent being the unique differentiation of personal character and its lifelong evolution) guarantees a universal division of labor which includes filling the ranks of leaders. Humanity's challenge of scarcity of resources includes human capital within factors of quantity and quality. Some leaders will perform better than others; some will innovate and invent due to greater creativity, dedication, knowledge and intelligence. To expect equal outcome in business

performances by way of long-term, sustained profitability is to deny the very basis of human nature.

On a final note, the title of the book may attract some due to its cuteness. Its metaphorical presentation depicts dogs as firms who claw and scratch each other for territorial dominance (market share) and, in the process, incur a heavy toll where the major dogs emerge as the winners even though the author also stated that there could be a "no-win dogfight" (p.17). The author suggests that companies should emulate cats who are "clever…agile and innovative" (p.17) and avoid conflict by exploring new territory.

The metaphors are not convincing. The author argues for continuous and aggressive innovation and product differentiation. This implies dogfights – and every fight has a winner or loser, even if it just results in retaining control of your territory (in this case, market share). The author goes into depth about loyalty and dedication to customers in order to be valued by them in a long-term relationship providing sustained profitability. What animal is more loyal and noble than a dog? What animal is more forgiving? The expression "Working like a dog" goes back to medieval times when dogs spent the day pulling carts for the poor who could not own a horse. Cats, not particularly known for innovation, will brush up against your leg when they are hungry and later fall into solitary slumber. Wake a dog from his sleep and he will look up to follow your lead. Wake a cat from its slumber and witness a murderous glance.

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