



Review

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do live in an organizational world, and people's economic well-being and identities are often tied up with their employing organizations. We ought to be asking questions about what we are doing to influence management practice and how we are doing it and critically analyzing the organizations that are educating not only more than 100,000 MBAs but countless more executives each year. *Managers Not MBAs* is filled with incisive observations and wisdom. It offers a wonderful overview and agenda for a set of issues and questions that desperately need to be asked, and answered.

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Territories of Profit: Communications, Capitalist Development, and the Innovative Enterprises of G. F. Swift and Dell Computer.

Gary Fields. Stanford, CA: Stanford Business Books, 2004. 281 pp. \$60.00, cloth; \$24.95, paper.

What do a nineteenth-century meatpacker and a twentieth-century personal computer maker have in common? Quite a lot, it seems, and by understanding the similarities between G. F. Swift and Dell Computer, organizational scholars can gain insights into a vital question: How do radical advances in communication technology affect the ways in which industries and national economies develop? As Gary Fields notes, a communications revolution began in the U.S. in the 1870s, with the advent of nationally integrated railroad and telegraph systems. An upstart organization, G. F. Swift, capitalized on that change by creating a new organizational form, the vertically integrated enterprise, which remade the meatpacking industry and allowed Swift to dethrone that sector's established leaders. Similarly, in the late twentieth century, as the Internet exploded as a new means of communication, another upstart, Dell Computer, used that technology to create a virtually integrated organization controlling a network of suppliers whose components Dell assembles, markets, and distributes. Like Swift, Dell not only remade its industry and toppled its established leaders but also served as a role model to companies in other sectors that copied its organizational design.

As Fields explains, he follows the path employed by scholars such as Schumpeter and Chandler, who have used in-depth case studies across long periods of time to derive new theoretical insights. Like Schumpeter, he considers how radical technological change may revolutionize an industry, with a new set of dominant firms replacing established leaders. While Schumpeter focused on firms that created radically new technologies themselves, Fields considers organizations like Swift and Dell, who, as early *users* of radical technologies invented in other industries, created punctuated change within their own sector. Inside a focal industry, radical innova-

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tions are rare, occurring perhaps once a century (Tushman and Anderson, 1986), so studying the very few organizations that invent their own breakthroughs potentially limits one's scope. In comparison, major innovations often diffuse across industries, with a focal sector borrowing from numerous others. Fields therefore considers an aspect of evolutionary change that is apt to be more frequent and pervasive in its influence than self-invented breakthroughs.

One of the best features of this book is the way in which it documents how something that many observers have portrayed as entirely new in its effects—the Internet—evokes changes in industrial competition and organizational structure that have much in common with earlier historical cycles. The stories of Swift and Dell are about logistics and how those firms used communications breakthroughs to develop closer relationships with their customers, cut out middle men, and reduce the risks of holding excess inventory in industries characterized by rapidly changing supply and demand. As economist Paul David said, when thinking about the effects of modern innovations, we tend to forget the past. Fields' research overcomes that failing. His work further contributes by detailing why the operation of the price system, as described in neoclassical economics, cannot explain radical changes in technologies and industries. Instead, one must understand how managerial initiatives disrupt the status quo and create disequilibrium, processes this book carefully explores.

To better establish how his theory relates to and differs from prior work, there are three issues Fields might have addressed more fully. First, the book describes how Swift and Dell constructed their own production systems, but I was curious as to why their competitors did not imitate those practices and quickly erode their advantages. If Swift or Dell had been easy to imitate, then neither would have overthrown its industry's leaders. Like Dell, its competitors also used the Internet, and Dell's success predated its use of that technology, so something other than a Net-based communication system seems to have been at work. Understanding how the personal computer and meatpacking industries evolved requires understanding why Dell and Swift succeeded where others failed. That, in turn, requires greater attention to barriers to imitation, which are likely to have been organizational as well as technological in nature.

A second issue is that there was little if any discussion of Toyota's lean production system, which is a concern, because it served as a guide to Dell and many others regarding just-in-time inventory management, the pull system of production, and methods of coordinating a complex web of suppliers. Toyota's keiretsu structure differs somewhat from Dell's system of virtual integration, yet the two share many attributes. Studies of virtual integration, such as Fields', would therefore benefit from attention to Toyota in particular and interfirm production systems in general (e.g., Lincoln, Gerlach, and Ahmadjian, 1996). Finally, Fields claims that his description of virtual integration constitutes an advance because it goes beyond the distinction between markets and hierarchies detailed in early treatments of transaction cost

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economics. More recent work in that stream, however, which has dealt with hybrid organizational forms (Williamson, 1991), treads similar ground and should have been integrated here.

Those concerns notwithstanding, Fields' book is an interesting read, particularly its comparisons of G. F. Swift in the 1880s to Dell Computer in the 1990s and its reminder that history makes a habit of reasserting its lessons on the dominant leaders of economically important industries.

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Bureaucratic Landscapes: Interagency Cooperation and the Preservation of Biodiversity.

Craig W. Thomas. Cambridge, MA: MIT Press, 2003. 353 pp. \$27.95, paper.

Bureaucratic Landscapes is a contribution to the growing literature on how environmental legislative acts are translated into action. Thomas sets out to understand how a variety of federal and state agencies in California tried to work together to implement, or at least avoid lawsuits resulting from, the Endangered Species Act (ESA). Endangered species, as we can well imagine, do not stay within the jurisdiction of a particular government agency. They have a tendency to roam across jurisdictional boundaries at will, and the rampant development of California real estate guarantees that additional species will become endangered every year as their habitat shrinks. Agencies need to cooperate to protect these species. If a small set of agencies needs to coordinate across geographical boundaries, then the problem of cooperation might be manageable. But a quick check of Thomas's extremely handy "List of Abbreviations" indicates that there are at least eleven federal agencies and twelve California agencies that have some environmental responsibilities in California.

The naïve reader might think that all of these agencies would want to cooperate and preserve biodiversity. After all, are they not mandated in one way or another to protect the environment, and do they not attract people who have a concern with environmental issues? Of course, being organizational scholars, we are not naïve and immediately suspect that different agencies have different agendas, may show little interest in giving up autonomy in the interest of cooperative agreements, and that local and regional agencies may view federal attempts at cooperative agreements as a way for

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