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What makes this book on habitual entrepreneurial thinking and action invigorating is that it reflects the energy, creativity, and considerable hands-on entrepreneurial experience of the authors—Rita Gunther McGrath and Ian MacMillan. Because the authors are also prominent scholars in the fields of entrepreneurship and strategic management, the impressive quality of the book can be attributed to this unusual combination of operational business experience and academic wisdom. The Entrepreneurial Mindset is a book in which the passion for creating future new businesses meets the discipline of achieving and sustaining profitable growth. Indeed, the book teaches how to capture and activate both the right- and left-brain faculties (i.e., analytical rigor and creativity) to create successful businesses. The most refreshing and surprising idea in it is that there are entrepreneurial benefits to competing in uncertainty. As McGrath and MacMillan argue, uncertainty—a distraction and discouragement to many entrepreneurs—offers new business opportunities if treated in the right way.

The authors follow a logical order in teaching how to create profitable businesses. They begin with a definition of the characteristics of the entrepreneurial mindset, preparing the groundwork for developing four action-driven modules of lessons. The first module involves establishing the entrepreneurial frame, which entails identifying challenging and quantified goals. McGrath and MacMillan emphasize that setting quantified goals is much more important and practical than trying to achieve consensus on a robust mission and vision. Articulating target performance numbers creates a sense of urgency for entrepreneurial action. Quantified goals should then be communicated to others who can be influential in achievement of the goals. Next, the authors ask the entrepreneur to create an opportunity register to record specific ideas to meet the challenge framed. In this module the authors do an impressive job of engaging readers by asking them to do a set of concrete exercises and to start thinking strategically about their entrepreneurial dreams.

The second module, concerning stocking the opportunity register, offers several useful tools. For instance, the attribute map effectively lays out the consequences of how competitively the current attributes of the product or service match customers’ attitude. This map is powerful, sophisticated, and user friendly in teaching entrepreneurs to determine whether certain attributes of their product or service are differentiators, exciters, dissatisfiers, enragers, or so forth. McGrath and MacMillan suggest that this map can also be used to enhance relationships with other stakeholders. Once the entrepreneur has a good sense of how to redesign the attribute mix, the authors present the quizzing method to develop insight into customer behavior. Quizzing helps the entrepreneur recognize the hidden opportunities to differentiate the product or service. Consumption chain analysis accompanies quizzing in helping the entrepreneur decide about specific opportunities to pursue. In addition, the authors demonstrate that, beyond redifferentiating the product or service, it is imperative to consider disrupting the rules of the game by resegmenting the existing markets and reconfiguring the current business model. Once again, use of examples and practical tables helps the entrepreneur easily learn how to identify the next-generation product opportunities. Further, in the section on building
breakthrough competencies, the authors explain how to identify and assess both the competencies of the existing firm and competitors by analyzing and comparing the key business-specific ratios for growth and profitability. Overall, this module codifies the tacit knowledge of developing and nurturing entrepreneurial insight, shattering the not-so-unheard argument that one needs to be born an entrepreneur.

In the third module McGrath and MacMillan teach the entrepreneur to focus on the best opportunities. They use a stratification technique to analyze both the performance contributions of different components of the business and the risks these components involve today and in the future. In the chapter on assembling the opportunity portfolio, the authors do a remarkable job of applying the real options framework to entrepreneurial projects. Here, the entrepreneur is asked to evaluate systematically both the technological and market uncertainties of various new business opportunities to classify them into certain kinds of investment options. This classification, accompanied by a questioning technique, makes the entrepreneur conscious of the level of risk involved in opportunities. Finally, this chapter provides techniques to allocate resources properly among competing options and to avoid a crowded portfolio of options.

The final module of the book concerns adaptive execution. The entrepreneur is taught to create entry strategies and to predict the likely competitive response. Adaptive execution also involves discovery-driven planning in which a process approach to the management of a new business endeavor is incorporated, thereby ensuring that managers do not get caught up in the straightjackets of formal planning. Discovery-driven planning also requires specifying and revising financial and business assumptions as new milestones are reached. Furthermore, adaptive execution involves tracing the progress of new undertakings at the team level. To accomplish this tracing, simple surveys are used to assess a team's overall understanding of business drivers and its deftness—that is, how effectively and smoothly the team functions. The book also provides minisurveys to keep track of the development of operational efficiency, emergence of option value, and emergence and durability of competitive advantage. These surveys help managers decide whether the firm should continue to pursue the project.

This section on adaptive execution is particularly impressive, because the authors urge entrepreneurs to embrace disciplined analysis, experimentation, and discovery. In essence, the book provides a powerful system of tools that teach entrepreneurs to become both analytical and flexible in the process of business development, preparing them to lead the firm on a journey to develop distinctive competencies and competitive advantage. Last, but not least, the book provides key questions that the entrepreneur should ask continuously to ensure that entrepreneurial initiative is promoted at all levels of the organization.

At least three characteristics of The Entrepreneurial Mindset are impressive. First, the book is action oriented: it provides ideas that can be implemented immediately, despite uncertainty. As important, the presentation of action-driven tools is developmental; in other words, the step-by-step implementation style allows the reader to naturally assimilate new ideas and develop analytical skills. Second, the authors teach how to simplify the complexity of new ventures so that the entrepreneur can act and lead with self-confidence, which, in turn, allows coworkers to perform confidently as well. Third, the book provides a road map to becoming a habitual entrepreneur. This map makes it possible to grasp a permanent way of entrepreneurial thinking—namely, becoming an entrepreneur at heart.

The book does have some minor shortcomings. First, the authors do not clearly define the audience. The book can be appealing to a general audience, including managers, entrepreneurs, educators, and academicians, but a description of the value of the book for each type of user is an essential piece of information that should have been provided up front. Second, the authors do not define the term entrepreneur. This can be confusing, since the reader may struggle in trying to figure out whether the techniques are designed for the traditional entrepreneur (founder of a start-up firm) or an inventor or an entrepreneurial manager who works in an established company. Certainly, some techniques, such as stratification, are not applicable in the case of a firm in the start-up phase. By making the target user of each technique clear, the authors would have provided a better guide for the reader. Third, the book is not strong in advising the entrepreneur about how to find the resources (e.g., financial, people) to pursue a
new business idea, especially in the case of start-up firms. The issue of resources is not trivial, and directing entrepreneurs better in this area—with more tips and by referring them to expert sources of information—would have made this book more complete.

Despite these minor weaknesses, The Entrepreneurial Mindset can be viewed as a cure for some of the critical shortcomings in entrepreneurship and strategy literature and education. On the one hand, entrepreneurship literature and education typically emphasize the creative side of starting a new business, without fully embracing the rigorous steps and analytical thinking involved in converting a creative product or service idea into a profitable business. The living proof of this ignorance is the failure of numerous dotcom companies. On the other hand, while strategic management education and literature conceptually emphasize analytical thinking, profitability, and taking calculated steps, they are far from adequate in providing managers with concrete, powerful, and user-friendly techniques to generate new business ideas and to enact them. The strategy literature has offered a number of powerful techniques and frameworks, such as matching internal strengths and weaknesses with external opportunities and threats (e.g., Andrews, 1976), Porter’s five-forces industry analysis and generic strategies (Porter, 1980), the VRIO framework (Barney, 1997), and the positioning/activity map (Porter, 1996), but these techniques are not sufficient in the competitive environment of the twenty-first century. In fact, most of the techniques involve analysis at the industry or firm level, whereas firm capabilities are often created at the functional level, and an entrepreneurial insight is developed at the product level. A major contribution of The Entrepreneurial Mindset is the techniques provided for developing entrepreneurial insight at the product level—the level at which the entrepreneur and customers connect—as well as the techniques taught for executing an entrepreneurial agenda that balances rigor and flexibility. Thus, The Entrepreneurial Mindset is a book I would definitely consider for teaching both strategic management and entrepreneurship.

REFERENCES


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Manufacturing Advantage is an intensive examination of the effects of high-performance workplace practices in three industries: steel, apparel, and medical electronic instruments and imaging. The study is immensely impressive in its comprehensiveness and magnitude. The authors include multilevel data collection from both managers and workers from numerous sites in each industry in an attempt to uncover the contents of the “black box” of the high-performance work systems (HPWSs) or human resources systems–firm performance relationship. Thus, the book provides a valuable contribution to both academics and practitioners, illustrating interesting insights into how sound human resources management contributes value to organizations. The black box has been the subject of much theoretical speculation, but in few, if any, previous works have researchers conducted empirical analyses to support that speculation.

Eileen Appelbaum, Thomas Bailey, Peter Berg, and Arne L. Kalleberg draw from Bailey (1993) for the theoretical underpinnings of their research. They, like Bailey, posit that it is through the effective elicitation of discretionary effort that human resources management will positively influence firm (or, in this research, plant) performance. In technical terms, discretionary effort is expected to mediate the relationship between the human resource management or work system and performance. In order to reduce discretionary effort, however, the work system must contain three essential components: opportunity