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LAST ISSUE

TO CONTINUE YOUR
SUBSCRIPTION

Reading Google's Mind

...page 58

- 58 **Reverse Engineering Google's Innovation Machine**
Bala Iyer and Thomas H. Davenport
- 70 **The Four Things a Service Business Must Get Right**
Frances X. Frei
- 82 **Can You Say What Your Strategy Is?**
David J. Collis and Michael G. Rukstad
- 94 **The Right Way to Manage Unprofitable Customers**
Vikas Mittal, Matthew Sarkees, and Feisal Murshed
- 104 **Leading from the Boardroom**
Jay W. Lorsch and Robert C. Clark
-
- 20 **FORETHOUGHT**
- 33 **HBR CASE STUDY**
Open Source: Salvation or Suicide?
Scott Wilson and Ajit Kambil
- 47 **DIFFERENT VOICE**
Creativity Step by Step
A Conversation with Choreographer Twyla Tharp
- 112 **MANAGING YOURSELF**
Be a Better Leader, Have a Richer Life
Stewart D. Friedman
- 121 **FIRST PERSON**
Managing Hypergrowth
Alexander V. Izosimov
- 134 **EXECUTIVE SUMMARIES**
- 140 **PANEL DISCUSSION**

Features

58 Reverse Engineering Google's Innovation Machine

Bala Iyer and Thomas H. Davenport

Much of the company's astounding success is rooted in its legendary IT infrastructure, but that's not the whole story. At Google, technology and strategy are inseparable and mutually permeable.

70 The Four Things a Service Business Must Get Right

Frances X. Frei

Why does service stink? Because most providers fail to integrate these critical building blocks when they design their offerings.

82 Can You Say What Your Strategy Is?

David J. Collis and Michael G. Rukstad

Crafting a clear, succinct strategy statement for everyone in the company to internalize and use as a guiding light can do wonders for your firm's performance. Here's how to put one together that really works.

94 The Right Way to Manage Unprofitable Customers

Vikas Mittal, Matthew Sarkøes, and Feisal Murshed

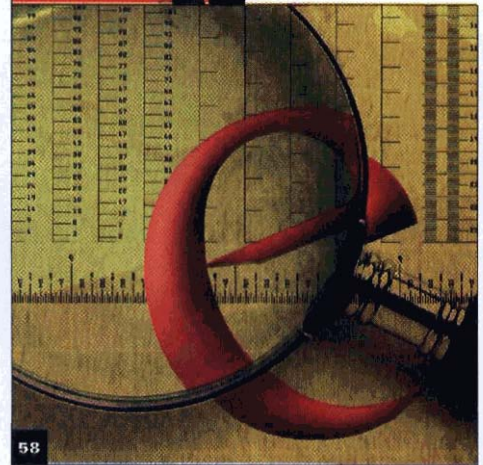
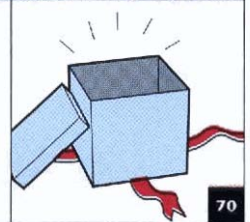
Before simply giving problem customers the boot, use a five-step framework to improve the bad relationships. If no good fixes exist, choose an appropriate way to sever ties.

104 Leading from the Boardroom

Jay W. Lorsch and Robert C. Clark

In the drive to meet higher standards of compliance, boards have lost sight of a critical mission: helping companies shape their future. It's time for directors to take control of their agendas and put long-term planning at the top.

continued on page 8





Departments

12 COMPANY INDEX

14 FROM THE EDITOR Magic by Design

For a company so famous, Google is very little known. We hear more about its cafeteria than about its management systems, as the popular press has focused mainly on the magic of the company's success and its rivalry with Microsoft. But in these pages we've kept an eye on the magician, not the magic, to show you how the trick is done.

20 FORETHOUGHT

How to cope with the imminent explosion in international tourism...Managers overestimate their willingness to listen...Give promotions to leaders who effect change... The mom-and-pop channel can be a distribution classroom...Pump up your A players when they deflate...Losing good people has a silver lining...Support wikis in the workplace...Online ads drive off-line sales.

33 HBR CASE STUDY Open Source: Salvation or Suicide? Scott Wilson and Ajit Kambil

KMS makes a wildly popular electronic-music game that transformed the modest music-software company into a thriving mass marketer. Now the game's fans and imitators are demanding that the company release its code to the open-source community. Is resistance futile? With commentary by Jonathan Schwartz, Eric Levin, Gary Pisano, and Michael J. Bevilacqua.

47 DIFFERENT VOICE Creativity Step by Step

A Conversation with Choreographer Twyla Tharp

Creative genius is not a gift. It's the product of discipline, hardheaded practicality, willingness to fail – and perhaps a dash of ruthlessness.

53 2007 MCKINSEY AWARDS AND 2008 MCKINSEY JUDGES

92 STRATEGIC HUMOR

112 MANAGING YOURSELF Be a Better Leader. Have a Richer Life Stewart D. Friedman

Executives can apply the leadership skills they use at work to other aspects of their lives – their families, their communities, and themselves – in ways that benefit all four domains. Through this systematic process, seemingly minor changes can lead to larger transformation.

121 FIRST PERSON Managing Hypergrowth Alexander V. Izosimov

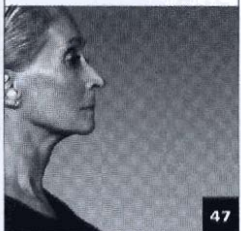
During a dramatic industry growth spurt, companies don't have much time to maximize their share of a new market. A CEO who did so gives some trenchant advice.

129 LETTERS TO THE EDITOR

134 EXECUTIVE SUMMARIES

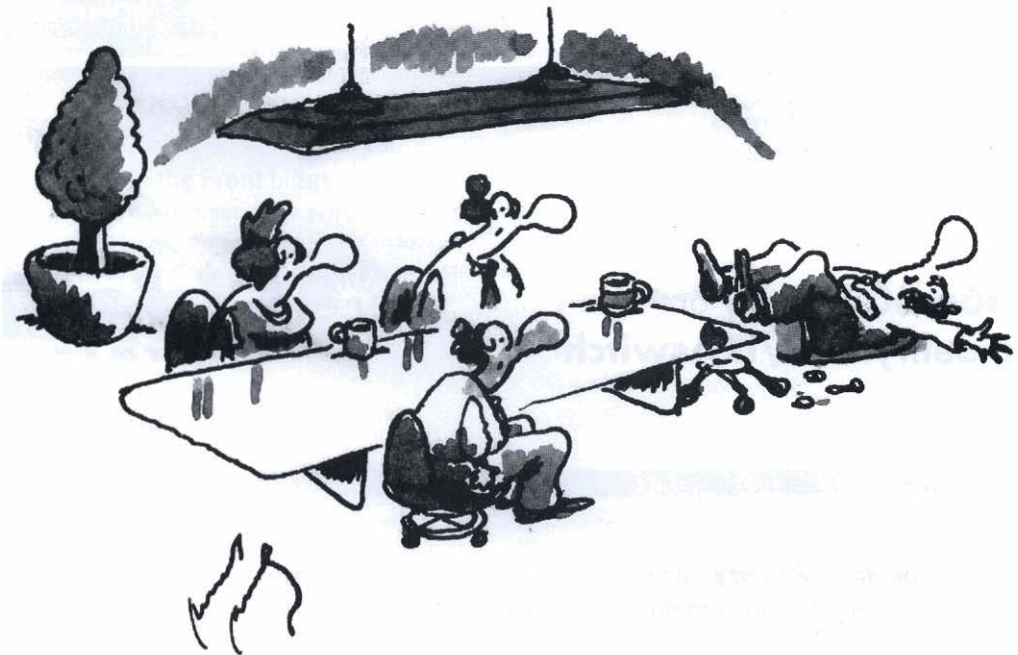
140 PANEL DISCUSSION Churn Don Moyer

The best way to keep your customers satisfied and loyal may be to establish a process for making amends when things go wrong.



Organizations in this issue are indexed to the first page of each article in which they are mentioned. Subsidiaries are listed under their own names.

| | | | | | |
|--------------------------------------|---------|--|--------|---|-----------------|
| Allstate..... | 94 | LPL Financial..... | 82 | Yum Brands..... | 70 |
| Amazon..... | 58, 94 | Mars..... | 121 | Zipcar..... | 70 |
| Apple..... | 33 | Marsh & McLennan..... | 94 | | |
| Aramark..... | 94 | McDonald's..... | 121 | AUTHOR AFFILIATIONS | |
| AT&T..... | 94 | Merrill Lynch..... | 82 | Accenture Institute..... | 20 |
| AutoZone..... | 33 | Nationwide..... | 94 | Accompli..... | 20 |
| Best Buy..... | 94 | Nokia..... | 33 | Babson College..... | 58 |
| Boeing..... | 82 | Northwestern University's Kellogg School of Management..... | 20 | Bain..... | 20 |
| Charles Schwab..... | 94 | Omnicom Group..... | 70 | comScore..... | 20 |
| Cleveland Clinic..... | 70 | PepsiCo..... | 20 | Deloitte Research..... | 33 |
| Coca-Cola..... | 20 | Philips Electronics..... | 104 | Edward Jones..... | 82 |
| Commerce Bancorp..... | 70 | Progressive Casualty Insurance..... | 70 | Ford Motor..... | 112 |
| Duke University..... | 94 | Salesforce.com..... | 58 | Harvard Business School..... | 33, 70, 82, 104 |
| EchoStar..... | 94 | Salomon Brothers..... | 20 | Harvard Law School..... | 104 |
| Edward Jones..... | 82 | SCO Group..... | 33 | IMD..... | 20 |
| Electronic Arts..... | 33 | Sears..... | 82, 94 | London Business School..... | 20 |
| Embratel..... | 94 | Shouldice Hospital..... | 70 | Penn State's Great Valley School of Graduate Professional Studies..... | 94 |
| FedEx..... | 94 | Sprint Nextel..... | 94 | Pimco..... | 20 |
| Fidelity Investments..... | 94 | Starbucks..... | 70 | Rice University's Jesse H. Jones Graduate School of Management..... | 94 |
| Filene's Basement..... | 94 | Sun Microsystems..... | 33 | Sun Microsystems..... | 33 |
| Frito-Lay..... | 20 | TXU Energy..... | 94 | Techno Source..... | 33 |
| General Electric..... | 70, 104 | University of Texas Medical Branch..... | 94 | Towson University's College of Business and Economics..... | 94 |
| Google..... | 58 | U.S. Chamber of Commerce..... | 104 | University of Pennsylvania's Wharton School..... | 20, 112 |
| Guggenheim..... | 20 | VimpelCom..... | 121 | VimpelCom..... | 121 |
| Housingmaps.com..... | 58 | Wal-Mart..... | 70, 82 | Wikipedia..... | 20 |
| Intuit..... | 70 | Wells Fargo..... | 82 | WilmerHale..... | 33 |
| José R. Lindley (Lindley Group)..... | 20 | WPP Group..... | 58 | | |
| Li & Fung..... | 58 | | | | |
| Long John Silver's..... | 82 | | | | |



"Delbart, find out what else we imported from China."