PEARSON NEW INTERNATIONAL EDITION

Gaining and Sustaining Competitive Advantage

Jay Barney

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cost disadvantage, then those resources will be imitable and a source only of competitive parity in the long run.

What the imitability paradox suggests is that not all firms can gain sustained competitive advantages. Managers in firms that have developed valuable, rare, and costly-to-imitate resources or capabilities over long periods of time (because of path dependence, causal ambiguity, or social complexity) may be able to help their firms gain sustained competitive advantages. However, firms that do not have any of these special skills and capabilities, but attempt to acquire them without any cost disadvantage, will not gain sustained competitive advantages, because if one firm can acquire these resources, others will be able to as well.

Although the observation that not all firms can obtain a sustained competitive advantage does suggest some limitations on managers' ability to affect firm performance; it is consistent with most research on the performance of firms in various industries. In most industries, several firms (perhaps even the majority) apparently discover their own unique resources and capabilities and exploit them in ways that generate superior performance. However, there are often firms in an industry that are perpetually generating only competitive parity, or even competitive disadvantages. These perpetually failing firms simply have not developed valuable resources that would enable them to gain a sustained competitive advantage. Of course, at some point in the future, a Schumpeterian revolution may occur in these industries, making these perpetually losing firms suddenly able to gain competitive advantages and excel.[51]

The Unit of Analysis

In SCP-based models of environmental opportunities and threats, the unit of analysis is the industry. This unit of analysis has several advantages for strategic analysts, not the least of which is access to data. Most government reports about firms are organized into industry categories, making information about the number of rivals, the power of suppliers and buyers, and so forth, relatively accessible.

In resource-based models of organizational strengths and weaknesses, however, the unit of analysis shifts downward, to inside the firm. In these models the firm is thought of as a bundle of resources and capabilities; and the analysis of the return potential of these resources must be conducted one resource, or bundle of resources, at a time. Gaining access to this kind of intra-organizational information can be very difficult. These data problems are exacerbated when it is recognized that resources and capabilities can be utilized to generate sustained competitive advantages precisely because they are difficult to describe and are invisible.

In the face of these challenges, it is tempting to raise the level of analysis of a firm's strengths and weaknesses to the level of a firm and analyze the value, rarity, imitability, and organization of a firm's products or services. This kind of analysis can be helpful, but it also can be misleading. Research on the diffusion of product technology suggests that new products and services, with a few important exceptions, rapidly become diffused among a set of competing firms. However, as was suggested earlier for the Sony Corporation, although a firm's particular products may be imitated, that firm may still have a sustained competitive advantage based on its underlying abilities to be innovative and creative.

Thus, despite the significant challenges associated with firm resources as the unit of analysis in models of organizational strengths and weaknesses, a proper analysis seems to require an investigation of these intra-organizational phenomena. In the end, it is not surprising that understanding the implications of these intra-organizational resources is critical to completing an analysis of a firm.

6 Summary

This chapter has developed a framework for analyzing a firm's organizational strengths and weaknesses. This framework is based on several bodies of literature, including research on the effect of general managers on an organization, research on other types of distinctive competencies in a firm, work on Ricardian economics, and economic models of firm growth. The framework builds most directly on the resource-based view of the firm and on two critical assumptions: that firms have different resources and capabilities (the assumption of resource heterogeneity) and that these differences can persist over time (the assumption of resource immobility).

On the basis of these two assumptions, it has been suggested that the answers to four questions can be used to determine the competitive potential of a firm's resources and capabilities. The four questions that make up the VRIO framework are the question of value, the question of rarity, the question of imitability, and the question of organization. This VRIO framework has been applied to several real strategic situations. Three limitations of this approach—the effect of unanticipated changes in a firm's environment, limited managerial effect on performance, and data challenges associated with the unit of analysis—have also been discussed.

Review Questions

1. Which approach to strategy formulation is more likely to generate economic profits: (a) evaluating environmental opportunities and threats and then developing resources and capabilities to exploit these opportunities and neutralize these threats; or (b) evaluating internal resources and capabilities and then searching for industries in which they can be exploited? Why?
2. Which firm will have a higher level of economic performance: (a) a firm with valuable, rare, and costly-to-imitate resources and capabilities operating in a very attractive industry; or (b) a firm with valuable, rare, and costly-to-imitate resources and capabilities operating in a very unattractive industry? Assume both firms are appropriately organized. Explain your answer.
3. Which is more critical to sustaining human life—water or diamonds? Why do firms that provide water to customers generally earn lower economic profits than firms that provide diamonds?
4. Will a firm that is currently experiencing competitive parity be able to gain sustained competitive advantages by studying another firm that is currently experiencing sustained competitive advantage? Why or why not?
5. Your former college roommate calls you and asks to borrow $10,000 so that he can open a pizza restaurant in his hometown. He acknowledges that there is a high degree of rivalry in this market, that the cost of entry is low, and that there are numerous substitutes for pizza, but he believes that his pizza restaurant will have some sustained competitive advantages. For example, he is going to have sawdust on his floor, a variety of imported beers, and a late-night delivery service. Will you lend him the money? Why or why not?
6. In your view, does Google have a sustained competitive advantage? If yes, why? If no, why not?

Endnotes

1. Google, Inc., 10-K Report, for fiscal year ending December 31, 2008; T. Eisermann and K. Herman Google, Inc. (Harvard Business School Case No. 9-806-105, 2006); B. Groysberg, D. Thomas, and A. B. Wagonfeld, "Keeping Google 'Googley'" (Harvard Business School Case No. 9-409-099, 2009); D. MacMillan, "Google's New Billion-dollar Baby," *Businessweek*, February 22, 2010, 22.
2. See P. Ghemawat, "Wal-Mart Stores' Discount Operations," (Harvard Business School Case no. 9-387-018, 1986); J. L. Heskett and R. H. Hallowell "Southwest Airlines: 1993 (A)" (Harvard Business School Case no. 9-695-023, 1993); and P. Ghemawat and H. J. Stander III, "Nucor at a Crossroads" (Harvard Business School Case no. 9-793-039, 1992).

3. See E. P. Learned, C. R. Christensen, K. R. Andrews, and W. Guth, *Business Policy* (Homewood, IL: Irwin, 1969).
4. See J. Curran, "GE Capital: Jack Welch's Secret Weapon," *Fortune*, November 10, 1997, 116+, for a discussion of Welch's management style; and B. Schlender, "On the Road with Chairman Bill," *Fortune*, May 20, 1997, 72+. R. Charan and G. Colvin, "Why CEOs Fail," *Fortune*, June 21, 1999, 69+, suggest that successful CEOs share eight common attributes: (1) integrity, maturity, and energy; (2) business acumen; (3) people acumen; (4) organizational acumen; (5) curiosity, intellectual capacity, and a global mindset; (6) superior judgment; (7) an insatiable appetite for accomplishment and profits; and (8) a powerful motivation to grow and convert learning into practice. Although there is little doubt that these personal attributes of CEOs contribute to their success, there remains a great deal of variability in the management style, approach, and method of general managers—too much variability to conclude that we know exactly what it takes to be a successful general manager. For a discussion of the relationship between this problem and the theory of leadership, see G. Yukl, "Managerial Leadership: A Review of Theory and Research," *Journal of Management* 15, no. 2 (1989): 251–289.
5. See P. Selznick, *Leadership in Administration* (New York: Harper & Row, 1957).
6. See D. Ricardo, *Principles of Political Economy and Taxation* (London: J. Murray, 1817).
7. See E. T. Penrose, *The Theory of the Growth of the Firm* (New York: John Wiley & Sons, 1959).
8. This criticism of traditional price theory models has also been voiced by O. E. Williamson, *Markets and Hierarchies: Analysis and Antitrust Implications* (New York: Free Press, 1975); O. E. Williamson, *The Economic Institutions of Capitalism* (New York: Free Press, 1985); R. Nelson and S. Winter, *An Evolutionary Theory of Economic Change* (Cambridge, MA: Belknap Press, 1982); and others. See J. B. Barney and W. G. Ouchi, *Organizational Economics* (San Francisco: Jossey-Bass, 1986), for a discussion of these and related criticisms of traditional economics. All this does not suggest that there is never any value in adopting the "simple production function" approach of traditional economics. However, it has limited utility in developing models of organizational strengths and weaknesses.
9. The term "the resource-based view" was coined by B. Wernerfelt, "A Resource-Based View of the Firm," *Strategic Management Journal* 5 (1984): 171–180. Some important early contributors to this theory include R. P. Rumelt, "Toward a Strategic Theory of the Firm," in R. Lamb (ed.), *Competitive Strategic Management*, pp. 556–570 (Upper Saddle River, NJ: Prentice Hall, 1984); and J. B. Barney, "Strategic Factor Markets: Expectations, Luck and Business Strategy," *Management Science* 32 (1986): 1512–1514. A second wave of important early resource-based theoretical work includes J. B. Barney, "Firm Resources and Sustained Competitive Advantage," *Journal of Management* 7 (1991) 49–64; I. Dierickx and K. Cool, "Asset Stock Accumulation and Sustainability of Competitive Advantage," *Management Science* 35 (1989): 1504–1511; K. R. Conner, "A Historical Comparison of Resource-Based Theory and Five Schools of Thought within Industrial Organization Economics: Do We Have a New Theory of the Firm?" *Journal of Management* 17, no. 1 (1991): 121–154; and M. A. Peteraf, "The Cornerstones of Competitive Advantage: A Resource-Based View," *Strategic Management Journal* 14 (1993): 179–191. A review of much of this early theoretical literature can be found in J. T. Mahoney and J. R. Pandian, "The Resource-Based View within the Conversation of Strategic Management," *Strategic Management Journal* 13 (1992): 363–380. The theoretical perspective has also spawned a growing body of empirical work, including T. H. Brush and K. W. Artz, "Toward a Contingent Resource-Based Theory," *Strategic Management Journal* 20 (1999): 223–250; A. Marcus and D. Geffen, "The Dialectics of Competency Acquisition," *Strategic Management Journal* 19 (1998): 1145–1168; T. H. Brush, P. Bromiley, and M. Hendrickx, "The Relative Influence of Industry and Corporation on Business Segment Performance," *Strategic Management Journal* 20 (1999): 519–547; P.-L. Yeoh and K. Roth, "An Empirical Analysis of Sustained Advantage in the U.S. Pharmaceutical Industry," *Strategic Management Journal* 20 (1999): 637–653; P. Roberts, "Product Innovation, Product-Market Competition and Persistent Profitability in the U.S. Pharmaceutical Industry," *Strategic Management Journal* 20 (1999): 655–670; R. Gulati, "Network Location and Learning," *Strategic Management Journal* 20 (1999): 397–420; G. Lorenzoni and A. Lipparini, "The Leveraging of Interfirm Relationships as a Distinctive Organizational Capability," *Strategic Management Journal* 20 (1999): 317–338; S. Majumdar, "On the Utilization

of Resources," *Strategic Management Journal* 19 (1998): 809–831; R. Makadok, "Do Inter-Firm Differences in Capabilities Affect Strategic Pricing Dynamics?" *Academy of Management Proceedings ′* 97 (1997): 30–34; B. S. Silverman, J. A. Nickerson, and J. Freeman, "Profitability, Transactional Alignment, and Organizational Mortality in the U.S. Trucking Industry," *Strategic Management Journal* 18 (Summer special issue, 1997): 31–52; T. C. Powell and A. Dent-Micallef, "Information Technology as Competitive Advantage," *Strategic Management Journal* 18, no. 5 (1997): 375–405; D. Miller and J. Shamsie, "The Resource-Based View of the Firm in Two Environments," *Academy of Management Journal* 39, no. 3 (1996): 519–543; S. Maijoor and A. Van Witteloostuijn, "An Empirical Test of the Resource-Based Theory," *Strategic Management Journal* 17 (1996): 549–569; W. P. Barnett, H. R. Greve, and D. Y. Park, "An Evolutionary Model of Organizational Performance," *Strategic Management Journal* 15 (Winter special issue, 1994): 11–28; D. Levinthal and J. Myatt, "Co-evolution of Capabilities and Industry: The Evolution of Mutual Fund Processing," *Strategic Management Journal* 17 (1994): 45–62; R. Henderson and I. Cockburn, "Measuring Competence? Exploring Firm Effects in Pharmaceutical Research," *Strategic Management Journal* 15 (1994): 63–84; G. P. Pisano, "Knowledge, Integration, and the Locus of learning: An Empirical Analysis of Process Development," *Strategic Management Journal* 15 (1994): 85–100; and E. J. Zajac and J. D. Westphal, "The Costs and Benefits of Managerial Incentives and Monitoring in Large U.S. Corporations: When is More Not Better?" *Strategic Management Journal* 15 (1994): 121–142.

10. See M. A. Hitt and R. D. Ireland, "Relationships Among Corporate-Level Distinct Competencies, Diversification Strategy, Corporate Strategy and Performance," *Journal of Management Studies* 23 (1986): 401–416; A. A. Thompson, Jr., and A. J. Strickland, III, *Strategic Management: Concepts and Cases*, 4th ed. (Plano, TX: Business Publications, 1987).
11. See P. Ghemawat, "Wal-Mart Stores' Discount Operations" on Wal-Mart; A. Kupfer and D. Holder, "L.L. Bean, Inc.—1974" (Harvard Business School Case no. 9-676-014, 1989), on L.L. Bean. Some of Wal-Mart's more recent moves, especially its international acquisitions, are described in J. R. Laing, "Blimey! Wal-Mart," *Barron's* 79 (1999): 14. L.L. Bean's lethargic performance in the 1990s, together with its turnaround plan, is described in W. Symonds, "Paddling Harder at L.L. Bean," *Businessweek*, December 7, 1998, 72.
12. For an early discussion of the importance of human capital in firms, see G. S. Becker, *Human Capital* (New York: Columbia University Press, 1964).
13. See J. E. Rigdon, "Workplace: Using New Kinds of Corporate Alchemy, Some Firms Turn Lesser Lights into Stars," *Wall Street Journal*, May 3, 1993, B1; and M. Alpert, "The Care and Feeding of Engineers," *Fortune*, September 21, 1992, 86–95. A discussion of the importance of human resources as a source of competitive advantage can be found in J. Barney and P. Wright, "On Becoming a Strategic Partner," *Human Resource Management* 37 (1998): 31–46.
14. For a discussion of organizational capital in general, see J. F. Tomer, *Organizational Capital: The Path to Higher Productivity and Well-Being* (New York: Praeger, 1987); S. Caminiti, "The Payoff from a Good Reputation," *Fortune*, February 10, 1992, 74–77; C. R. Leana and H. J. Van Buren, III, "Organizational Social Capital and Employment Practices," *Academy of Management Review* 24, no. 3 (1999): 538–555, for a discussion of how firms use their organizational capital in labor and other markets; and S. K. Yoder, "A 1990 Reorganization at Hewlett-Packard Is Already Paying Off," *Wall Street Journal*, July 22, 1991, 1+, for how Hewlett-Packard uses its organizational capital to manage change. The organizational capital implications of HP's recent decision to spin off its measurement technology business is discussed in E. Nee, "Lew Piatt: Why I Dismembered HP," *Fortune*, March 29, 2000, 167–170.
15. B. Wernerfelt, "A Resource-Based View of the Firm," *Strategic Management Journal* 5 (1984): 171–180; J. B. Barney, "Firm Resources and Sustained Competitive Advantage," *Journal of Management* 17 (1991): 99–120; C. K. Prahalad and R. A. Bettis, "The Dominant Logic: A New Linkage between Diversity and Performance," *Strategic Management Journal* 7, no. 6 (1986): 485–501; C. K. Prahalad and G. Hamel, "The Core Competence of the Organization," *Harvard Business Review* (May/June 1990): 79–93; G. Stalk, P. Evans, and L. Shulman, "Competing on Capabilities: The New Rules of Corporate Strategy," *Harvard Business Review* (March/April 1992): 57–69.
16. See R. M. Grant, *Contemporary Strategy Analysis* (Cambridge, MA: Basil Blackwell, 1991).

17. M. E. Porter, *Competitive Advantage*, (New York: Free Press, 1987).
18. First developed in J. B. Barney, "Firm Resources and Sustained Competitive Advantage," *Journal of Management* 17 (1991): 99–120. The resource-based view and the VRIO framework describe ways that firms can expect to be successful. However, a firm may also be successful simply because it is lucky. See, for example, R. B. Mancke, "Causes of Interfirm Profitability Differences: A New Interpretation of the Evidence," *Quarterly Journal of Economics* 88 (1974): 181–193; R. B. Mancke, "Interfirm Profitability Differences: Reply," *Quarterly Journal of Economics* (1977): 677–680; and S. Lippman and R. Rumelt, "Uncertain Imitability: An Analysis of Interfirm Differences in Efficiency Under Competition," *Bell Journal of Economics* 13 (1982): 418–438.
19. See B. R. Schlender, "How Sony Keeps the Magic Going," *Fortune*, February 24, 1992, 75–84; and Anonymous, "The Weakling Kicks Back," *The Economist* 352, no. 8126 (1999): 46, for a discussion of Sony. See L. Krogh, J. Praeger, D. Sorenson, and J. Tomlinson, "How 3M Evaluates its R&D Programs," *Research Technology Management* 31 (1988): 10–14.
20. See R. S. Rosenbloom and C. Christensen, "Continuous Casting Investments at USX Corporation" (Harvard Business School Case no. 9-391-121, 1990); and S. Baker, "A Real Steelman for USX," *Businessweek*, May 15, 1995, 47, for a discussion of USX. See C. A. Montgomery, "Sears, Roebuck and Co. in 1989" (Harvard Business School Case no. 9-391-147, 1999); and D. Weimer, "The Softest Side of Sears," *Businessweek*, December 8, 1998, 6, for a discussion of Sears.
21. Personal communication for both Crown and Hunter Fan.
22. Of course, a firm cannot compare its performance with resources and capabilities to itself without these resources and capabilities. In this context, a firm comparing itself with other successful firms can be an important benchmark. See J. Martin, "Are You as Good As You Think You Are?" *Fortune*, September 30, 1996, 142+. Cautions about identifying the strength of your resources and capabilities can be found in K. Coyne, S. Hall, and P. Clifford, "Is Your Core Competence a Mirage?" *McKinsey Quarterly* (1997): 41–54.
23. L. Steven, "Front Line Systems," *Computerworld*, March 2, 1992, 61–63. Of course, other problems at Kmart has prevented it from becoming fully competitive with Wal-Mart. M. Davids, "More Attention to Kmart Shoppers," *Journal of Business Strategy* 18 (1997): 36.
24. S. Lippman and R. Rumelt, "Uncertain Imitability: An Analysis of Interfirm Differences in Efficiency under Competition," *Bell Journal of Economics* 13 (1982): 418–438; J. B. Barney, "Strategic Factor Markets: Expectations, Luck and Business Strategy," *Management Science* 32 (1986): 1512–1514; and J. B. Barney, "Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?" *Academy of Management Review* 11 (1986): 656–665.
25. These explanations of costly imitation were first developed by I. Dierickx and K. Cool, "Asset Stock Accumulation and Sustainability of Competitive Advantage," *Management Science* 35 (1989): 1504–1511; J. B. Barney, "Firm Resources and Sustained Competitive Advantage," *Journal of Management* 7 (1991): 49–64; J. T. Mahoney and J. R. Pandian, "The Resource-Based View within the Conversation of Strategic Management," *Strategic Management Journal* 13 (1992): 363–380; and M. A. Peteraf, "The Cornerstones of Competitive Advantage: A Resource-Based View," *Strategic Management Journal* 14 (1993): 179–191.
26. I. Dierickx and K. Cool, "Asset Stock Accumulation and Sustainability of Competitive Advantage," *Management Science* 35 (1989): 1504–1511. In economics, the role of history in determining competitive outcomes was first examined by W. B. Arthur, "Competing Technologies, Increasing Returns, and Lock-In by Historical Events," *Economic Journal* 99 (1989): 116–131.
27. See M. G. Rukstad and J. Horn, "Caterpillar and the Construction Equipment Industry in 1988" (Harvard Business School Case no. 9-389-097, 1989). In the late 1990s, Caterpillar's performance was rocked by downturns in Asian markets. However, Caterpillar's long-term competitive advantage continues, despite its short-term difficulties.
28. See C. A. Bartlett and U. S. Rangan, "Komatsu Ltd." (Harvard Business School Case no. 9-385-277, 1985).
29. This term was first suggested by W. B. Arthur, "Competing Technologies, Increasing Returns, and Lock-In by Historical Events." A good example of path dependence is the development of Silicon Valley and the important role that Stanford University and a few early firms played in creating the network of organizations that has since become the center of much of the electronics business. See J. Alley, "The Heart of Silicon Valley," *Fortune*, July 7, 1997, 86+.

30. R. Reed and R. J. DeFillippi, "Causal Ambiguity, Barriers to Imitation, and Sustainable Competitive Advantage," *Academy of Management Review* 15, no. 1 (1990): 88–102, suggest that causal ambiguity about the sources of a firm's competitive advantage need only exist among a firm's competitors for it to be a source of sustained competitive advantage. Managers in a firm, they argue, may fully understand the sources of their advantage. However, in a world in which employees move freely and frequently from firm to firm, such special insights into the sources of a firm's competitive advantage will not remain proprietary very long. For this reason, for causal ambiguity to be a source of sustained competitive advantage, both the firm trying to gain such an advantage and those trying to imitate it must face similar levels of causal ambiguity. Indeed, Wal-Mart recently sued Amazon.com for trying to steal some of its secrets by hiring employees away from Wal-Mart. See E. Nelson, "Wal-Mart Accuses Amazon.com of Stealing Its Secrets in Lawsuit," *Wall Street Journal*, October 19, 1998, B10. For a discussion of how difficult it is to maintain secrets, especially in the world of the World Wide Web, see A. Farnham, "How Safe Are Your Secrets?" *Fortune*, September 8, 1997, 114+. The international dimensions of the challenges associated with maintaining secrets are discussed in E. Robinson, "China Spies Target Corporate America," *Fortune*, March 30, 1998, 118+.
31. H. Itami, *Mobilizing Invisible Assets* (Cambridge, MA: Harvard University Press, 1987).
32. See J. B. Barney and B. Tyler, "The Attributes of Top Management Teams and Sustained Competitive Advantage," in M. Lawless and L. Gomez-Mejia (eds.), *Managing the High Technology Firm*, pp. 33–48 (Greenwich, CT: JAI Press, 1990), on teamwork in top management teams; J. B. Barney, "Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?" on organizational culture; R. M. Henderson, and I. Cockburn, "Measuring Competence? Exploring Firm Effects in Pharmaceutical Research," *Strategic Management Journal* 15 (1994); 63–84, on relationships among employees; and J. H. Dyer and H. Singh, "The Relational View: Cooperative Strategy and Sources of Interorganizational Competitive Advantage," *Academy of Management Review* 23, no. 4 (1998): 660–679, on relationships with suppliers and customers.
33. Personal communication.
34. For a discussion of knowledge as a source of competitive advantage in the popular business press, see T. Stewart, "Getting Real about Brain Power," *Fortune*, November 27, 1995, 201+; T. Stewart, "Mapping Corporate Knowledge," *Fortune*, October 30, 1995, 209+. For the academic version of this same issue, see B. L. Simonin, "Ambiguity and the Process of Knowledge Transfer in Strategic Alliances," *Strategic Management Journal* 20, no. 7 (1999): 595–623; J. C. Spender, "Making Knowledge the Basis of a Dynamic Theory of the Firm," *Strategic Management Journal* 17 (Winter special issue, 1996): 109–122; D. D. Hatfield, J. P. Liebeskind, and T. C. Opler, "The Effects of Corporate Restructuring on Aggregate Industry Specialization," *Strategic Management Journal* 17 (2006): 55–72; and R. M. Grant, "Toward a Knowledge-Based Theory of the Firm," *Strategic Management Journal* 17 (Winter special issue, 1996): 109–122.
35. J. Porras and P. O. Berg, "The Impact of Organizational Development," *Academy of Management Review* 3 (1978): 249–266, have done one of the few empirical studies on whether systematic efforts to change socially complex resources are effective. They found that such efforts are usually not effective. Although this study is getting older, it is unlikely that current change methods will be any more effective than the methods examined by these authors.
36. See D. Hambrick, "Top Management Teams: Key to Strategic Success," *California Management Review* 30 (1987): 88–108, on top management teams; J. B. Barney, "Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?", on culture; Porter, *Competitive Strategy*; and B. Klein and K. Leffler, "The Role of Market Forces in Assuring Contractual Performance," *Journal of Political Economy* 89 (1981): 615–641, on relations with customers.
37. See L. C. Harris and E. Ogbonna, "Developing a Market Oriented Culture: A Critical Evaluation," *Journal of Management Studies* 36, no. 2 (1999): 177–196.
38. See N. M. Tichy and M. A. Devanna, *The Transformational Leader* (New York: John Wiley & Sons, 1986) on transformational leaders; J. Huey, "In Search of Robert's Secret Formula," *Fortune*, December 29, 1997, 230, for a discussion of Robert Goizueta as a CEO; and P. Sellers, "Sears: In with the New, out with the Old," *Fortune*, October 16, 1995, 98+, for a discussion of Martinez as he took over at