

Management Thinker Series

Gary Hamel (1954- Present)*

Hailed as the 'world's reigning strategy guru' and has been ranked as fourth most important management thinker by the Derbyshire Business School. Hamel's landmark books, which have been translated into more than 20 languages, include *Competing for the Future*, *Leading the Revolution* and *The Future of Management*. His latest book, *What Matters Now*, was published in 2012. He has published about a dozen articles in the Harvard Business Review. He has also authored three cover stories for 'Fortune', the world most prestigious magazine.

Hamel propounded concepts like core competence, strategic intent, industry foresight, and industry revolution and thus changed the focus and language of strategy in many of the world's most successful companies.

The traditional strategic planning model, popularly known as the 'Fit Model of Strategic-Making', attempts to achieve a fit between the internal resources and capabilities of an organization, and external environmental opportunities and threats. According to Hamel and Prahalad, the companies seeking global leadership are required to apply the principle of stretch which says that an organization's competitiveness is created by the gap between its resources and the goals of its managers.

Strategic intent is an emerging dream that can provide the emotional and intellectual energies to drive towards the future. It specifies the desired leadership position of the organization and indicates the nature and range of competencies that have to be developed or sustained to achieve the same. Hamel and Prahalad, who developed the concept of strategic intent, opine that bold ambitions are a sine qua non for the success of a company. They have pinpointed that companies like Toyota, Canon and Komatsu, beginning with an ambition, achieved global leadership, outstripping their existing resources and capabilities. Such companies wanted to achieve global leadership, outstripping their existing resources and capabilities. Such companies wanted to achieve global leadership, and they set out to

*Source: Mathur Navin (2004), *Management Gurus: Idea and Insights*, National Publishing House, Jaipur

build the resources and capabilities that would enable them to attain this goal. The top management of these companies created an obsession with winning at all levels of the organization over a 10 to 20 year quest for global leadership.

According to Hamel and Prahalad, a core competence is a central values creating capability of an organization – a core skill. The concept of core competence involves. Through his thought-provoking ideas, he turned the attention of theory makers, business strategists and even state planners towards core competence. The credit of changing the focus and language of strategy in many of the world's most successful companies goes to Hamel. Hamel and Prahalad advocated the concept of strategic intent according to which strategy formulation should involve setting ambitious goals and then finding ways to build the resources and capabilities necessary to attain these goals. It is worthwhile to mention that Hamel and Prahalad do not find two approaches to strategy formulations mutually exclusive. According to them, managers do have to analyze the external environment to identify opportunities and threats. The 'strategic intent' approach suggested by Hamel and Prahalad is more internally focused and is concerned with building new resources and capabilities and the 'strategic fit' approach focuses more on matching existing resources and capabilities to the external environment.

The need is of proper application of the theory of core competence. Talking about India, Prahalad has rightly argued that innovation, not efficiency was the path to greatness, and that only by creating new businesses, and reinventing existing ones, could companies become dominant market leaders. His book 'Leading the Revolution' is expected to transform companies and individuals into industry revolutionaries. In the age of revolution, he says it is the incumbents against the insurgents, the old guard versus the vanguard, the hierarchy of experience clashing with the hierarchy of imagination. This requires a serious thought by modern managers and business leaders.