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William P. Barnett: The Red Queen among Organizations

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ONE

Why Are Some Organizations More Competitive than Others?

FORMAL ORGANIZATIONS OPERATE in every aspect of modern life, and in each domain some organizations become remarkably successful while most others do not. Popular magazines feature thriving businesses, describing these most competitive organizations and their leaders as models to be emulated. Meanwhile, thousands of other businesses flounder, and many fail outright. Winning and losing organizations appear in many other walks of life as well. Think of charitable organizations, research and development consortia, churches, sports leagues, social movement organizations, schools, political parties, or any other kind of organization, and you will likely know of a few stand-outs. Look deeper into any of these domains, however, and you will see many other organizations that have fallen short of success. How can we explain why some organizations are more competitive than others?

This question may seem straightforward, answerable simply by looking at what distinguishes the winners and losers we see around us. What makes the question tricky, however, is how quickly its answer changes over time. Even as our attention is fixed on today's champion organizations, most champions of the past have fallen, and many are gone entirely. This is true, of course, when industries rise and fall, as was the case for the U.S. rail, textile, and steel industries, among others. But the same pattern of ascendance and failure appears as well in growing, vital industries. Not long ago, it was unthinkable that the likes of Bethlehem Steel or PanAm would become history even as their industries continued to grow. So the champions of each new organizational generation seem invulnerable in their times. But with the passage of time, the cycle of winning and losing among organizations replays, with yesterday's champions falling away as new winners ascend.

Seeing our most successful institutions rise and fall can be perplexing, and as people search for answers academics have responded in force. Looking back over a century, one can find shelves of possible explanations, most of which point to a particular solution as pivotal for organizations if they are to sustain their competitive advantage. If you are young, you might not realize how many times the "new new thing" has come and gone. Those who have repeatedly witnessed mighty institutions rise and fall

