Dr Thomas Lawton is Director of Joint Honours Programmes and Senior Lecturer in Strategic Management and International Business at Tanaka Business School.

He holds a BA (Hons) degree from University College Cork, an MSc Econ from the London School of Economics and a PhD in International Political Economy from the European University Institute in Florence, Italy.

Dr Lawton was previously Lecturer in European Business at the School of Management, Royal Holloway, University of London. His research expertise focuses on strategic leadership and market breakout, internationalization and foreign market entry strategy, and the impact of trans-national regulation (EU and WTO) on corporate strategy. He is also a leading authority on the competitive dynamics of the airline industry.

He is the author or editor of four books, including *Strange Power* and *Cleared for Takeoff*. His numerous professional and academic journal papers have been published in reputable international journals such as *Management International Review*, *European Management Journal*, *Thunderbird International Business Review*, *Long Range Planning*, *International Business Review*, *Business and Politics* and the *Journal of Public Policy*.

He holds visiting professorial positions at the Tuck School of Business, Dartmouth College (USA) and Trinity College Dublin. He has also been a Visiting Scholar at the University of California, Berkeley, an EU Human Capital Mobility Fellow at the University of Essex and a Research Fellow at INSEAD in France.

International contracts include Arab Air Carriers Organization (AACO), Bombardier Transportation, IBM (UK), Total and Trans4m. He has also been Academic Director of the global Executive MBA in International Financial Services Management for JP Morgan Asset Management.

Guru Interview: Dr Thomas Lawton

*Associate professor and author Dr Thomas Lawton discusses cultural differences in management, the success of IKEA and his new book “Breakout Strategy: Meeting the Challenge of Double-Digit Growth”*

*Interview by Alistair Craven*
Can you tell us about the inspiration and drive behind your new book Breakout Strategy? What exactly do you mean by the term “breakout”?

Thomas Lawton:

Breakout Strategy was inspired by the companies and managers we have worked with over the course of the last decade or so. What we found when engaging with businesses of all kinds was a lack of clarity surrounding fundamental ideas such as ‘vision’ and ‘business model’. Also, few executives knew how such concepts fit together into an integrated strategy process that could deliver corporate growth and market success. Addressing these two challenges was the primary inspiration for this book.

Breakout strategy is the forceful emergence from a restrictive form or position, achieved through the proactive and purposeful leveraging of a dynamic and iterative strategy system.

You describe the book as a “fusion of academic research and business application.” Does this approach offer particular benefits for the audience?

Thomas Lawton:

Yes, as it integrates the best of both worlds: innovative new ideas and evidence based on scientific research that are battle tested across a wide range of real life companies, industries and market arenas. The result is a strategy system that is both broad and deep in its theoretical and empirical inputs, and that actually works in practice and delivers results.

One of the instantly noticeable traits of the book is the abundance of real world examples, as opposed to chapters and chapters of theory and models! Which big company examples stand out in your mind as the most impressive strategic achievers?

Thomas Lawton:

Thanks – that was our objective! Budget airlines like Ryanair, Southwest Airlines, easyjet or AirAsia always stand out in my mind as great breakout companies. Their success is predicated not just on a clear and simple strategy, but on consistently delivering what they promise to customers, time and time again, through a business model that innovatively strips out cost year on year. The numbers speak for themselves: double-digit growth for ten years or more, in an industry where most companies struggle to grow at all!

The book is based on five years’ global research on management leaders. What surprised you most about your findings?

Thomas Lawton:

For me the biggest surprise was how few companies and managers around the world understand or adhere to the need to be clear and consistent with what they offer to their customer. Sometimes they just don’t know how to listen to their customer; other times, they become complacent – arrogant even – and take the customer for granted.

Ultimately, being a magnet company is what it’s all about – if you can’t draw customers to you and then make them stick, everything else is irrelevant. You would not believe how many otherwise bright people just don’t get that!

You highlight five essential strategy practices which are used by the most effective leaders. What would you say to those who would argue that by doing so you run the risk of oversimplifying and ‘pigeonholing’ a highly complex and dynamic subject?

Thomas Lawton:

I would make two responses. First, simplification is not a bad thing! Second, our five capabilities idea is clearly linked to an established body of work on leadership and beneath each of the five capabilities lies an ocean of complexity and ‘subplots’. We didn't get into the schools of thoughts and debates on leadership styles and traits because that would have detracted from our main objective of providing easily accessible and readily usable tools and techniques for the thinking businessperson.

You state in the book that creativity and innovation play a large part in successful breakout strategies. This very area is one in which many companies wish to excel but often fail to do so. What do you think can be done to turn the tide?

Thomas Lawton:

The lack of creativity and innovation in many companies is clearly linked to culture and, more specifically, having an organizational culture that is inflexible and unresponsive to change. By seamlessly integrating your culture – the essence of what we call the socio-system – and your business model – the skeleton of what we refer to as the company’s techno-system – we argue that you create a company where change is embraced, not avoided and where good ideas and novel approaches are rewarded and acted upon.
Managing change is another important element for a leader seeking to breakout. Do you think that resistance to change can ever be a positive force in this context?

Thomas Lawton:

As I alluded to in the last question, change is not something breakout companies are frightened of or try to avoid. In fact, they often embrace it before competitors—a root cause of their success. But not everything has to change or should change. Think of when Carlos Ghosn took over at Nissan and his realization that actually he had a good workforce and a sound culture it had just become demotivated and underproductive and needed revitalization. In addition, the essence of a breakout strategy system is the need to balance consistency of core values and customer interface with change in how you might deliver your promise to customers, investors and workers.

You argue that many of the recent business scandals in corporate America could have been avoided if management had “approached strategy with the rigour that the subject requires.” Can you elaborate on this?

Thomas Lawton:

As my co-author, Sydney Finkelstein, illustrated in his book Why Smart Executives Fail, many—perhaps most—of the great corporate scandals and failures in recent years are due to human ego, error or indiscretion rather than technical or even logical missteps. If the breakout strategy approach were embedded as a corporate operating system—always running in the background and serving as the base on which everything else functions—executives would be more likely to keep the customer, the shareholder, the worker, the partners and the regulator front and centre in their decision-making. But human nature may still prevail of course!

Another of your findings regarding breakout companies is that they have a well thought out and collaborative strategy process in place. How important is this element of collaboration?

Thomas Lawton:

Collaboration is essential. As we detail in Chapter Five, “Putting Vision to Work”, vision, the foundation upon which a breakout strategy is built, must embody the needs and aspirations of all key stakeholders, inside and outside the organization. An example is outsourcing, where clever companies like Dell or easyJet inform and engage with their supply chain partners to ensure that they understand their strategic objectives and customer needs and realize the business implications of late delivery, poor standards, or whatever.

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A name mentioned often in the book is the Swedish home furnishings firm IKEA. Can you briefly highlight what makes IKEA a good subject for studying breakout?

Thomas Lawton:

IKEA is interesting because its rise to market success was predicated on an innovative and well executed strategy that spotted an opportunity to provide customers with household furnishings that looked good and cost relatively little. They also of course wrapped this in a creative approach to service, with the introduction of innovations such as product flat packing. Where it becomes particularly interesting from the perspective of breakout is IKEA’s global breakout (expanding horizons through being a boundary breaker). Here we see that when entering overseas markets—particularly those with sophisticated, demanding customers—the strategy that has served you well elsewhere may need to be adjusted. In the case of the US, IKEA moved away from its standardized product approach to produce Americanized furnishings. But that is perfectly in line with what we advocate—the need to balance consistency and flexibility. IKEA was flexible in being responsive to customer demands for certain product types but consistent in maintaining the IKEA vision, value proposition and business model and in all other aspects.

Did you notice any interesting cultural differences in the approaches to management found in your examples from the USA, Europe and Asia?

Thomas Lawton:
Perhaps the most interesting thing we found was how remarkably similar managers – and customers – are around the world! Sure, there are differences and these have to be taken into account. Those managers that do so are the most successful. For instance, Lorenzo Zambrano, CEO of Mexican cement giant CEMEX, has always sought to ensure the integration of national customs – like prayer time in Muslim countries – into corporate culture and practice. But ultimately breakout managers and leaders are those that grasp the need for innovation, effectiveness and efficiency in the formulation and delivery of strategy. They understand intuitively that customers – whether in the US, France, Malaysia or Brazil – all weigh up price, features, quality, support, availability and reputation before making the purchasing decision that best balances their needs.

Finally, on a much lighter note, what interests you outside of your professional life, and why?

Thomas Lawton:

I regularly undertake 10 mile or 10 kilometre road races for charity, which gives me a real sense of purpose and satisfaction. I find that running – and exercise in general – is a great way to switch off and relax...if that doesn’t sound oxymoronic! I also love music and discovering new breakout bands or singers!

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