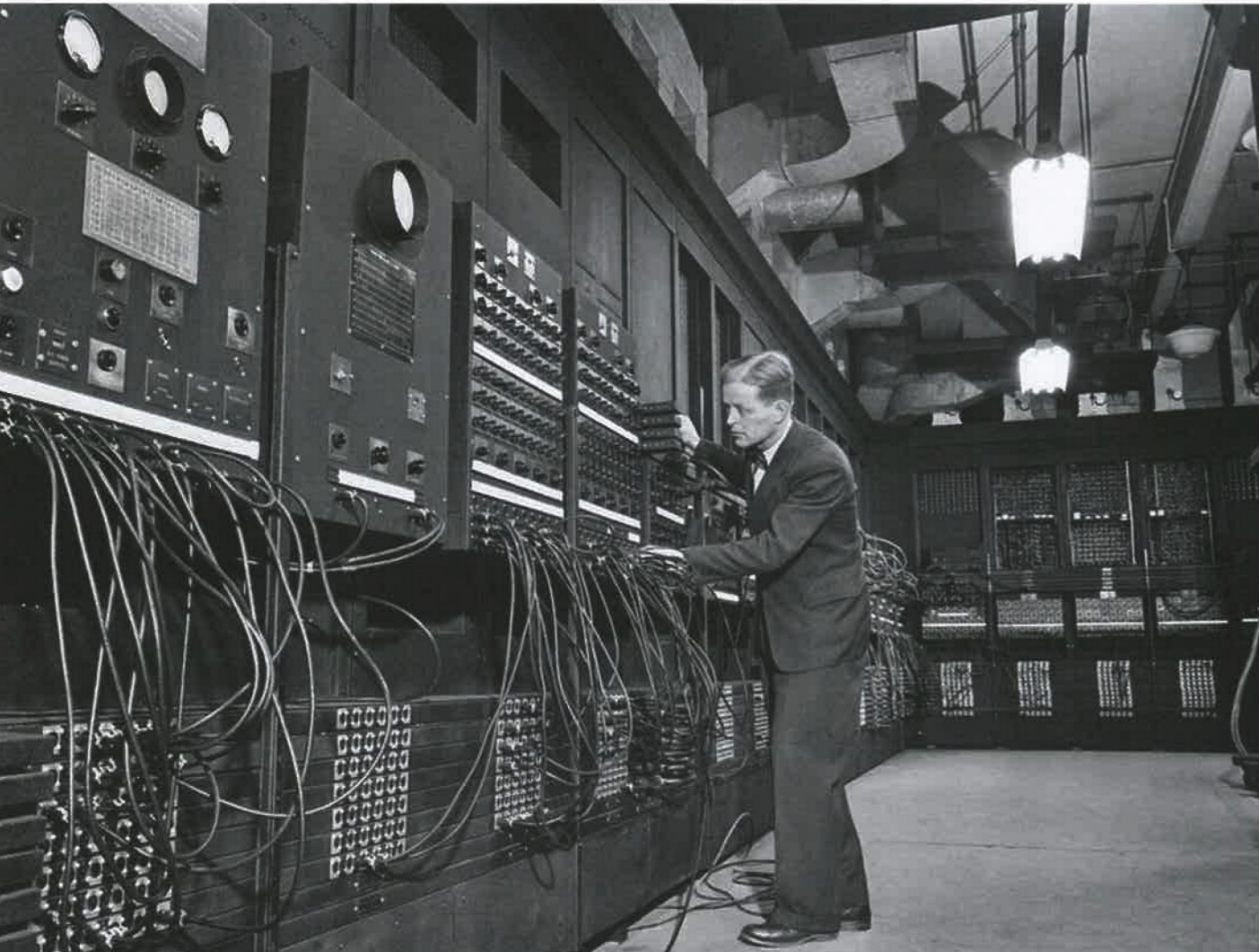


PROSPECTOR	ANALYSER	DEFENDER	REACTOR
STRATEGY Innovative Find new market opportunities Grow Take risks	STRATEGY Consolidate Maintain current market Moderate innovations Avoid risks	STRATEGY Protect turf Hold current market Retrench No risks	STRATEGY Copy No clear strategy Drift No risks
ENVIRONMENT Dynamic Growing	ENVIRONMENT Moderate change Stable	ENVIRONMENT Minimal change Stable	ENVIRONMENT Conformistic Any condition
ORGANISATIONAL Creative Innovative Flexible Decentralised	ORGANISATIONAL Creative Efficient production Flexible Tight control	ORGANISATIONAL Low overhead Efficient production Flexible Centralised	ORGANISATIONAL Low overhead Efficient production No clear approach Depends on current needs

A changing external environment: according to Moore's Law, processor power doubles every 18 months. The ENIAC Electronic Numerical Integrator And Computer was the first electronic general-purpose computer. When it was announced in 1946, the press heralded it as a 'Giant Brain'. It had a clock speed of 0.1 MHz, 1,000 times that of electromechanical machines. The programming capability of this machine can now be approximated by a small calculator. The rapid progress of computer technology soon made the device obsolete. In the 1950s and 1960s, most computers were large, costly machines that could only be run by trained operators. By the mid-1970s, integrated circuits and microprocessors were small enough and cheap enough for the creation of the Personal Computer. Modern computers now run at about 3,300 Mhz. This trend towards smaller and cheaper computers is still continuing.



MILES AND SNOW BUSINESS STRATEGIES

When can the method be used?

The Miles and Snow typology relates to how the company will compete in a particular industry. Underlying the Miles and Snow typology is the premise that organisations develop relatively stable patterns of strategic behaviour when trying to adapt to their environment. Miles and Snow identify four strategic types: Prospector, Analyser, Defender and Reactor. These four types differ with respect to how they address entrepreneurial, engineering and administrative problems. Prospectors tend to be industry leaders and have a broad product/market domain, but do not usually persevere in any given industry. They are very active in developing new products. Defenders have a limited range of products and serve a limited number of markets. Their focus is on being the best in what they do, which they seek to achieve through constant efficiency and process improvements. Analysers lie midway between prospectors and defenders. Reactors are the organisations that do not have a consistent strategy – they simply respond to changes in the environment.

By identifying which competitive strategy their organisation is following, you can make sure that your project matches the competitive strategy. Or, if you have a very promising project that does not align with the organisation's current posture, you can use the Miles and Snow framework for identifying which strategy would best foster the project.

The Miles and Snow framework is a decision tool that identifies four generic ways in which companies can successfully adapt to, and compete in, an uncertain external environment. It is one of the most widely used typologies of competitive strategy.

How to use the method?

Using the Miles and Snow typology requires little experience or formal training. All that is required is a thorough understanding of (1) the characteristics of the generic strategies and (2) the characteristics of the organisation with respect to its intended product-market development and how it deals with entrepreneurial, engineering and administrative problems. The final step is determining which of the generic strategies best match the organisation's behaviour.

Possible procedure

In order to find which of Miles and Snow's generic strategies best describes an organisation, you can ask questions such as:

- How broad is the product-market domain? Does the organisation focus on a small number of markets or does it serve many different ones?
- Does the organisation remain in a particular product market for a long time or does it move on?
- How regularly and how fast does the organisation release new products?
- Is the focus on innovation or efficiency and process development?
- Does the organisation have a consistent stance with respect to the points above?

Limitations of the method

- The four strategies in the typology are generic. Real-life examples are usually fuzzy so sometimes it can be difficult to say which strategy is the best match for the organisation.
- The framework is not prescriptive in the sense that none of the strategies are ideal or optimal – while Organisation X may thrive as a Prospector, Organisation Y may owe its competitiveness to the Defender strategy and Organisation Z may find that an Analyser strategy is the best option given its strengths and weaknesses and external conditions.

Tips & Concerns

- Different strategies prioritise different performance outcomes. This should be reflected in how a new product development project is evaluated. For instance, a prospector company will be more interested in the level of innovativeness than development costs.
- Projects must fit the competitive strategy. In most cases, it is the project that needs to be changed in line with the competitive strategy. There are, however, instances where organisations rethink their competitive strategies to meet the needs of an exceptionally promising project.

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