in targets, methodologies, spaces and actors and is expected to bring solutions in such fields as sustainability that might benefit (through new forms of incentives) both businesses and the crowd.

Overall, the book presents crowdstorming as an evolution of the concept of brainstorming. It applies this concept to the collaboration efforts between organizations (mostly businesses) and people outside them. To do so, the authors have read companies' business models in a way that looks at the value of crowdstorming processes only. The result is sparkling reading that helps crack the rationale behind some business decisions, encourages research in the field and brings food for thought in the fields of collaborative strategies and open innovation. The only criticism that can be made stems from the fragmented mix of examples and discussion that sometimes makes the argument dispersive and hard to follow. But this is not supposed to be an in-depth structured guide to crowdstorming. Rather, it is an example of crowdstorm itself with valuable ideas to be further investigated by the crowd of scholars and experienced by the crowd of practitioners.

References

Benkler, Y. (2011) *The Penguin and the Leviathan. How Cooperation Triumphs over Self-Interest*, Crown Publishing Group, New York.

Chesbrough, H. (2006) *Open Innovation: The New Imperative for Creating and Profiting from Technology*, Harvard Business School Press, Boston.

Howe, J. (2006) 'The rise of crowdsourcing', *Wired*, available from http://archive.wired.com/wired/archive/14.06/crowds.html?pg=1&topic=crowds&topic_set= [accessed February 2014].

Malone, T., Laubacher, R. and Dellarocas, C. (2010) 'The collective intelligence genome', *Sloan Management Review*, 51, 3, pp.21–31.

Osborn, A. (1948) *Your Creative Power: How to Use your Imagination*, Charles Scribner, New York.

Osterwalder, A. and Pigneur, Y. (2010) *Business Model Generation. A Handbook for Visionaries, Game Changers, and Challengers*, John Wiley, Hoboken, NJ.

Phillips, J. (2012) *Relentless Innovation: What Works, What Doesn't – and What that Means for your Business*, McGraw Hill, New York.

Alberto Nucciarelli
Faculty of Management, Cass Business School, City University London, UK
alberto.nucciarelli.1@city.ac.uk

http://dx.doi.org/10.1080/08109028.2014.949425

Reinventing giants: how Chinese global competitor Haier has changed the way big companies transform, by Bill Fischer, Umberto Lago and Fang Liu, Chichester, Jossey-Bass, 2012, 304 pp., £19 (hardcover), ISBN 978-1-118-60223-2

Haier has become one of the largest and fastest growing manufacturing companies in the world over the past 20 years, attracting increasing research from the academic and business community (Wu *et al.*, 2011, Hong and Yintao, 2012; Huang *et al.*, 2012; Liu and Li, 2002). Fischer *et al.* attempt to characterize the factors behind Haier's success from the innovation point of view. They propose that the success of

Haier in the white goods industry can be explained by its advances in new products, business models and corporate culture innovation. In addition, they conclude that Haier has become famous because of its fast responses in markets, its customer-centric marketing and its ability to attract and utilize talent, as well as its leadership. Furthermore, the authors show that the skills of Haier are different from those of other firms, including the skill to design and produce what customers really want, the skill to design superior business models and the skill to reinvent itself while still being successful. At the same time, the authors explain how established management methods, including Overall Every Control and Clear (OEC), Business to Business (B2B), Business to Customer (B2C), Business Process Reengineer (BPR), and *zi zhu jing ying ti* (ZZJYT), are adopted in a particular way to promote Haier's development. The authors explain Haier's success from the perspective of entrepreneurial spirit, corporate culture, the strategically agile organization and the ability to embrace change. The authors use actual work reports of Haier to describe these aspects in great detail.

In Chapter 1, the authors describe the main reasons for Haier's success. Firstly, there is a variety of new questions about specific Chinese features, such as the focus on the behavior of the national government in emerging markets and the local Chinese market. These questions drive companies to think 'out of China' (i.e., in the context of global competition). The discussion of the case of Haier can provide some inspiration to learn more about China, and the secrets of Chinese management. Secondly, facing the uncertainty of competition, Fischer *et al.* believe that 'strategy is to make and execute decisions'. Successful organizations, like Haier, are those making different choices with respect to competitors, such as innovating instead of imitating new products, or executing a strategy similar to that of competitors but carrying out this strategy in a more efficient manner. Thirdly, just as Peter Drucker (1987) raised such questions as 'What is business?' and 'What should business be like?' half a century ago, Fischer *et al.* ask a new question: How to realize the business goal or mission? Furthermore, the strategic change is not only about three aspects (business goal, business psychology and business result), but also about the order in which to make decisions. Fourthly, Haier develops a strategy according to the expected demand, and then assesses the available capability to implement it before entering a new target market. In this case, Haier will completely reconstruct its business model and corporate culture. Fischer *et al.* find that the main factors for the success of Haier are innovation, being fast, being customer-centric and a talent engine, and leadership.

As the white goods market in Western countries is already saturated, and profit margins are gradually decreasing, many Western home appliance firms have to choose a kind of internationalization strategy in order to protect the local market share and develop the international market simultaneously. The authors provide details of home appliance development during 1998–2011 in the retail market in China, the US and Europe. The book describes some cases of failures of multinationals entering China, including Whirlpool, General Electric, Maytag, Electrolux, Bosch-Siemens, and Japanese and Korean brands. These cases show that foreign brands have to value the local competitors, understand local consumer demands, build consistent brand strategies based on fluent communication between the headquarters and local partners, and effectively cooperate with local value chain partners.

Fischer *et al.* develop a conceptual model to describe Haier's four strategic development phases:

- Stage 1 (1984–1991): brand building through focusing on quality and manufacturing excellence;
- Stage 2 (1992–1998): diversification by 'eating the stunned fish';
- Stage 3 (1998–2005): business process reengineering and market chain development;
- Stage 4 (2005–2012): zero distance to the customers – the ZZJYT (*zi zhu jing ying ti*, literally translated as 'independent operation unit').

The authors address Haier's strategic development from the perspective of different business models, which include key partners, key activities, value propositions, customer relations, customer segments, channels, cost structure and revenue streams. They investigate the reasons for ZZJYT and its procedures, modes and schemes. In addition to the dynamic adjustment of the business model, Fischer *et al.* also give credit to a corporate culture based on the fusion of Chinese Confucianism and Western market methods. By continuously reconstructing effective corporate culture according to the company's needs, Haier has achieved great success both at home and abroad.

In Chapter 4, the authors caution that the redesign of corporate culture can sometimes result in negative influences in both the short and the long term. The authors summarize Haier's cultural rejuvenations in six different areas (Haier thinks of itself as a service company: 'Service is best achieved if there is zero distance between Haier and its customer, and so on'). When explaining these fields of cultural rejuvenation from the perspective of ZZJYT, Fischer *et al.* highlight how to foster talents within the firm. Haier has built ZZJYT in different business areas, including marketing, product development and manufacturing. In addition, it has established seamless contacts with customers in the first tier (directly customer-facing), the second tier (one level back from the customer) and the third tier (two levels back form the customer). Through ZZJYT, employees can learn about customer demands directly, and can quickly adjust their work to market change. With ZZJYT, employees can design their job to suit organizational development, which contributes to the match between individual development and organizational goals, and facilitates the synergetic development of centralization and decentralization. In some cases, unbridled competition among employees can affect the authority of the leadership. In this way, ZZJYT gives employees an opportunity to maximize their individual initiatives, tap their potential capabilities and show their talents.

Through analyzing the experience of a ZZJYT fridge project, Fischer *et al.* provide details about why, when and how different layers and types of ZZJYT work simultaneously to support the existing business model. The findings show that the success of ZZJYT lies in a liberal and open culture. This culture grows by spontaneously assembled teams, where members are selected by a corporate committee, engaging in internal coopetition. Every ZZJYT is linked and embedded in other ZZJYTs. As a result, different tasks are divided into multiple projects. Different ZZJYTs work together through signed contracts in which authority, responsibility, obligation and so forth are specified. In order to improve the performance of individuals and teams in ZZJYT, Haier designs strategic income statements, called Zeus. There are four steps in ZZJYT:

(1) develop an appropriate strategy;
(2) deploy the right person to do the job;
(3) execute the task with speed and agility, and
(4) match the performance of the person and provide rewards.

The book summarizes the existing literature and explores the reasons why some organizations achieve high performance. Successful organizations possess some characteristics that other organizations do not have, including the ability to outperform these organizations in terms of speed, ambition and being in touch with the world around them. Successful companies, such as Oction, Morning Star, ABB (Asea Brown Boveri), and Nash Confectionery in India, reveal that high-performance organizations provide an open culture for employees by various effective methods. For example, they usually reduce the authority of leaders, shorten the distance between leaders and employees, highlight cooperation and remove the 'boss concept', and design job responsibilities in conjunction with employees. Confronting faster, more complicated and more uncertain change in the future, firms have to react more quickly than their competitors. They do this by encouraging their employees' autonomy, risk acceptance and entrepreneurship. In addition, firms also need more flexibility; again, Haier is a good example.

Haier continues to reduce transaction costs by engaging in an efficient system of inter-enterprise networks, partner relationships and alliance management. These inter-firm networks can reduce operating costs and build strong ties through trust. Haier makes a distinction between inside and outside networks to discourage employees from focusing on their own work rather than on organizational objectives. Haier adopts new methods, such as B2B and B2C, to coordinate its activities. It is worth noting that the company's business model overturns the traditional principal-agent theory. The market becomes the client, ZZJYT becomes the agent and employees become regulators. All of this leads to the effective integration of incentives in the market and in the hierarchical context.

Fischer *et al.* identify particular attributes of Haier's development. Firstly, Haier's clients and employees are realizing value creation together, leading to a symbiotic evolution of business model and corporate culture. Secondly, organizational culture can be overturned. For example, with customers as the top priority, the organization can be reconstructed around this core concept. Haier believes that creating value for customers is creating value for individual employees and the company. In order to realize zero-distance contact with customers, Haier lets employees become entrepreneurs. The success of its business model depends on the support of this corporate culture. The lessons are to be learnt from Haier, for instance, selling talents instead of fridges, releasing employees' talents and capabilities through trust and merits, pursuing corporate culture that can drive scalable learning rather than focusing on efficiency only, making continuous culture revolution a normal part of working style, encouraging risk-taking and drawing lessons, and advocating strong self-confidence and top-down leadership.

Despite all these contributions, there are still limitations to the book. Firstly, the book discusses Haier's development and success mainly from the perspective of human resource and organization management. It is a real pity that technological factors are rarely examined in the book. Secondly, the book refers to network ties: 'interpersonal relationship networks (guanxi)', 'good communications and coordination between the foreign headquarters and the local venture' and 'the desirability to efficiently collaborate with local value-chain partners when entering emerging markets'. However, the focus of the book is on Haier's own capability and its own activity rather than on cooperation. Although the authors refer to cooperation with users, channels and the like, their real interest lies in Haier's strategy choices and their execution in competition. Co-innovation has always been important in Haier's development, but there is little notion in this book of standing on the shoulders of giants. Thirdly, in developing Haier's business model, the authors list Haier's key partners, but give no details to support these statements. Who Haier's partners are, and when, why and how they cooperate with Haier, are not discussed. Indeed, even the list of partners is incomplete.

This book is aimed at policy makers interested in studying Chinese companies and their distinct management style. Increasingly, Chinese enterprises are participating in international competition in Western countries. However, Western management methods and ideas are not always suitable for Chinese companies. There is a thirst to know more about the rapid development of China and its enterprises. In particular, policy makers want to know more about the role the Chinese government plays in new high-growth Chinese companies.

From this book, strategy scholars can learn how to formulate dynamic development strategy, how to realize the accurate selection and effective execution of strategies, and how to destructively reconstruct and renovate organizational missions, culture and structure. In advocating the idea of governing by doing nothing, the book provides a challenging read for managers. This idea is aimed at supporting new management structures as the original pyramid organizations are overturned and replaced by flat structures (the so-called 'inverted triangle'), closely linked to customers. From this book, entrepreneurs can learn how to eliminate the obsession with hierarchy that besets managers and staff, and how to eradicate inefficiencies in communication, coordination, authorization, supervision and guidance by making staff fully autonomous.

References

Drucker, P. (1987) 'Social innovation – management's new dimension', *Long Range Planning*, 20, 6, pp.29–34.

Hong, Z. and Yintao, B. (2012) 'Analysis and research on Haier Group's website construction based on cybermarketing-orientation', *Physics Procedia*, 24, Part B, pp.1298–303.

Huang, P.-Y., Ouyang, T., Pan, L. and Chou, T.-C. (2012) 'The role of IT in achieving operational agility: a case study of Haier, China', *International Journal of Information Management*, 32, 3, pp.294–98.

Liu, H. and Li, K. (2002) 'Strategic implications of emerging Chinese multinationals: the Haier case study', *European Management Journal*, 20, 6, pp.699–706.

Wu, F., Hoon, L. and Yuzhu, Z. (2011) 'Dos and don'ts for Chinese companies investing in the United States: lessons from Huawei and Haier', *Thunderbird International Business Review*, 53, 4, pp.501–15.

Huatao Peng
School of Management, Wuhan University of Technology
penghuatao@126.com

http://dx.doi.org/10.1080/08109028.2014.949423

Infrastructure: the social value of shared resources, by Brett Frischmann, New York, Oxford University Press, 2012, 417 pp., US$85 (hardcover), ISBN 9780199895656

Frischmann's book has to be considered in the context of a recent stream of original contributions aimed at integrating research from different social science disciplines to address shortcomings in the traditional economics literature. Against this background, these contributions have focused on the structure, driving forces and dynamics (von Hippel, 2005; Tapscott and Williams, 2006) as well as the institutional environment affecting knowledge production in modern societies (Benkler, 2006). In this context, Frischmann's book addresses a major limitation of current economic theory – that there is 'no subfield within economics devoted to infrastructure' (p.xiv). In the 14 chapters of the book, Frischmann's objective is to fill this blind spot in an interdisciplinary manner by integrating new insights from law, economics and environmental analysis. The book is divided into six parts and puts Frischmann's earlier published (and highly cited) papers – for example, on the economic foundations of his theory (Frischmann, 2004) or spillovers (Frischmann and Lemley, 2007) – into a broader and more fundamental context.

Frischmann describes his novel approach towards infrastructure, combining 'a particular set of resources defined in terms of the manner in which they create value, with *commons*, a resource management principle by which a resource is shared within a community' (p.ix, original emphasis). In this way, the book is aimed at providing a more coherent framework for the analysis of a variety of infrastructures by focussing on the demand side. In contrast to Frischmann's approach, most studies have concentrated on technical treatments of infrastructure, one particular type of infrastructure (transport, energy or telecommunications) and economic analysis of infrastructure (from a public choice or regulatory economics point of view). The contribution of Frischmann's approach is to stimulate interdisciplinary research in the area of regulating shared infrastructure resources.

The key lesson from the book is: 'we should share infrastructure resources in an open, nondiscriminatory manner if it is feasible to do so' (p.xiii). This conclusion has theoretical and policy implications, which Frischmann develops for road and transportation infrastructure and for environmental and intellectual infrastructure, as well as for current discussions on, for example, network neutrality. Even if the reading of these chapters is refreshing and provides new insights (e.g., on telecommunications), more elaboration and conceptualization of Frischmann's concepts are needed. In particular, his chapter on intellectual infrastructure can provide new insights into the economics of innovation. Similarly, his discussion on market