CONTENTS

OVERVIEW OF STRATEGIC MANAGEMENT

1 Strategic Management 2

The Nature and Value of Strategic Management. Dimensions of Strategic Decisions:

Three Levels of Strategy. Characteristics of Strategic Management Decisions.

Formality in Strategic Management: The Strategy Makers. Benefits of Strategic

Management. Risks of Strategic Management. Executives' Views of Strategic

Management. The Strategic Management Process. Components of the Strategic

Management Model: Company Mission. Company Profile. External Environment.

Strategic Analysis and Choice. Long-Term Objectives. Grand Strategy. Annual

Objectives. Functional Strategies. Policies. Institutionalizing the Strategy. Control and

Evaluation. Strategic Management as a Process: Changes in the Process. Summary.

Cohesion Case: Bryson Industrial Services and the Hazardous Waste Industry 22

1

II STRATEGY FORMULATION 53

2 Defining the Company Mission 54

What Is a Company Mission? The Need for an Explicit Mission. Formulating a Mission: Basic Product or Service; Primary Market; Principal Technology. Company Goals: Survival, Growth, Profitability. Company Philosophy, Public Image. Company Self-Concept. Overseeing the Strategy Makers: Board Success Factors. The Stakeholder Approach to Company Responsibility: Social Responsibility. Guidelines for a Socially Responsible Firm. Summary.

Cohesion Case: Developing a Company Mission Statement 74

3 Assessing the External Environment 76

Remote Environment: Economic Factors. Social Factors. Political Factors. Technological Factors. Ecological Factors. Industry Environment. Overview. How

Competitive Forces Shape Strategy. Contending Forces: Threat of Entry. Powerful Suppliers and Buyers. Substitute Products. Jockeying for Position. Industry Analysis and Competitive Analysis. Industry Boundaries: Problems in Defining Industry Boundaries. Developing a Realistic Industry Definition. Industry Structure: Concentration. Economies of Scale. Product Differentiation. Barriers to Entry. Competitive Analysis: How to Identify Competitors. Common Mistakes in Identifying Competitors. Operating Environment: Competitive Position. Customer Profiles. Suppliers and Creditors: Sources of Resources. Human Resources: Nature of the Labor Market. Emphasis on Environmental Factors. Summary. Cohesion Case: Assessing the External Environment 113

4 Evaluating the Multinational Environment 117

Strategic Considerations for Multinational Firms: Development of an MNC. Why Firms Internationalize. Considerations prior to Internationalization. Complexity of the Multinational Environment. Control Problems of the Multinational Firm. Multinational Strategic Planning: Multidomestic Industries and Global Industries. The Multinational Challenge. Multinationalization of the Company Mission. The MNC Mission Statement: Components of the Company Mission Revisited. Summary. Appendix: Components of the Multinational Environment

Cohesion Case: Evaluating the Multinational Environment 142

5 Environmental Forecasting 146

Importance of Forecasting. Select Critical Environmental Variables: Who Selects the Key Variables? What Variables Should Be Selected? Select Sources of Significant Environmental Information. Evaluate Forecasting Techniques: Techniques Available. Integrate Forecast Results into the Strategic Management Process. Monitor the Critical Aspects of Managing Forecasts. Summary. Appendix 5-A: Sources for Environmental Forecasts. Appendix 5-B: Strategic Planning Forecasting Tools and Techniques. Cohesion Case: Environmental Forecasting 173

6 The Company Profile: Internal Analysis of the Firm 179

An Overview of Internal Analysis: SWOT Analysis. Viewing Internal Analysis as a Process. Step 1: Identification of Strategic Internal Factors. Steps 2 and 3: Evaluation of Strategic Internal Factors. Summary. Appendix: Using Financial Analysis. Cohesion Case: Internal Analysis and Company Profile 217

7 Formulating Long-Term Objectives and Grand Strategies 220

Long-Term Objectives: Qualities of Long-Term Objectives. Generic Strategies. Grand Strategies: Concentrated Growth. Market Development. Product Development. Innovation. Horizontal Integration. Vertical Integration. Joint Venture. Concentric Diversification. Conglomerate Diversification. Retrenchment/Turnaround. Divestiture. Liquidation. Selection of Long-Term Objectives and Grand Strategy Sets. Sequence of Objectives and Strategy Selection. Summary.

Cohesion Case: Long-Term Objectives and Strategy Options 250

CONTENTS

8 Strategic Analysis and Choice 252

Corporate Strategy Analysis and Choice: An Evolutionary Perspective. Choosing among Grand Strategy Alternatives: Grand Strategy Selection Matrix. Model of Grand Strategy Clusters. Managing Diversified Corporate Portfolios. The BCG Growth/Share Matrix. The GE Nine-Cell Planning Grid. Beyond the Portfolio Matrix. Evaluating and Choosing Business-Level Strategy: Requirements for the Success of Each Generic Strategy. Generic Industry Environments and Strategic Choices: Strategy in Fragmented Industries. Strategy in Emerging Industries. Strategy in the Transition to Industry Maturity. Strategies for Mature and Declining Industries. Strategies in Global Industries. Behavioral Considerations Affecting Strategic Choice: Role of Past Strategy. Degree of the Firm's External Dependence. Attitudes toward Risk. Internal Political Considerations. Timing. Competitive Reaction. Summary. Cohesion Case: Strategic Analysis and Choice 291

III STRATEGY IMPLEMENTATION

9 Implementing Strategy through the Business Functions 297

295

Annual Objectives: Qualities of Effective Annual Objectives. Benefits of Annual Objectives. Developing Functional Strategies: Differences between Grand and Functional Strategies. Functional Strategies in Production/Operations. Functional Strategies in Marketing. Functional Strategies in Finance and Accounting. Functional Strategies in Research and Development. Functional Strategies in Human Resource Management (HRM). Developing and Communicating Concise Policies: The Purpose of Policies. Summary.

Cohesion Case: Implementation: Organizing for Action 322

10 Implementing Strategy through Structure, Leadership, and Culture 325

Structuring an Effective Organization: Primary Organizational Structures and Their Strategy-Related Pros and Cons. Organizational Leadership: Role of the CEO. Assignment of Key Managers. Organizational Culture: Shared Assumptions: Internalized Beliefs and Values that Organizational Members Hold in Common. Content of Culture. Managing the Strategy-Culture Relationship. Reward Systems: Motivating Strategy Execution. Summary.

Cohesion Case: Implementation: Institutionalizing the Strategy 361

11 Strategic Control: Guiding and Evaluating the Strategy 364

Establishing Strategic Controls: *Premise Control. Implementation Control. Strategic Surveillance. Special Alert Control.* Operational Control Systems: *Budgets. Scheduling. Key Success Factors.* Using Operational Control Systems: Monitoring Performance and Evaluating Deviations. Summary.

Cohesion Case: Strategic Control 382

XX CONTENTS

Guide to Strategic Management Case Analysis 384

Preparing for Case Discussion: Suggestions for Effective Preparation. Participating in Class: The Student as Active Learner. Your Professor as Discussion Leader.

Assignments: Written Assignments. Oral Presentations. Working as a Team Member.

Summary

Sample Case: Pennsylvania Movie Theatres, Inc. 391

Sample Case Analysis: Pennsylvania Movie Theatres, Inc. 396

IV CASES 406

Section A Strategy Formulation 407

- 1 Rackes, Inc. 407
- 2 American Computer Professionals 426
- 3 Doorstop Video, Inc. 435
- 4 Metis Systems 446
- 5 Wendy's 468
- 6 CrossLand Savings, FSB 491
- 7 The Audubon Zoo 506
- 8 Chaparral Steel 526
- 9 Con-Way Central Express 543
- 10 Northrop Corporation 565
- 11 Wal-Mart 588

Section B Strategy Implementation 604

- 12 Hickory Ridge Golf Club 604
- 13 Omni Software Systems 620
- 14 Harley-Davidson, Inc. 634
- 15 La-Z-Boy Chair Company 649
- 16 Polaroid Corporation/Inner City, Inc. 673
- 17 Merck 688
- 18 Northern Telecom, Inc. 710
- 19 Chrysler Acquires American Motors 730
- 20 Magee Enterprise 753

Section C Strategic Control and Evaluation 773

- 21 Survival Aids, Ltd. 773
- 22 Springfield Remanufacturing Corporation 784
- 23 The Artisan's Haven 794
- 24 Hazleton Laboratories Corporation 801
- 25 Makhteshim Chemical Works 816
- 26 Harcourt Brace Jovanovich 826
- 27 Food Lion, Inc. 836

- 28 Cineplex Odeon Corporation 849
- 29 The Walt Disney Company Filmed Entertainment Division 867
- 30 General Motors Corporation 887

Section D Competitive Industry Analysis 898

- 31 The Microcomputer Industry 898
- 32 COMPAQ Computer Corporation 915
- 33 AT&T Microcomputers 925
- 34 Apple Computer, Inc. 936
- 35 The Financial Services Industry 947
- 36 BankAmerica Corporation 971
- 37 MeraBank 990
- 38 The Aircraft Manufacturing Industry 1007
- 39 McDonnell Douglas Corporation 1018
- 40 Airbus Industrie 1025
- 41 Beech Aircraft Corporation 1036

Index 1043