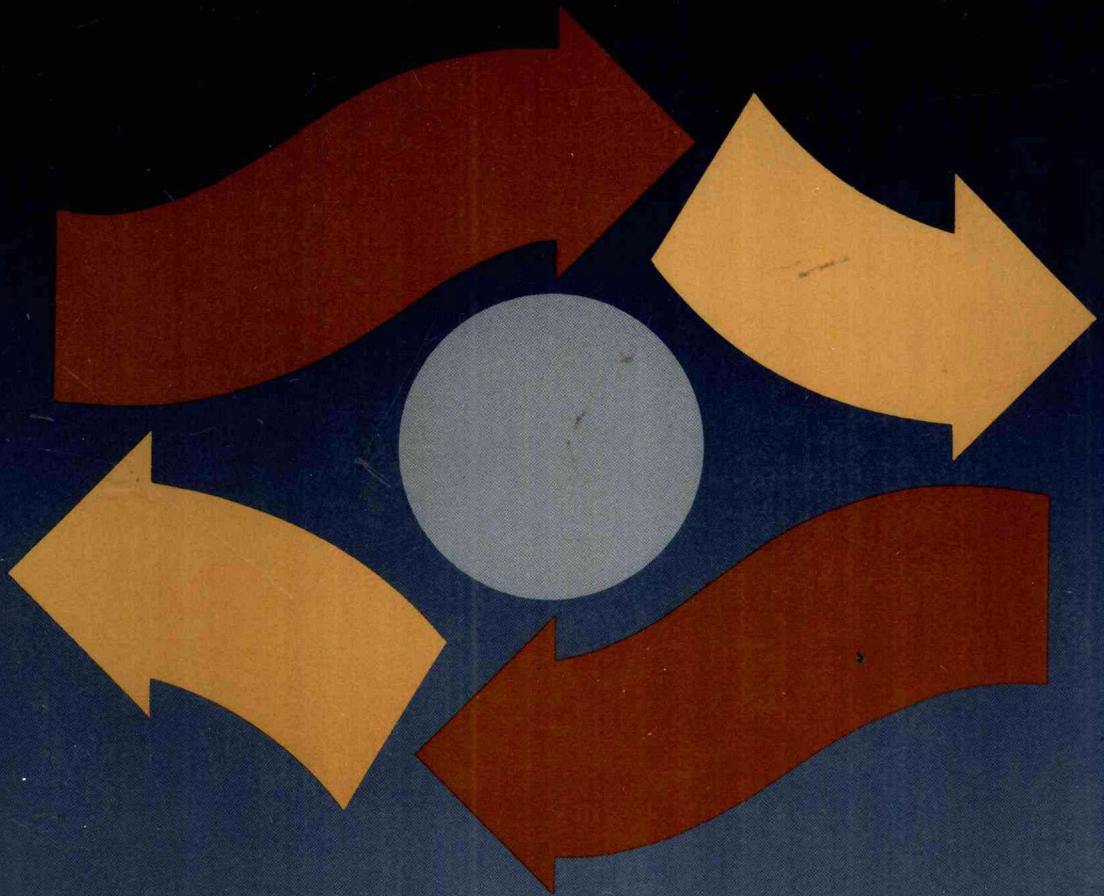


Second Edition

**STRATEGIC
MANAGEMENT**

**THOMAS L. WHEELLEN
J. DAVID HUNGER**



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THOMAS L. WHEELLEN

University of South Florida

J. DAVID HUNGER

George Mason University



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STRATEGIC MANAGEMENT

To

Tom, Kathy, Richard

**Betty
Kari, Suzi, Lori, Merry**

PREFACE

This book was written in order to provide the reader with a more comprehensive understanding of the business corporation. By taking a strategic view, it unites the various compartments, majors, and sub-disciplines usually taught within a school of business. Unlike many other areas of study, strategic management directly raises the issue of corporate existence and dares to ask *why*. Other areas deal in depth with procedures and activities designed to answer *how*. Business policy, partly because of its more holistic orientation and partly because strategic management is an emerging area of study, is often a difficult course to teach as well as to take. Consequently, this book is organized around the strategic management model that prefaces each chapter, providing a structure for both chapter content areas and complex case analyses by students.

This text was originally part of a hardcover book titled *Strategic Management and Business Policy*, 2nd ed., published in 1986 by Addison-Wesley. The hardcover book includes the eleven chapters of this text plus thirty-eight comprehensive policy cases. Given the strong demand for the hardcover book in its first year of publication, we decided to publish the text alone in a soft-cover version. This gives policy instructors the opportunity to continue using the textural material with cases or a simulation from another source. The same instructor's manual originally prepared for the hardcover book can be used with this text.

Objectives

This book focuses on the following objectives, which are typically found in most business policy and strategic management courses:

- To develop *conceptual skills* so that a student is able to integrate previously learned aspects of corporations.
- To develop a *framework of analysis* to enable a student to identify central issues and problems in complex, comprehensive cases, to suggest alternative courses of action, and to present well-supported recommendations for future action.
- To develop an understanding of strategic management *concepts, research, and theories*.
- To develop an understanding of the *roles and responsibilities* of the Board of Directors, Chief Executive Officer, and other key managers in strategic management positions.
- To develop the ability to analyze and evaluate the *performance* of the people responsible for strategic management.
- To bridge the gap between theory and practice by developing an understanding of when and how to apply *concepts* and *techniques* learned earlier in courses focusing on marketing, accounting, finance, management, and production.
- To improve the *research capabilities* necessary to gather and interpret key environmental data.
- To develop a better understanding of the *present and future environments* within which corporations must function.
- To develop and refine *analytical and decision-making skills* to deal with complex conceptual problems.

This book achieves these objectives by presenting and explaining concepts and theories useful in understanding the strategic management process. It provides studies in the field of strategy and policy in order to acquaint the student with the literature of this area and to help develop the student's research capabilities. It also describes the people who manage strategically and suggests a model of strategic management. It recommends a strategic audit as one approach to the systematic analysis of complex organization-wide issues. The book focuses on the business corporation because of its crucial position in the economic system of the free world.

Structure

Part I is an overview of the subject, surveying the basic skills and competencies needed to deal with strategic issues in modern corporations. Chapter 1

presents a descriptive model as well as key terms and concepts that will be used throughout the book. Chapter 2 focuses on the development of the skills necessary to understanding and applying strategic concepts to actual situations.

Part II discusses important concepts that arise from both the external and internal environments of a corporation. It also describes key people in the corporation who are responsible for strategic management. Chapter 3 discusses the role and importance of a corporation's board of directors and top management in the strategic management process. Chapter 4 discusses both the task and societal environments of a corporation and suggests environmental scanning and forecasting as key corporate tasks. Chapter 5 examines the importance of a corporation's structure, culture, and resources to its strategic management.

Part III deals with strategy formulation. It emphasizes long-range planning and the development of alternative courses of action at both the corporate and business levels. Chapter 6 discusses situational analysis. Chapter 7 examines the many possible corporate, business, and functional strategies.

Part IV considers the implementation of strategies and policies, as well as the process of evaluation and control, with continued emphasis on corporate and division-level strategic management. Chapter 8 explains strategy implementation in terms of programs, budgets, and procedures. It tells who are in charge of implementation, what they need to do, and how they should do it. Chapter 9 focuses on evaluation and control. It considers the monitoring of corporate processes and the accomplishment of goals, as well as various methods and criteria used in evaluating performance.

Part V summarizes strategic concerns in areas of increasing importance. Chapter 10 deals with the strategic implications of operating within an international environment, and Chapter 11 describes the strategic management of not-for-profit organizations.

Instructor's Manual

A comprehensive Instructor's Manual has been carefully constructed to accompany *Strategic Management and Business Policy*, 2nd ed., the hard-cover version of this text which includes cases. Except for the part dealing with cases, the Manual can be used in conjunction with the soft-cover-text. It is composed of the following four parts.

Part I: *Introduction*. Suggested course outlines, case sequences, and teaching aids.

Part II: *Text Chapters*. A standardized format is provided for each chapter: (1) chapter abstract, (2) list of key concepts/terms, (3) sug-

gested answers to discussion questions, and (4) multiple choice questions.

Part III: *Case Notes*. A standardized format is provided for each case: (1) case abstract, (2) case issues and subjects, (3) steps covered in the strategic decision-making process (see Fig. 6.1, p. 141), (4) case objectives, (5) suggested classroom approaches, (6) discussion questions, (7) student paper, (8) case author's teaching note, (9) student strategic audit, and (10) a complete list of 30 calculated financial ratios (new to this edition).

Part IV: *Transparency Masters*. Selected figures and tables from the text chapters plus other masters highlighting key strategic management concepts and techniques. *The actual transparencies are also available to those instructors who adopt the book for classroom use* (new to this edition).

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Tampa, Florida
Fairfax, Virginia

T. L. W.
 J. D. H.

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