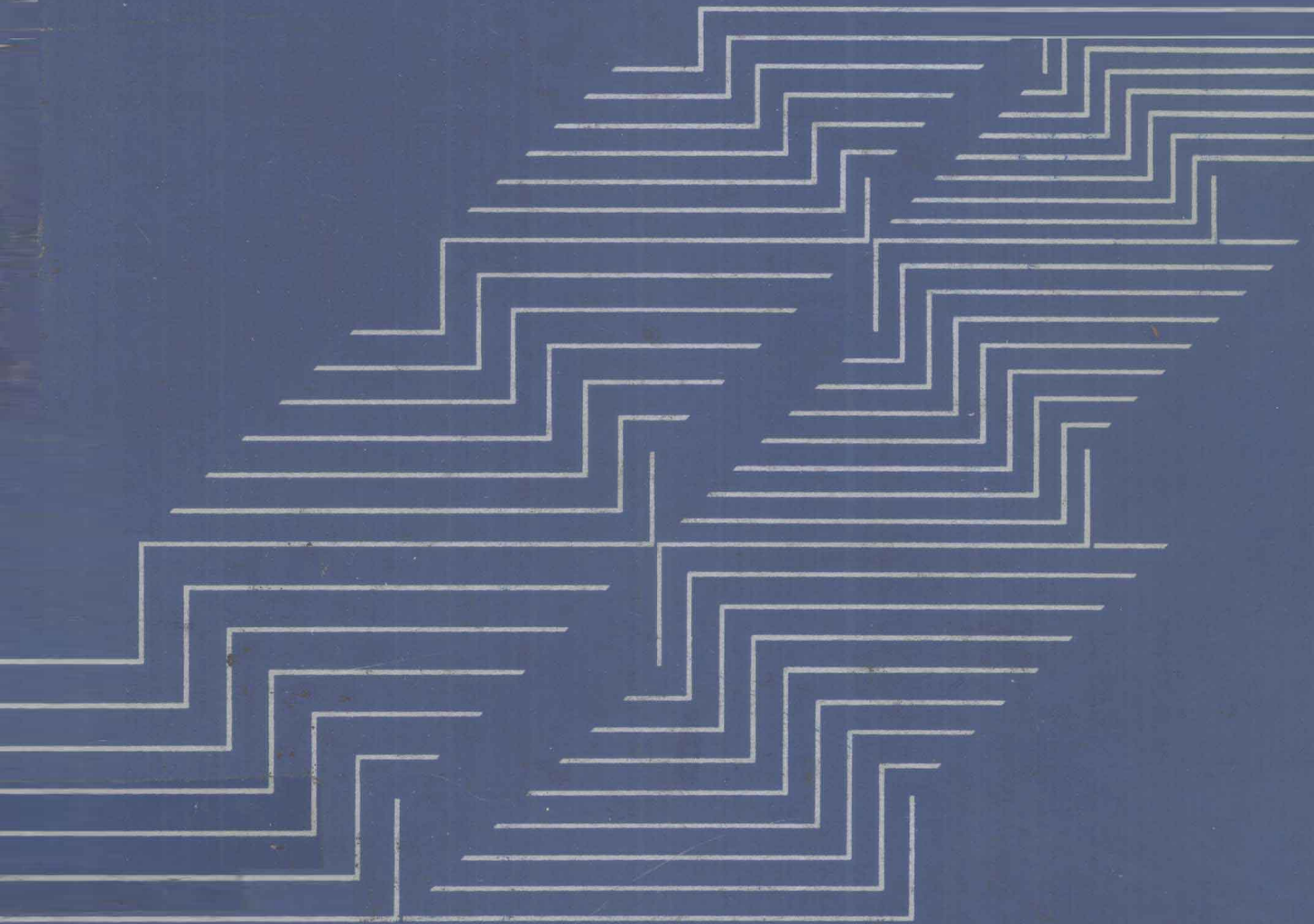


# BUSINESS STRATEGY AND POLICY

**Smith ■ Arnold ■ Bizzell**



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# **BUSINESS STRATEGY AND POLICY**

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To Our Families:  
Charlotte, Brad, Ryan  
Peggy, Wade, Daryl  
Laurie, Susan, Amy

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# Preface

This book has been written to meet the needs of students of business policy and strategic management. Our goals are to help students understand how to integrate their knowledge of the various business disciplines and to apply that knowledge to planning and managing strategic business activities. To accomplish these goals, we have employed both text and cases.

## THE TEXT

The textual material provides students with the most current and usable information concerning the rapidly changing field of business policy and strategic management. We provide a balanced coverage of theory, research, and practice and integrate that coverage with a cohesive framework.

Ensuring the readability of the text was also of primary importance. Students should find that the wording and layout of the text enhance their understanding of the material and that the numerous examples, some set aside as *Perspectives* on well-known organizations, help to illustrate the many applications of the concepts being presented.

## STRUCTURE OF THE TEXT MATERIAL

The overall structure of the text material is guided by a simple, yet comprehensive, model of the strategic management process. The model provides

a visual display of the components of the strategic management process and their interrelationships.

The overall model is presented in Chapter 1 and each subsequent chapter discusses one of its major components. Chapter 2 deals in detail with the various environments faced by firms and analysis of these environments is presented in Chapter 3. Chapter 4 entails a discussion of objective setting. In Chapter 5 strategic alternatives are discussed and portfolio analysis and the overall strategy selection process are presented in Chapter 6. Strategy implementation and related issues are discussed in Chapter 7. Chapter 8 consists of evaluation and control issues.

## THE CASES

Cases, of course, are the backbone of any text used for business policy and strategy courses and this text is no exception. The 38 cases are as up-to-date as possible — all include data from the 1980s. The cases cover a variety of company types and sizes, ranging from Exxon to a small specialty chocolate store. Although some cases involve large recognizable firms such as Braniff, Coca-Cola, Ford, and Pillsbury, about one-half of the cases involve small businesses. International firms and situations are also covered in cases such as Deutsche Medizin-Technik AG and Nissan U.S.A.

The issues highlighted in the cases also are varied. Some cases stress complex strategic problems, such as the development of planning systems and the effects of corporate cultures on decisions. Others focus more on day-to-day planning issues.

## THE APPENDIX

An appendix designed to help students conduct effective case analysis is included. This appendix bridges the gap between knowledge and application by showing students ways to apply the concepts presented in the text portion to actual case analysis. The framework of the appendix is the same as that underlying the entire text. The appendix emphasizes quantitative analysis, particularly of financial data, and qualitative analysis, particularly of persons, events, and situations.

## ACKNOWLEDGEMENTS

As with all texts, many people were essential to our successful completion of this book. Our families deserve special thanks. To Charlotte, Peggy, Laurie, Susan, Amy, Brad, Ryan, Wade, and Daryl, we give thanks for inspiration and apologize for the late nights, early mornings, and long days.

Many others deserve thanks for a variety of manuscript production tasks — Elaine White, Meg Gloger, Marsha Fountain, Cindy Wallace, and

Kelly Palmer. Their contributions were often made while facing severe time constraints. Many others at our universities also contributed, especially our department heads and deans; for their support we are grateful.

This textbook would not have been possible without the efforts of another group — the case writers and the Case Research Association (especially those responsible for the case workshops). While the individual names are too numerous to mention here, the case contributors are identified along with their cases.

Our reviewers also deserve many thanks. Their insights and suggestions were invaluable. These special people are:

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We would also like to thank our publisher, Houghton Mifflin, for the opportunity to write this book. Many people there worked tirelessly to ensure that this final product is of superior quality.

We hope this text helps you better understand the many-faceted field of strategic management and helps ease your transition to the real world.

G. D. S.  
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# Contents

## Preface

xii

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## PART ONE THE STRATEGIC MANAGEMENT PERSPECTIVE 1

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### CHAPTER 1

---

<b>Introduction to Strategic Management</b>	<b>3</b>
WHAT IS STRATEGIC MANAGEMENT?	4
Why Use Strategic Management?	
<i>PERSPECTIVE 1.1 Where is Our Strategy?</i>	6
What Strategic Management is Not	
<i>PERSPECTIVE 1.2 Pioneer of Small Computers</i>	9
Terminology Problems	
THE STRATEGIC MANAGEMENT MODEL	10
Analyze the Environment / Determine Objectives	
<i>PERSPECTIVE 1.3 Esmark Seeks Strategic Fit</i>	12
Analyze Strategic Alternatives / Select Strategic Alternatives / Implement the Strategies	
<i>PERSPECTIVE 1.4 Gulf &amp; Western's Transition</i>	13
Evaluate and Control Performance / A Word of Caution	

LEVELS OF STRATEGIC MANAGEMENT	15
<i>PERSPECTIVE 1.5 From Horseless Carriage Axles to Micro-Lithography</i>	16
ORGANIZATION OF THE TEXTBOOK	16
<b>CHAPTER 2</b>	
<b>Environmental Considerations</b>	<b>19</b>
<i>PERSPECTIVE 2.1 Is Playboy Over the Hill at 30?</i>	20
MACROENVIRONMENT	22
Economic Factors / Governmental and Political Factors / Societal Factors / Natural Factors	
<i>PERSPECTIVE 2.2 Good Winter Weather is Bad News for Toro</i>	25
Technological Factors / Interaction of Macroenvironmental Factors	
TASK ENVIRONMENT	29
Competitors	
<i>PERSPECTIVE 2.3 Task Environment Shapes MCI's Strategies</i>	31
Customers / Suppliers / Vendors of Materials and Equipment	
<i>PERSPECTIVE 2.4 Aspartame's Environment</i>	36
Potential Entrants / Substitutes	
INTERNAL SITUATION	38
Human Resource Factors / Research & Development Factors	
<i>PERSPECTIVE 2.5 Allied's Transition to an Innovative Company</i>	41
Production Factors / Finance and Accounting Factors / Marketing Factors	
STAKEHOLDERS IN THE ORGANIZATION	43
INTERNATIONAL DIMENSIONS	43
No Direct Involvement / Foreign Competitors and/or Suppliers / Foreign Markets and/or Production	
SUMMARY	44
<b>CHAPTER 3</b>	
<b>Environmental Analysis and the Management Information System</b>	<b>47</b>
ESTABLISH INFORMATION NEEDS	48
<i>PERSPECTIVE 3.1 The U.S. Treasury's Newly Minted Executive Information System</i>	49
IDENTIFY GENERAL SOURCES OF INFORMATION	51
IDENTIFY SPECIFIC SOURCES OF INFORMATION	51
Internal Secondary Sources / Internal Primary Sources / External Secondary Sources / External Primary Sources	

CONTENTS	vii
DEVELOP A SCANNING SYSTEM	52
Human Resource Information / Production Information / Research and Development Information / Financial Information / Marketing Information	
IMPLEMENT SCANNING SYSTEM TO MONITOR ENVIRONMENTS	57
FORECAST ENVIRONMENTAL CHANGES	58
DEVELOP ENVIRONMENTAL PROFILES	60
The Hayden Company	
ANALYZE OPPORTUNITIES AND THREATS	65
<i>PERSPECTIVE 3.2 Playboy's Other Conquests Encounter Difficulties</i>	66
Prioritizing Models	
<i>PERSPECTIVE 3.3 G. D. Searle Faces Problems and Opportunities</i>	69
Opportunities That Become Threats / Cautions Relative to Threats	
DEVELOP STRATEGIC RESPONSES	71
MONITOR AND ADAPT THE MIS	72
INTERNAL DIMENSIONS	72
SUMMARY	73

## CHAPTER 4

<b>Determine Objectives</b>	<b>75</b>
WHAT ARE OBJECTIVES?	75
Mission / Goals	
<i>PERSPECTIVE 4.1 Motorola's Long-Term Objectives</i>	79
HIERARCHY OF OBJECTIVES	79
GROWTH OBJECTIVES	81
Fast-Growth Objective / Stable-Growth Objective / Decline Objective / Temporal Considerations For Growth Objectives	
CRITERIA FOR GOOD OBJECTIVES	82
Specificity / Flexibility / Measurability / Attainability / Con- gruency / Acceptability / Problems With the Criteria	
WHO SETS THE OBJECTIVES?	86
Centralized Objective Setting / Decentralized Objective Setting	
<i>PERSPECTIVE 4.2 Chase Manhattan: Three-Tiered Implementation</i>	87
OBJECTIVES FOR DIFFERENT STAKEHOLDERS	87
Owners / Employees / Customers / Society / Incongruencies of Objectives Desired by the Stakeholders	
HOW ARE OBJECTIVES SET?	91
Intraorganizational Conflict	
PROBLEMS ASSOCIATED WITH OVEREMPHASIZING OBJECTIVES	93
Near Misses / Overlooking Other Objectives	

THE NEED TO BE SOCIALLY RESPONSIBLE	94
OBJECTIVE SETTING AT AN ELECTRIC UTILITY	94
The Stakeholders / Electric Generating Facilities / Missing Information	
CHANGING OBJECTIVES	98
INTERNATIONAL DIMENSIONS	99
SUMMARY	99

## CHAPTER 5

<b>Analyze Strategy Alternatives</b>	<b>101</b>
CORPORATE VERSUS BUSINESS STRATEGY ALTERNATIVES	101
For Multiple-Business Firms / For Single-Business Firms	
CORPORATE STRATEGY ALTERNATIVES	102
<i>PERSPECTIVE 5.1 Can Two Diverse Strategies Both Be Right?</i>	103
Concentrated Growth Strategies / Integrative Growth Strategies / Diversification Growth Strategies	
<i>PERSPECTIVE 5.2 Diamond Shamrock's Self-Sufficiency Strategy</i>	107
<i>PERSPECTIVE 5.3 Lucky Finds a Niche</i>	108
<i>PERSPECTIVE 5.4 Diversification Evolves Swift &amp; Co. into Esmark</i>	110
Decline Strategies	
<i>PERSPECTIVE 5.5 Goodbye Woolco</i>	111
Combination Strategies	
<i>PERSPECTIVE 5.6 Sears' Financial Supermarket</i>	113
External Corporate Strategy Options	
<i>PERSPECTIVE 5.7 A Mean and Lean Eaton</i>	115
Corporate Strategies and Firms Performing Below Potential / International Corporate Strategy	
<i>PERSPECTIVE 5.8 Sears' Brazilian Connection</i>	117
BUSINESS-LEVEL STRATEGIES	118
Competitive Marketing Strategy	
<i>PERSPECTIVE 5.9 Fuji's Two-Pronged Growth Strategy</i>	121
Business Strategy and the Product Life Cycle / Innovation Strategy / International Business Strategy	
SUMMARY	128

## CHAPTER 6

<b>Select Corporate Strategies</b>	<b>129</b>
PORTFOLIO ANALYSIS	130
The Development of Portfolio Theory / Alternative Portfolio Analysis Techniques / Portfolio Summary Matrix	

THE STRATEGY SELECTION PROCESS	145
Identify Present Corporate Strategy / Conduct Portfolio Analysis / Select Corporate Strategy	
<i>PERSPECTIVE 6.1 Why Saatchi &amp; Saatchi Must Keep Growing</i>	152
Evaluate Selected Strategy	
THE ROLE OF PORTFOLIO ANALYSIS	155
INTERNATIONAL DIMENSIONS	155
SUMMARY	156

## **CHAPTER 7**

<b>Implement The Strategies</b>	<b>157</b>
REVIEW OBJECTIVES, ENVIRONMENTS, AND STRATEGIES	158
EVALUATE, ADJUST, AND COMMIT RESOURCES	158
<i>PERSPECTIVE 7.1 Out of Prison into the Cold New World</i>	159
Evaluate	
<i>PERSPECTIVE 7.2 A Human Resources Pioneer</i>	161
<i>PERSPECTIVE 7.3 Planned Changes in Organizational Culture</i>	162
Adjust the Resources	
<i>PERSPECTIVE 7.4 Hercules' Strategy Influences Human Resource Decisions</i>	163
Commit the Resources	
<i>PERSPECTIVE 7.5 Beatrice Foods' Corporate Marketing Fund</i>	165
DEVELOP ORGANIZATIONAL STRUCTURE	167
Types of Organizational Structures / Factors That Influence Organizational Structure / Organize for Performance	
INTRODUCE CHANGES	178
Forecast Potential Resistance to Change / Reduce Potential Resistance to Change / Reduce Actual Resistance / Re-freeze the Status Quo	
REEVALUATE THE STRATEGIC PLAN	183
INTERNATIONAL DIMENSIONS OF IMPLEMENTATION	184
International Implementation Problem Areas / The Evolution of a Multinational Firm	
SUMMARY	186

## **CHAPTER 8**

<b>Evaluate and Control Performance</b>	<b>189</b>
DETERMINE WHAT TO CONTROL	190
SET CONTROL STANDARDS	192
Conciseness of Standards / Surrogate Standards / Tolerance Limits	

MEASURE PERFORMANCE	193
Information for Performance Measurement / Measurement Techniques	
COMPARE PERFORMANCE TO STANDARD	199
DETERMINE REASON FOR DEVIATIONS	200
TAKE CORRECTIVE ACTIONS	200
Revise the Standards / Revise the Objectives / Revise the Strategies / Revise the Structure, Systems, or Support / Revise Activities / Remember the Interrelationships	
CONTROL THE CONTROL SYSTEM	202
Behavior Focused on Control System / Invalid Data / Overcontrol / Cost versus Benefits	
INTERNATIONAL DIMENSIONS	204
SUMMARY	204
 <b>Appendix A</b>	 <b>206</b>

---

**PART TWO    CASES    223**

---

CASE	<b>1</b>	<b>Braniff</b>	<b>225</b>
CASE	<b>2</b>	<b>Bryn Mawr National Bank</b>	<b>239</b>
CASE	<b>3</b>	<b>Central County Hospital</b>	<b>246</b>
CASE	<b>4</b>	<b>Chocolate Emporium, Inc.</b>	<b>259</b>
CASE	<b>5</b>	<b>The Coca-Cola Company Does “What It Ought to Do”</b>	<b>277</b>
CASE	<b>6</b>	<b>Custombilt Construction Company (A)</b>	<b>298</b>
CASE	<b>7</b>	<b>Custombilt Construction Company (B)</b>	<b>313</b>
CASE	<b>8</b>	<b>The Dannon Decision</b>	<b>320</b>
CASE	<b>9</b>	<b>Deutsche Medizin-Technik AG</b>	<b>329</b>
CASE	<b>10</b>	<b>The Electronic Components Company</b>	<b>348</b>
CASE	<b>11</b>	<b>The Exxon Colony Project</b>	<b>366</b>
CASE	<b>12</b>	<b>Exxon Office Systems</b>	<b>379</b>
CASE	<b>13</b>	<b>Federal-Mogul Corporation</b>	<b>393</b>
CASE	<b>14</b>	<b>Flint Specialty Die, Inc.</b>	<b>417</b>
CASE	<b>15</b>	<b>Ford Motor Company</b>	<b>432</b>
CASE	<b>16</b>	<b>Genentech, Inc.</b>	<b>450</b>
CASE	<b>17</b>	<b>Hewlett-Packard, 1978–1981: The Evolution of Leadership</b>	<b>463</b>
CASE	<b>18</b>	<b>The Home Improvement Company</b>	<b>486</b>

CASE	<b>19 Industrial Supply Company</b>	<b>495</b>
CASE	<b>20 Jefferson Enterprises: Small Business Conglomerate Style</b>	<b>505</b>
CASE	<b>21 Kerr-McGee Corporation</b>	<b>516</b>
CASE	<b>22 Kinder-Care Learning Centers, Inc.</b>	<b>537</b>
CASE	<b>23 King-Concord Corporation</b>	<b>554</b>
CASE	<b>24 Mary Kay Cosmetics, Inc.</b>	<b>565</b>
CASE	<b>25 The McLean Trucking Company</b>	<b>591</b>
CASE	<b>26 National Container Corporation (A)</b>	<b>617</b>
CASE	<b>27 National Container Corporation (B)</b>	<b>630</b>
CASE	<b>28 A New Version of Pac-Man: The Bendix-Martin Marietta Acquisition Attempt</b>	<b>643</b>
CASE	<b>29 Nissan U.S.A.</b>	<b>669</b>
CASE	<b>30 Nucor</b>	<b>678</b>
CASE	<b>31 Parmenter Health Center</b>	<b>704</b>
CASE	<b>32 The Pillsbury Company</b>	<b>714</b>
CASE	<b>33 Rolm Corporation</b>	<b>754</b>
CASE	<b>34 SmithKline Beckman Corporation</b>	<b>775</b>
	<i>INDUSTRY NOTE THE PHARMACEUTICAL INDUSTRY</i>	<b>778</b>
CASE	<b>35 United Telecommunications, Inc.</b>	<b>792</b>
CASE	<b>36 Vi-Tex Packaging, Inc.</b>	<b>814</b>
CASE	<b>37 Wall Drug Store, 1983</b>	<b>829</b>
CASE	<b>38 Ward School Bus</b>	<b>844</b>
	<b>Index</b>	<b>855</b>

## **PART ONE**

# The Strategic Management Perspective

