

BUSINESS POLICY AND STRATEGIC MANAGEMENT

William F. Glueck / Lawrence R. Jauch

FOURTH EDITION



INTERNATIONAL
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BUSINESS POLICY AND STRATEGIC MANAGEMENT

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Fourth Edition

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INTERNATIONAL STUDENT EDITION

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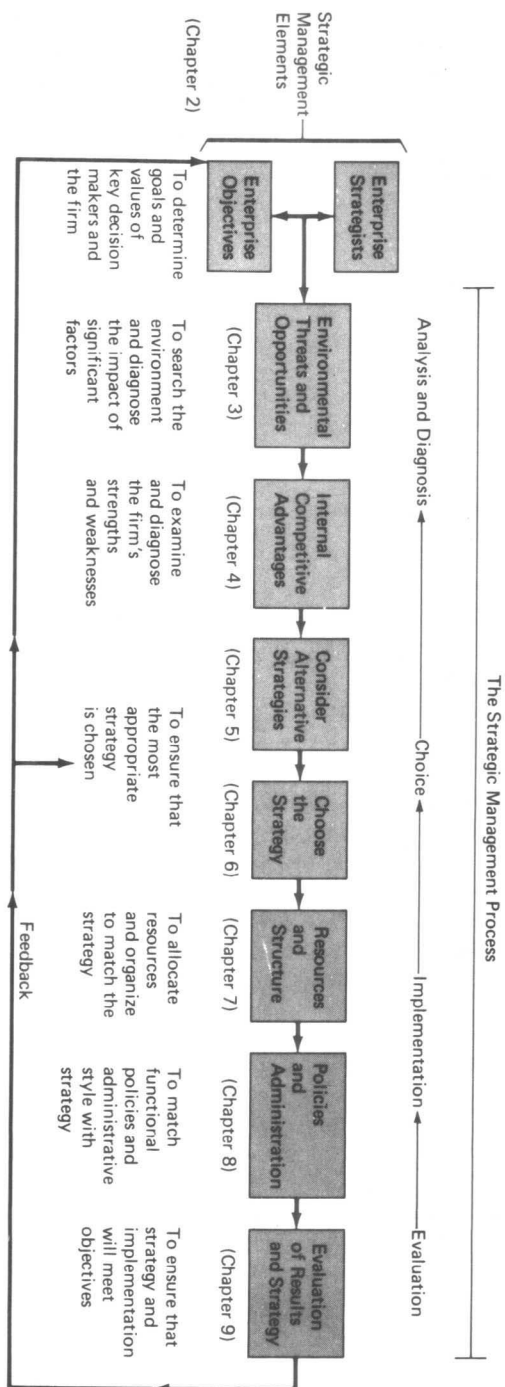
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ABOUT THE AUTHORS

William F. Glueck was Distinguished Professor of Management at the University of Georgia at the time of his death in 1980. He was a Fellow and President of the Academy of Management. Professor Glueck authored over 20 books (including *Strategic Management and Business Policy* and *Readings in Business Policy from Business Week*, both published by McGraw-Hill) and over 150 articles, monographs, and cases. He was a Fulbright scholar and spent many years as a food industry executive. He served on the editorial review boards of *Long Range Planning*, *Journal of Business Strategy*, and *Academy of Management Journal*.

Lawrence R. Jauch is Professor of Administrative Sciences at Southern Illinois University at Carbondale. He completed his dissertation with Dr. Glueck while they were both at the University of Missouri. Professor Jauch is the coauthor of 11 texts and supplements, and has published over 50 papers, monographs, and cases. He has consulted with planning executives in several countries. Dr. Jauch is currently on the editorial review board of *The Academy of Management Review* and chairs the Business Policy and Planning Division of the Academy of Management (academic year 1983–84).

PREFACE

The fourth edition of this book, like its predecessors, is designed to meet the needs of students of business policy and strategic management. It contains two parts: text and cases.

The following additions and changes have been made in the *text* of the fourth edition.

1. The text has been thoroughly rewritten and updated.
2. The discussion and the model have been altered to stress a greater integration of topic areas than in earlier editions.
3. More material has been added to describe formal planning systems, corporate planning departments, and the roles of planners in implementation.
4. The discussion of the implementation of strategy has been expanded to two chapters. More descriptions are provided of functional strategies and policies and the budget and resource allocation process.
5. The evaluation chapter has been lengthened to indicate how rewards, control, and other aspects of administrative systems help in a follow-through on plans and strategies developed.
6. A variety of exhibits have been included to replace the multitude of brief examples which cluttered the text in previous editions. The exhibits will provide more meaningful illustrations of key points and topics as they are applied to various organizations.
7. Much of the elaboration of research studies and theories has been placed in supplementary modules for each chapter. Thus the readability of the basic text has been improved, but the integrity of previous editions has been maintained as explained below.

A key strength of previous editions of this book was the attempt to summarize the state of the art of business policy and strategic management. This included a blending of both prescriptive and descriptive ideas of theorists, practitioners, and researchers in the field. The body of work on the process and content of strategic management has been expanding rapidly. If an attempt had been made to incorporate all this material in the basic text of this latest edition, the result would have been confusion for the reader. So we have split the text into more basic chapter material and supplementary modules. The basic material still rests on a firm foundation of up-to-date research, theory, and practice. Extensive references are also available to the reader. But many of the details of some research and various additional techniques, theories, and viewpoints formerly part of the basic chapters are now separated into the supplementary modules.

These supplementary modules are designed for those who wish to examine selected topics in more detail than is provided in the basic chapters. In some instances, theories or viewpoints opposed to those presented in the chapter are offered to stimulate thinking. Some of the modules provide additional tools or techniques for analysis. Other modules elaborate on certain areas which have received more research. But the key conclusions and findings from this supplementary material are highlighted and summarized in the chapter itself. In this way the reader who does not wish to explore the subtleties and nuances of contrasting perspectives is not burdened with these details.

To make room for this additional material and for more cases, we have eliminated the supplementary readings which were a component of the previous editions. The supplementary modules satisfy many of the purposes of those readings. Some users of previous editions found that it was quite enough just to get through the basic chapters. Further, many who wish to use readings are free to select those they wish from the literature to highlight topics of special interest. The extensive references should be sufficient to guide those interested in even more depth to the appropriate literature.

This design, then, adds more flexibility for those who wish to use the book for different purposes. At the same time it provides a useful overview of the types of advances being made in the body of knowledge about strategic management, and it encourages the reader to further explore areas of interest.

The case section of the book is changed and improved also.

1. First, there are more cases. This edition includes 32 cases, 5 more than in the third edition.
2. Twenty-four cases are completely new or rewritten for this book. This makes the course more interesting and helps the instructor deal with the "solutions are in the fraternity files" problem.
3. The cases are up to date.
4. The section on the case method has been improved (Chapter 10).
5. The balance of cases reflects the interests of users. Eighteen of the thirty-two cases deal with manufacturing firms; eleven cover service or retail operations; three describe not-for-profit enterprises. The cases cover settings all over North America. And there are five cases in settings such as Europe, Canada, Latin America, and Indonesia.
6. The variety of case authors has been increased.
7. The book contains some industry background notes and several cases pertaining to the air service industry. The instructor can use all or parts of the material for this industry during one term.

As we face the challenges of the last half of the 1980s, it is increasingly evident that managers are planning the strategies of their enterprises for their own survival and that of our civilizations. We hope that this book will contribute something to that mission.

This book is the product of many people. First and foremost is the foundation laid down in the first three editions by the coauthor, William F. Glueck. His untimely death in 1980 was a blow to many of us. His inspiration and guidance are sorely missed. I have dedicated this edition to his memory and have made every attempt to continue the tradition of excellence he exhibited in all his endeavors. As I set about the task of preparing this edition, I was constantly guided by my belief and assumptions about what Bill would have done. This is still his book.

I am also most grateful to all the contributing case authors for their useful material. One-fourth of the cases in this edition were written by former students of Bill Glueck's; they are now scattered around the United States. This is further testimony to the influence Bill had on this volume.

I would also like to thank those who reviewed the book at various stages in its development. They include John P. Faris, Loyola College; Phyllis Holland, Georgia State University; Fred Luthans, University of Nebraska; James R. Sowers, University of Houston; and Jim Townsend, Kansas State University.

I should also mention the influence of many colleagues in the Academy of Management. I have been fortunate to have had the opportunity to receive and review the work of a large number of scholars active in advancing the field of strategic management. They are too numerous to mention here, but the references attest to their significant influence on my thinking and the development of this edition.

My appreciation also goes to Vicki Avery, Cathy Jauch, Jerri Larson, Dee McCarty, Cam McClelland, Sharon Pinkerton, and Vijay Reddy, who assisted in the preparation and typing of the manuscript, and to the Administrative Sciences Department at Southern Illinois University at Carbondale for providing a work environment conducive to productive efforts. My editor, Kathi Benson, provided additional motivation to complete the task in a timely fashion, for which I am grateful. Last but not least, my family has had to bear my petulance for far too long; I trust their indulgence and tolerance have not been stretched beyond the limits.

As is customary, I will accept blame for errors of commission and omission. I hope that any errors that are discovered will be brought to my attention so that they may be corrected in future editions.

Lawrence R. Jauch

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