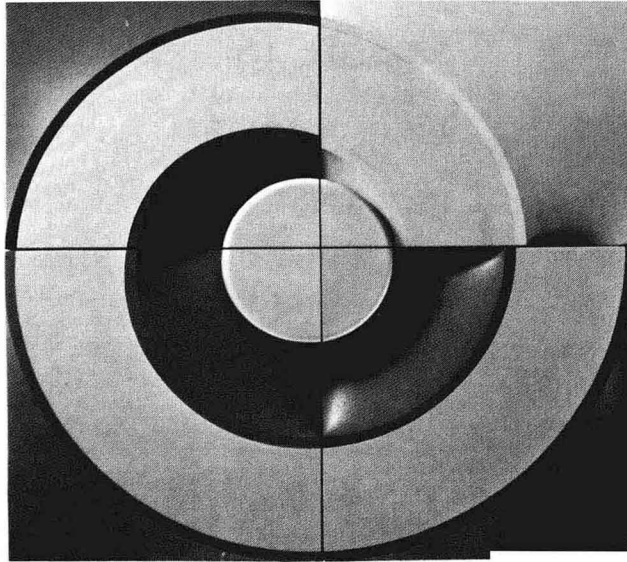


STRATEGIC MANAGEMENT

Concepts and Applications

SAMUEL C. CERTO
J. PAUL PETER



STRATEGIC MANAGEMENT

Concepts and
Applications

SAMUEL C. CERTO

Rollins College

J. PAUL PETER

University of Wisconsin—Madison

Random House



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STRATEGIC MANAGEMENT

Concepts and Applications

P R E F A C E

Strategic Management: Concepts and Applications is designed for strategic management or business policy courses at either the undergraduate or graduate level. The major purpose of the text is to provide students with an integrative learning experience that helps them develop strategic management knowledge and skills.

As the title implies, we believe that students need to learn strategic management *concepts* and to practice *applications* of these concepts in order to become effective strategic managers. However, we also believe that a strategic management text should do more than simply present theoretical concepts and case applications and expect students to easily relate the former to the latter. A text should also help students *bridge the gap between theoretical concepts and case applications*. To help them do so, we have included a number of special features in our text.

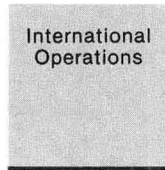
In developing the text, we felt it was crucial to obtain input from both strategic management educators and students. To this end, we carefully studied the results of several extensive marketing research surveys of the strategic management course conducted by Random House. We paid close attention to reviewers' and students' reactions to our text and rewrote entire chapters to match their needs. Finally, we established a case advisory board consisting of seasoned strategic management educators, who suggested and evaluated appropriate cases for the text. We believe that the input of all these people greatly improved our work.

TEXT ORGANIZATION

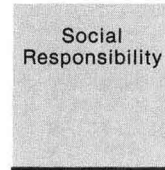
Strategic Management includes five sections devoted to concepts and two sections to applications or cases. The concepts sections and chapters are organized around the strategic management model shown on page vi.

SPECIAL ISSUES IN STRATEGIC MANAGEMENT

Chapter 7

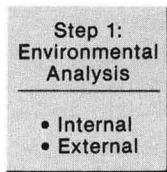


Chapter 8

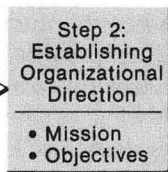


THE STRATEGIC MANAGEMENT PROCESS

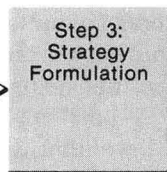
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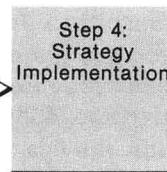
Chapter 3



Chapter 4



Chapter 5



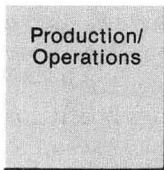
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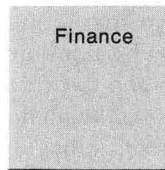
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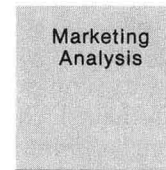
Chapter 9



Chapter 10



Chapter 11



A FRAMEWORK FOR STRATEGY AND ANALYSIS

Chapter 12

An Approach to Solving Strategic Problems and Cases

Strategic Management Model Used in Chapters 1 to 12.

Section One: An Overview of Strategic Management

This section provides a survey of strategic management and a framework for the remainder of the textual material. After reading Chapter 1, students should have a clear understanding of the nature and scope of strategic management and the strategic management process.

Section Two: The Strategic Management Process

In this section we discuss the five major steps in the strategic management process. These steps include environmental analysis (Chapter 2), establishing organizational direction (Chapter 3), strategy formulation (Chapter 4), strategy implementation (Chapter 5), and strategic control (Chapter 6).

Section Three: Special Issues in Strategic Management

Although the previous sections include the major topics commonly discussed in strategic management courses, we believe at least two other areas require special consideration. These areas are international operations (Chapter 7) and social responsibility (Chapter 8). We have devoted an entire chapter to each of these topics because of their important influence on strategic management decision making and the need for specialized knowledge of these topics in a variety of strategic management problems and cases. These topics have also been recommended for special emphasis in modern management education by the American Assembly of Collegiate Schools of Business (AACSB).

Section Four: Foundations for Strategic Management

We have found in teaching upper-level undergraduate and graduate courses that students often forget a good deal of information from previous foundation courses. Since they may have sold their textbooks from these courses or have no readily available source of information on strategic business areas, we have included foundation chapters on the functional areas of operations (Chapter 9), finance (Chapter 10), and marketing (Chapter 11). The chapters should provide students with a refresher course on major topics, issues, and techniques in these areas that can be useful in analyzing strategic management problems and cases. Information on these and other functional areas is also included throughout the text.

Section Five: A Framework for Strategic Analysis

While we recognize that no single approach can be universally applied to all strategic management cases and problems, we are also mindful that students often need a framework for approaching case and problem analysis. A sound framework is particularly important when students first begin analyzing major strategic management cases and problems. For this reason we have included

an extended discussion of a general approach to case and problem analysis in Chapter 12. This chapter on the process of case and problem analysis is designed to provide another bridge between concepts and application.

Section Six: Classic Cases in Strategic Management

This section contains ten strategic management cases. We have labeled them as “classic cases” because they have been used successfully in strategic management education for a number of years and have been recognized by educators and students as ideal teaching cases and examples of classic strategic management issues.

Section Seven: Contemporary Cases in Strategic Management

The final section contains twenty-five strategic management cases labeled “contemporary” because they tend to cover a more recent time span than the cases in the previous section. These cases have also been rated as excellent by strategic management educators and students, and many of them probably will become classic cases in the future. Overall, we believe that this section and the previous one contain an outstanding collection of strategic management cases.

SPECIAL TEXT FEATURES

Each chapter in our text contains a variety of pedagogical aids to enhance student learning and to facilitate the transfer of concepts to application. Each major pedagogical aid is called a “Highlight,” and each text chapter contains one or more of the following types:

- *Illustrative Examples* that extend text material and provide illustrations of the application of strategic management concepts to well-known organizations.
- *Skills Modules* that challenge students to apply strategic management concepts to real organizational situations. These short exercises follow selected topics in the chapters, thus affording students directed activities for increasing their understanding and ability to apply strategic management concepts.
- *Checklists* that itemize major issues to be addressed in analyzing strategic management problems and cases. These checklists are keyed to the topics covered in each chapter and offer students a starting point for applying strategic management concepts to case situations.
- *Applications* (at the end of each theory chapter) that provide a short case focused on one or more topics covered in the chapter. They include specific questions for analysis, thus offering students an opportunity to apply chapter

material in a directed way. The Applications help students reach a better understanding of strategic management concepts and their application, and prepares them for longer, more involved strategic management cases.

We intend these highlights to be still another bridge between theory and applications. In addition, recognizing the importance of industry analysis in strategic management, we have included a special Industrial Highlight for *every case* in Sections Six and Seven of the text. The U.S. Department of Commerce was our major source for selecting industry titles and definitions. The Industrial Highlights contain useful information about the industry in which the firm discussed in the case operates and are keyed to the time period of the case situation. They should provide students with additional information about the industry and encourage them to seek other sources of information.

INSTRUCTOR'S RESOURCE PACKAGE

Strategic Management: Concepts and Applications is supported by a comprehensive Instructor's Resource Package. Carefully developed to meet the unique demands of strategic management educators, the package consists of the following items:

- *Instructor's Manual*. The manual, prepared entirely by the text authors, covers material related to each text chapter and includes authors' overviews, chapter outlines, key concepts and issues for classroom discussion, instructor's notes for Skills Modules and Applications, a suggested video and film list from the Random House/Penn State Media Resource Library, a comprehensive test bank, and transparency masters.
- *Case Enrichment Portfolio*. This innovative supplement features detailed support materials for each of the cases. The *Case Enrichment Portfolio* further reinforces the link between theory and practice with theory applications designed to show how specific text material relates to cases. Also provided for each case are transparency masters, teaching notes, current company issues, case analysis visuals, industry highlight notes, in-class exercises, and supplemental discussion questions. The Case Enrichment Portfolio was prepared by Professors Ken Gibson of Hope College and Dan Kopp of Southwest Missouri State University.
- *Other Ancillary Materials*. Recognizing the growing popularity of microcomputer use in case analysis, we have developed a software package for use with cases from the text. *Decision-Making Toolkit for Strategic Management* by Joseph A. Russo, Jr. and Melvyn Fisher, both of Pace University, can be used in conjunction with Lotus 1-2-3 or Random House's own STARCALC spreadsheet packages. The software will provide students with an awareness of how the personal computer can be effectively utilized in strategic analysis. Also available is testing software for microcomputer.

ACKNOWLEDGMENTS

We are indebted to many people for their contributions to this work. First, we offer sincere thanks to those individuals who contributed the strategic management cases in Sections Six and Seven of the text. Second, we are grateful to the members of the case advisory board for their hard work and recommendations of outstanding cases. These educators include:

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