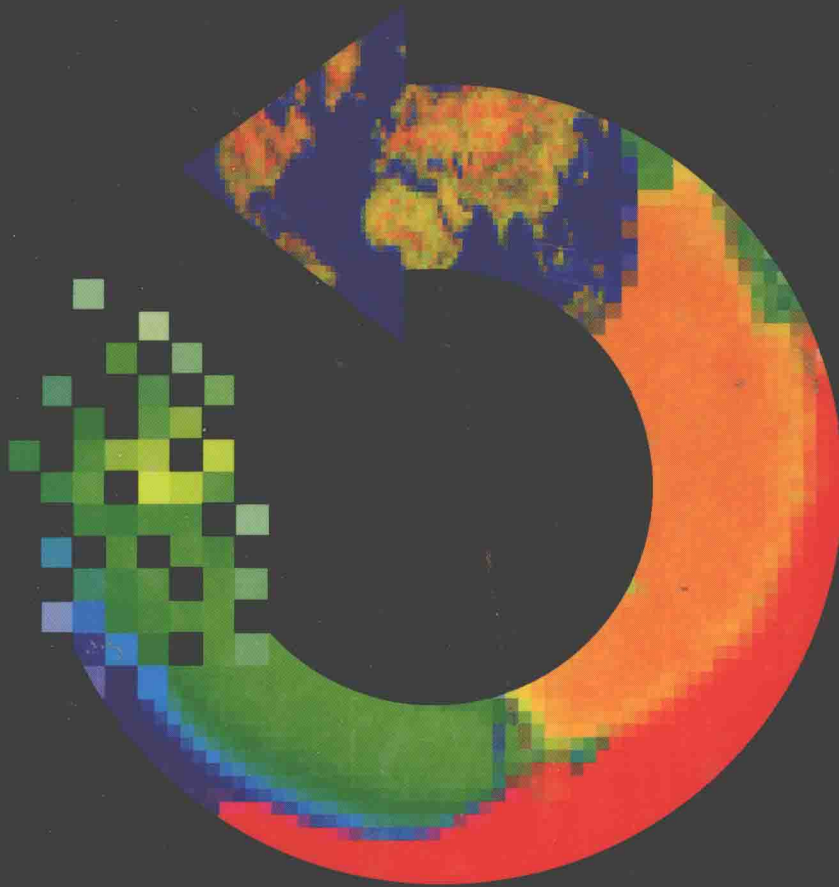


THIRD EDITION

STRATEGIC MANAGEMENT

A N I N T E G R A T E D A P P R O A C H



CHARLES W. L. HILL / GARETH R. JONES

STRATEGIC MANAGEMENT

An Integrated Approach

THIRD EDITION

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Strategic Management



Preface

The increasing support for and acceptance of an integrated approach to strategic management, that which we pioneered in the first two editions of *Strategic Management*, has led us to build on and expand this approach for the third edition. To increase its value, we have continued to utilize feedback from users of the last two editions of our book. We still provide comprehensive and up-to-date coverage of the burgeoning strategic management literature while keeping the text readable. We have written or collected a new set of strategic management cases and developed a new interactive teaching approach to enhance the students' learning experience. Finally, we have extended and refined the learning features present in the text and in the teaching materials that accompany *Strategic Management*.

COMPREHENSIVE AND UP-TO-DATE COVERAGE

Competitive Advantage

Recognizing the continuing research thrust toward exploring the sources of competitive advantage both domestically and globally, we have integrated recent research on the building blocks of competitive advantage into our text. The third edition of *Strategic Management* contains two new chapters (Chapters 4 and 5) that focus on the four building blocks of competitive advantage—efficiency, quality, innovation, and customer responsiveness—and we explore how an organization builds strengths in these areas through its functional-, business-, and corporate-level strategy. In addition, we have reorganized the chapters on strategy implementation to show how organizational design can be used to build competitive advantage. This new focus has enabled us to give a more comprehensive and integrated picture of the strategic management process.

Global Dimension of Strategy

We have also increased our emphasis on the global dimension of strategy. Our chapter on global issues has been moved up and now comes directly after business-level strategy. This change has allowed us to relate better to the value-creation process. Furthermore, almost all the chapters contain new material on the global dimension of strategy. In the chapter on analyzing the environment, for example, there is a new discussion of the global environment, whereas the chapter on matching strategy to structure probes the strategy-structure relationship in

a global context. The global strategy chapter itself has been extensively revised and updated to incorporate all recent research and thinking.

Other Changes in the Third Edition

To stay abreast of the field and respond to requests and suggestions from the users of the previous edition we have made several other additions or changes in content. They include the following:

- A discussion of strategic leadership, strategic intent, cognitive biases, and their impact on decision making (Chapter 1)
- Increased coverage of ethics and social responsibility (Chapter 2)
- Coverage of Porter's "competitive advantage of nations" framework (Chapter 3)
- Thorough coverage of the four building blocks of competitive advantage—efficiency, quality, innovation, and customer responsiveness (Chapters 4 and 5)
- Integrated coverage of total quality management and time-based competition (Chapter 5)
- A discussion of how to pursue simultaneously both a low-cost and a differentiation strategy (Chapter 6)
- New and expanded treatment of acquisitions, new ventures, and restructuring (Chapter 10)
- New organization of the strategy implementation chapters, with a stronger focus on global organizational design (Chapters 11, 12, and 13)

While each chapter has been thoroughly revised and updated, we have been careful to preserve the balanced and integrated nature of our account of the strategic management process. Moreover, as we added new material, we deleted less current or less important concepts and information to ensure that students would concentrate on the core concepts and issues in the field. We have paid close attention to retaining the book's readability.

STRATEGIC MANAGEMENT CASES

The thirty-one cases that we have selected for this edition will appeal, we are certain, to students and professors alike, both because these cases are intrinsically interesting and because of the number of strategic management issues they illuminate. The organizations discussed in the cases range from large, well-known ones, for which students can do library research in order to update the information, to small, entrepreneurial businesses that illustrate the uncertainty and challenge of the strategic management process. In addition, the selection includes many international cases, and most of the other cases contain some element of global strategy.

Only two cases in our selection are unchanged from the last edition of *Strategic Management*—the perennial favorites, Nucor and Hanson PLC. We have written or updated another twelve cases of our own for this edition: the Computer Industry, Compaq, the Rise of IBM, the Fall of IBM, the Global Auto Industry in 1994, Toyota in 1994, General Motors, Boeing, Blockbuster Video, Kodak, Philips NV, and Philips versus Sony. We feel that our entire selection is unrivaled in breadth and depth, and we are grateful to the case authors who have contributed to this edition. They include the following:

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NEW INTERACTIVE TEACHING APPROACH

Besides integrating recent research and global concerns into our discussion, in the third edition, we have striven to enhance the book's value for students in two other major ways. We have increased our use of real-world examples and have developed some new interactive learning features designed to increase students' understanding of strategic management concepts.

Each chapter of the book begins with an **all-new opening case**, followed by discussion questions, which can be used to stimulate class discussion. Every chapter also contains several detailed **Strategy in Action boxes**, which provide graphic examples of the real-world implications of strategic management theory.

At the end of each chapter, after the chapter summary, we have added two new exercises that we find to be very useful in kindling students' interest in the course material. The first is an **Article File**, which requires students to seek out an example of a company that has been dealing with the issues discussed in the chapters. For instance, students are asked to locate and research a company pursuing a low-cost or a differentiation strategy, and to describe this company's strategy, its advantages and disadvantages, and the core competencies required to pursue it. Students' presentations of their findings lead to lively class discussions.

The second exercise is the **Strategic Management Project**. Students, in small groups, choose a company to study for the whole semester and then analyze the company using the series of questions provided at the end of every chapter. For example, students might select Ford Motor Co. and, using the series of chapter questions, collect information on Ford's top managers, mission, ethical

position, domestic and global strategy and structure, and so on. Eventually, students would write a case study of their company and present it to the class at the end of the semester. Normally, we also have students present one or more of the cases in the book early in the semester, but in our classes we now treat the students' own projects as the major class assignment and their case presentations as the climax of the semester's learning experience.

We have found that our new interactive approach to teaching strategic management appeals to students. It also greatly improves the quality of their learning experience. Our new approach is more fully discussed in the Instructor's Resource Manual.

TEACHING AND LEARNING AIDS

Taken together, the teaching and learning features of *Strategic Management* provide a package that is unsurpassed in its coverage and that supports the integrated approach, which we have taken throughout the book. Further details for using the supplementary materials can be found in the Instructor's Resource Manual.

- | | |
|---------------------------|---|
| For the Instructor | <ul style="list-style-type: none"> • The Instructor's Resource Manual, which users liked so much in the first two editions of <i>Strategic Management</i>, has been refined and expanded. As usual, for each case we offer a <i>comprehensive teaching note</i>, which gives a complete analysis of case issues. In addition, for each book chapter we provide a <i>synopsis</i>, a list of <i>teaching objectives</i>, a <i>comprehensive lecture outline</i>, and <i>answers to discussion questions</i>. Each of the new chapter opening cases also has a corresponding <i>teaching note</i> to help guide class discussion. Furthermore, the lecture outlines include summaries of the material in the <i>Strategy in Action</i> boxes. • A new Test Bank (in the Instructor's Resource Manual), created for the third edition, offers a set of comprehensive true/false and multiple-choice questions, and the answers to them, for each chapter in the book. An <i>electronic version</i> of the Test Bank allows instructors to generate and change tests easily on the computer. • A package of color transparencies accompanies the book. These include nearly all the art found in the text. • A videotape pertaining to several of the cases and some of the concepts in the text is available to instructors. It helps highlight many issues of interest and can be used to spark class discussion. |
| For the Student | <ul style="list-style-type: none"> • A new Moody's Company Data disk set is available as a supplement. The disks contain complete financial data on most of the large, well-known companies that are the subjects of the cases in <i>Strategic Management</i>. With these data, students or instructors can perform strategic and financial analyses. • Micromatic, second edition, is a computer-based simulation that introduces students to tools and concepts of today's business world, such as spreadsheet calculations, "what-if" scenarios, financial analysis, and competitive analysis. • Policy Expert includes four computer tools—business calculator, ratio analysis, portfolio models, and environmental scan—that assist students in analyzing actual businesses or cases in a strategic management text. |

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