

# Strategic Management

Value Creation, Sustainability, and Performance



Bamford & West

# Strategic Management

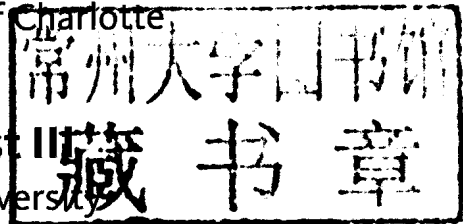
Value Creation, Sustainability, and Performance

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# Preface

**I**f you are a strategy professor, instructor, or student, you're probably asking yourself, "What makes this textbook unique in a crowded field of strategic management texts?" As we were developing this text, we carefully considered that question, too. We wanted to create something special, something that was sure to enable instructors to teach strategy effectively while engaging students with realistic and practical information.

Specifically, we decided to incorporate several key innovations in this textbook:

- Integrating content throughout the book, relying upon important strategy concepts (value chain, resource based advantage) as the primary integrating mechanisms.
- Relating each content area to a set of contemporary strategic imperatives introduced in the first chapter: Opportunity Recognition and Value Creation.
- Devoting a full chapter to performance.
- Integrating emerging content within the traditional outline of strategic management, rather than grafting on new chapters.
- Providing guidance on practical use and application of important strategy concepts (e.g., steps to conduct an industry analysis, how to conduct a resources analysis).
- Using small companies as well as large companies for illustrations, and using examples that students are familiar with and find interesting.
- Using fresh examples, heavily drawing upon current events.
- Adopting a writing style that is student-friendly and accessible.

We briefly explore some of these innovations in detail on the following pages.

# **Innovations in This Textbook**

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## **Integration Across the Chapters**

The textbook uses “value chain” and “resource-based advantage” as core integrating mechanisms. These two perspectives require students to consider how firms create value on a sustainable basis. This approach offers several advantages. First, the combination enables a broader discussion of organizational stakeholders, corporate social responsibility, and organizational goals. Economic value and social value are each perceived as legitimate organizational goals, and therefore this approach embraces a wide range of organizations including not-for-profits and those with specific social goals. This approach allows the strategic management course to be applied to these sectors, where student interest is rapidly growing. But these more contemporary ideas cannot exist in isolation from the essential sustainability goal of strategic management.

The value chain focus facilitates the discussion of industry entry approaches as well as the discussion of how value is created in different ways at different stages of an industry’s or company’s evolution. Finally, the issue of value creation is seen as a critical ongoing strategic challenge in industries characterized by dynamic, revolutionary change. Therefore the tension that exists between mandates for change versus the need for continuity can be highlighted. We emphasize the importance of coordinating mechanisms across the value chain, routines, and other intangible dimensions, which in turn helps make resource-based advantage more practical and more understandable. Conclusions from industry analysis can be evaluated in the context of value adding activities and resource-based capabilities, as can business-level strategies, competitive dynamics, diversification, organizational structuring, and internal control and performance monitoring. All of the material throughout the text is related through these two integrating perspectives.

For the students we also explicitly introduce two strategic imperatives in Chapter 1 that we revisit throughout the book: the value creation imperative and the opportunity recognition imperative. We position strategic management today as occurring in a dynamically changing context: the real challenge of sustainability has to do with superior performance now and in the future.

## **Chapter on Performance**

This new text emphasizes—in fact spotlights—performance as a key outcome focus of strategic management. No other strategy textbook does this. We seek to encourage the perspective that strategy demands a capability in moving back and forth between the conceptual and the practical, including the performance that results. Students must understand that strategic



decisions and actions translate to financial effects. Our observations are that faculty want students to conduct financial analyses of companies for class discussions and projects, yet texts and teaching materials do not provide explicit content to assist in this teaching effort (other than the usual appendix containing financial ratios). By addressing this important topic early in the book (Chapter 2), faculty will have an easier time in drawing upon financial analysis throughout the course and in asking students to consider performance implications in class discussions.

## **Integrating Emerging Content into Chapters**

Emerging content in strategic management is thoroughly integrated into existing frameworks. For example, you will not find a separate chapter on International Strategy. Instead, this material is integrated into a chapter on growth, since it represents one of many options for firms to pursue in the development of their business. You will not find that Entrepreneurship is separated out in its own chapter, because it is not a separate function or process in any organization. Instead, the challenge of new value creation enables the instructor to deal with the ongoing entrepreneurial challenge at any stage of a company or industry. Other chapters covering material such as entry strategies, competitive dynamics, corporate strategy, and implementation all relate back to foundational material in earlier chapters on value chain and resources. We believe that this integrative approach makes the field of strategic management more understandable to students and allows instructors to more easily draw on the critical foundations.

## **Theory to Practice**

This book is strongly grounded in strategic management theory, but it also has a very practical bent. Students are increasingly being pushed to translate their education into practical, growth-oriented efforts within the companies that have hired them. While many students still go to work for large, diversified companies, even these companies are demanding a more practical and innovative orientation by their employees. This reality makes it incumbent on textbooks to accomplish what students actually need: strategy as a practical and applicable means for use immediately after graduating college (as well as among senior management), and content that is readily applicable to all businesses.

We want our students to be able to take these ideas and use them, easily. So you will find that most chapters provide guidance on actually putting the ideas to use (e.g., steps to conduct an industry analysis, how to do a resource analysis) along with examples of how to do so. Our classroom tests have found this works!

## **Engaging Style**

Finally, this book overcomes the biggest complaint by students and faculty about many strategy books—that they are very dry and uninteresting for students to read. The writing for this book strikes a balance between

providing very strong, theory-based arguments and a style that is engaging for students. We often use the first person plural “we.” We view learning about strategic management as a journey we are embarking on alongside our students, rolling up our sleeves and working hard together to understand this fascinating field. We also make liberal use of companies and industries that students can relate to in order to provide plenty of translation of ideas to practice (e.g., music industry, Xbox 360, Starbucks, Target). How do we know our style works? We’ve classroom tested it for two years. Students have overwhelmingly responded favorably to the writing style of this book.

# Recurrent Ideas Across Chapters

We have already emphasized how we use “value chain” and “resource-based advantage” as integrating mechanisms across all the chapters in the book. This allows the professor to build cumulatively as the semester goes on, showing how later concepts relate to earlier ideas, and allows the student to understand strategic management as a set of related ideas and concepts rather than a series of discrete frameworks.

There are other ideas carried across the chapters in this book that will aid the professor in teaching strategy. These include the following:

- **Strategic Moves.** Appearing in nearly every chapter are very short vignettes that build on the discussion of the chapter to that point, and then pose questions for students to consider further. The remainder of the chapter seeks to provide further information to help provide the answers. These Strategic Moves vignettes spark more active engagement by the students so that they can drill down deeper into the situation. They also provide excellent material for follow-up class discussions.
- **How To....** Nearly every chapter concludes with a section on how to actually use the framework or ideas that the chapter has developed. What are the steps in conducting an industry analysis? How does one construct strategy maps? How do you do a value chain analysis? How do you actually perform a resource analysis? What are the steps to take in pursuing an acquisition? Kurt Lewin said, “There is nothing so practical as a good theory.” We quite agree, and practical applications are highlighted in the text’s margins with an Action Steps icon.
- **Leadership and Ethics.** Often strategic leadership and ethics are each dealt with in their own chapters in strategy textbooks. But not here. Leadership and ethics are evident in all aspects of strategic management, such that the consideration of any type of strategic situation or analytical framework synthetically and simultaneously calls up these ideas. Therefore, throughout the book you will find small graphics in the margins of the text where issues of leadership and ethics appear prominently. This reminds the students that these dimensions are an ongoing part of every aspect of the field.



# Support Materials

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**Make It Yours custom case program.** We have aligned cases from the leading case providers to each chapter in this text, and through the authors' own research have developed the most commonly used and recommended cases for teaching Strategic Management. From this list instructors can easily create a comprehensive and cost effective case-based learning solution. To review and select from this comprehensive case listing please visit us online at [www.cengage.com/custom/makeityours/BamfordWest1](http://www.cengage.com/custom/makeityours/BamfordWest1).

A full set of supplements is available for students and adopting instructors, all designed to facilitate ease of learning, teaching, and testing.

**Instructor's Resource CD.** Instructors will find all of the teaching resources they need to plan, teach, grade, and assess student understanding and progress at their fingertips with this all-in-one resource for *Strategic Management*. The IRCD contains:

- **Instructor's Manual**—This valuable, time-saving Instructor's Manual streamlines course preparation with its presentation of chapter outlines, teaching suggestions and lecture notes, and answers to all chapter questions.
- **Testbank**—The *Strategic Management* Testbank in ExamView software allows instructors to create customized tests by choosing from True-False, Multiple Choice, and Short Answer/Essay questions for each of the book's 12 chapters. Ranging in difficulty, all questions have been tagged to the text's Learning Objectives and AACSB standards to ensure students are meeting the course criteria.
- **PowerPoint Slides**—A comprehensive set of PowerPoint slides will assist instructors in the presentation of the chapter material, enabling students to synthesize key concepts.

**Premium Web site.** Students will receive access to additional study aids and self-evaluation tools free with the purchase of a new *Strategic Management* 1e text. Available to students will be PowerPoint study slides, key term flashcards, and interactive quizzing, as well as a guide to case analysis, which will allow students to instantly gauge their comprehension of the material. The quizzes are all tagged to the book's Learning Objectives and AACSB standards.

**Product support Web site.** The *Strategic Management* product support Web site at [www.cengage.com/management/bamford](http://www.cengage.com/management/bamford) enables instructors to download files for the Instructor's Manual, PowerPoint slides, Video Guide, and a robust Teaching with Cases Resource Center. Through the Product Support Web site, students can access the Learning Objectives and flashcards.

**WebTutor on BlackBoard and WebTutor on WebCT.** Available on two different platforms, *Strategic Management* WebTutor enhances students' understanding of the material by featuring the Opening Cases and Video Cases, as well as e-lectures, the Glossary, and study flashcards.

**DVD.** Instructors can bring theoretical concepts to life with the current and relevant video cases available on the *Strategic Management* DVD. Each video case is correlated to the book's sections, and discussion questions and answers tied to each video case can be found in the Instructor's Manual.

# Acknowledgments

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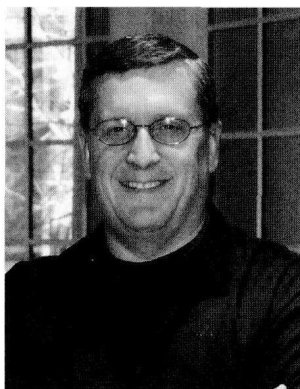
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And finally, we would like to acknowledge our students. For the last two years we have been testing chapters of our book on our students. We told them we were doing this. We asked for their feedback, and they gave it to us—both positive and negative. Our students were extremely helpful through this, and through their help we know we have a book that students will enjoy using more.

## About the Authors

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### **Charles E. Bamford, Ph.D.**

Dr. Chuck Bamford is the Dennis Thompson Chair of Entrepreneurial Leadership at Queens University of Charlotte. He earned his A.S. degree at Northern Virginia Community College, a B.S. degree at the University of Virginia, an MBA at Virginia Tech, and a Ph.D. in Strategy & Entrepreneurship at the University of Tennessee. During a twelve-year span prior to pursuing his Ph.D. he held positions managing Business Analysis (Mergers & Acquisitions, Dispositions, and Small Business Consulting) for Dominion Bankshares Corporation (now Wells Fargo Corporation). Other positions during his business career included Director of Corporate Training, Systems Analyst, COBOL programmer, and full time instructor in the early 1980s at Virginia Western Community College.

Chuck has taught courses in Strategic Management and Entrepreneurship at the undergraduate, graduate, and executive levels. His teaching experience includes courses taught at universities in Scotland, Hungary, and the Czech Republic. Prior to joining Queens University he held positions as an Associate Professor at Texas Christian University and at the University of Richmond. He teaches Executive MBA courses at Texas Christian University, The University of Notre Dame, and at Queens University of Charlotte.

Chuck has won fourteen individual teaching excellence awards during his career, including six Executive MBA Teacher of the Year Awards. He is also a Noble Foundation Fellow in Teaching Excellence.

His research has been published in the *Strategic Management Journal*, *Journal of Business Venturing*, *Entrepreneurship Theory & Practice*, *Journal of Business Research*, *Journal of Business Strategies*, *Journal of Technology Transfer*, and *Journal of Small Business Management*.

Chuck is married and has three children, ranging from 12–25 years old. In his spare time he is an avid sailor and writer of fiction.



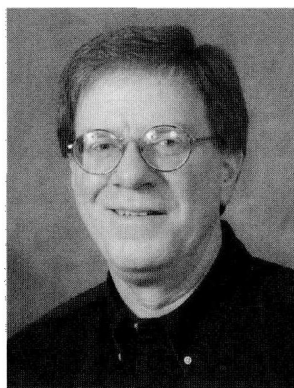
### **G. Page West III, Ph.D.**

Dr. Page West is Professor of Strategy and Entrepreneurship and the BB&T Fellow in Capitalism and Free Markets at Wake Forest University. He earned his B.A. in Economics at Hamilton College, an MBA at The Amos Tuck School of Business Administration at Dartmouth College, and a Ph.D. in Strategic Management at the University of Colorado at Boulder. Prior to earning his Ph.D. he held positions in marketing and new business development for 17 years at consumer packaged goods companies including General Mills and Celestial Seasonings, and consulted with Westinghouse and other technology companies. He also started up his own food manufacturing company, raised venture capital, and expanded the business to a national level.

At Wake Forest he has taught undergraduate and graduate Strategic Management, Entrepreneurship, International Entrepreneurship, Capitalism and Free Markets, and Shakespeare on Management. His experience includes teaching management in London, UK, and he is a regular visiting faculty member of École de Management in Bordeaux, France. He has won awards for innovative teaching three times, and was recently named as the most influential professor by Wake Forest business school alumni.

His research focuses on top management teams and the evolution of strategy in new ventures. He has published articles in *Journal of Management*, *Journal of Management Studies*, *Journal of Business Venturing*, *Entrepreneurship Theory and Practice*, *Journal of Technology Transfer*, *Journal of Small Business Management*, and *International Journal of Organizational Analysis*.

Page is married to his college sweetheart. They have five children ranging from 18–30 years old, and recently became grandparents. He enjoys hiking the Colorado high country and researching family genealogy.



*Page West*



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*To Yvonne, Rob, Sean, Mo, and Bill for your support  
and love in my daily life. I can't thank you enough.*

**Charles E. Bamford**

*To Linda for her steadfast love, belief, and  
support. And to Dale for his inspiration to make a  
difference in the lives of students.*

**G. Page West III**

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