

STRATEGIC MANAGEMENT CONCEPTS



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PREFACE

The business world today is an exciting arena in which managers—particularly strategic managers—are champions of the businesses they represent. Much study has been given to the strategic manager's function, with four models emerging as representations of twenty-first-century management direction. The first of these is a metaparadigm that informs all of the others, and, consequently, it pervades all the chapters of this book. In five steps, this model determines vision, missions, and goals; it establishes objectives; and it directs the formulation, implementation, and control of strategy. The other three models support this metaparadigm, helping strategic managers confront the challenges they face daily. Each model is examined carefully within this text.

OBJECTIVES OF THE TEXT

Strategic Management Concepts is structured around the commonly recognized objectives of strategic management; that is, it develops the student's general perspective on management and on the role of the general manager/strategist in a variety of domestic and global situations. It also integrates the functional business disciplines (marketing, finance, operations, human resources management, and information systems) with the strategic management process and illuminates the interdependence among them. Business environments and their multiple roles within society, especially with regard to external constraints, are critical elements in this dialogue.

One of the primary goals of this edition is to enhance the student's analytical and research skills in a variety of decision-making settings. Stress is placed on teaching the student how to identify major issues in complex situations, how to prepare alternative solutions, and how to make decisions.

Another objective of this course is to acquaint the student with concepts in strategic management, such as the formulation of strategy content, its implementation, strategic control, and the translation of these concepts into practice.

A very important objective of *Strategic Management Concepts* is to foster understanding of the ethical issues involved in strategic management. With the advent of *glasnost* in the '80s and new emphasis worldwide on business honesty, ethics has become a major issue that needs to be examined in detail. We have provided many opportunities to address this subject in this edition, and coupled with its emphasis on cultural diversity, we feel this textbook will prepare students to be aware of moral and legal problems that face strategic managers and the propriety of the decisions they make.

FEATURES IN THIS EDITION

This edition offers several significant features:

- Ten strategic management challenges are identified and introduced in Chapter 1. These challenges work together, under the metaparadigm discussed earlier, providing a theme throughout the book. The challenges are identified when they appear in the text by chess-piece icons in the margins.

- Major efforts have been made to integrate global strategy throughout the text. The challenges facing Japanese and European firms are frequently discussed in addition to those faced by U.S.-based firms.
- In-depth treatment is given to critical topics such as Porter's Dynamic Diamond Model of Global Competitiveness and the triad of key markets, and Europe in 1992 in Chapter 11.
- A chapter on entrepreneurship and innovation strategy, Chapter 12, is included because both are very important areas in the study of strategic management. Three-quarters-of-a-million entrepreneurial businesses are launched each year, providing jobs for workers and bolstering the economy. Innovation strategy is also important for the survival and prosperity of entrepreneurial businesses in the '90s.
- A new chapter on internal environmental analysis, Chapter 3, enables students to quickly review the key issues determining corporate strengths and weaknesses.
- The important issues of international strategy, cultural diversity, ethics, and quality have been highlighted and integrated throughout the text as boxed features. Among these are *Global Strategic Challenge* boxes showing how companies such as Harley-Davidson, when it decided to confront the Japanese market, compete in a world market. *Strategic Ethical Challenge* boxes discuss the ethical dilemmas of various firms such as those faced by American Express when its advertising practices were called into question; *Strategic Cultural Diversity Challenge* boxes discuss how companies such as DEC and Corning foster diversity and sharpen their competitive edge.
- The Integrative Case on General Motors Corporation, discussed throughout the textbook, along with the accompanying Industry Note on the automobile industry in general, following Chapter 4, provides the student with practical business insight. Each chapter ends with a discussion of the integrative case and illustrates how the key concepts introduced in the chapter apply to both General Motors and the automobile industry as a whole.
- A series of videotapes is included for instructor use. These feature companies such as Caterpillar and McDonald's—Moscow discussed in the text.
- A sample strategic planning document has been added. "Taisei Corporation Plans for the Year 2000," reprinted from the journal *Long Range Planning*, reviews nicely many of the major concepts of the text portion of the book as incorporated in a sample strategic plan and its documentation.

THE PLAN OF THE TEXT

Strategic Management Concepts is the text-only edition of a larger work, *Strategic Management: Text and Cases*. The following is the thumbnail sketch of material covered in this edition.

- Chapter 1—Introduces the strategic management process; identifies the four factors that determine an organization's objectives and strategy; identifies the ten strategic management challenges that will shape strategy significantly in the 1990s; introduces the Integrative Case.
- Chapter 2—Discusses organizational strategists and organizational purpose.
- Chapter 3—Discusses the fourth major influential factor in strategy formulation: internal and external environments; discusses strategic information systems and forecasting.
- Chapter 4—Continues the discussion on environments; features the Industry Note on the auto business.
- Chapter 5—Reviews fundamentals of strategy formulation, concentrating on the steps employed and on the various techniques used for improving results.
- Chapter 6—Reviews major business-level strategies and their content.
- Chapter 7—Focuses on the major content of strategies and on the strategy formulation process in multiple-SBU firms.
- Chapter 8—Continues the discussion of the strategic management process model, focusing on implementation and organizational structure.
- Chapter 9—Concludes the discussion of implementation; reviews implementation systems, management style, and shared values or cultures.
- Chapter 10—Completes the material on the strategic management process; reviews methods for carrying out evaluation and control.
- Chapter 11—Presents global perspectives on strategy.
- Chapter 12—Reviews the role of strategy in entrepreneurship; discusses innovation strategy.

Related comprehensive cases that may be used as supplemental student information may be supplied by the instructor.

ABOUT THE APPENDIXES

The appendixes of this book are designed to increase the student's ability to analyze strategic situations. Appendix 1, Sample Strategic Plan, lays out the plans of Taisei Corporation of Tokyo. It affords the student an opportunity to see real-world applications of the concepts delineated in this textbook, as Taisei formulates its strategy for the year 2000. Appendix 2 describes the case method and provides students extensive guidance on how to prepare a case. It also contains a sample case analysis.

USING STRATEGIC MANAGEMENT CONCEPTS

Strategic Management Concepts is intended primarily for use in strategy/policy courses for fourth-year undergraduate students and for second-year MBA students. This book can be employed in conjunction with a variety of pedagogical approaches. It can be used alone in strategic management courses, or it can be used with an instructor's own cases or lectures, or with simulations or field exercises. It can also be used with analyses of reports on real-world organizations, such as those that appear in each issue of *Business Week* and in *The Wall Street Journal*.

The text may also be used by managers in management-development courses or by any individual manager as a means of “getting up to speed” in this area. State-of-the-art implementation of strategic management is reviewed, with a focus on both research and new concepts in this rapidly expanding field.

ANCILLARIES

The ancillary materials that accompany this book form a more comprehensive package than those provided by any other strategy text.

1. The *Ancillary Resource Guide* explains in detail how to use all of the ancillary items.
2. The extensive *Instructor's Manual* offers a unique and consistent format for discussing strategic management.
3. The extensive *Test Bank* provides true/false, multiple choice, and essay questions relating to the text. A computerized test bank is also available.
4. Videotaped segments cover companies discussed in the text. These segments include Caterpillar, Harley-Davidson, McDonald's–Moscow, and many more.
5. The *Instructor's Manual Enhancement Disk* accompanying the *Instructor's Manual* includes supplementary lecture materials for each chapter and additional transparency masters.

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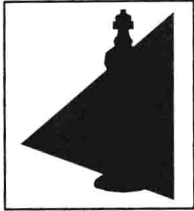
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