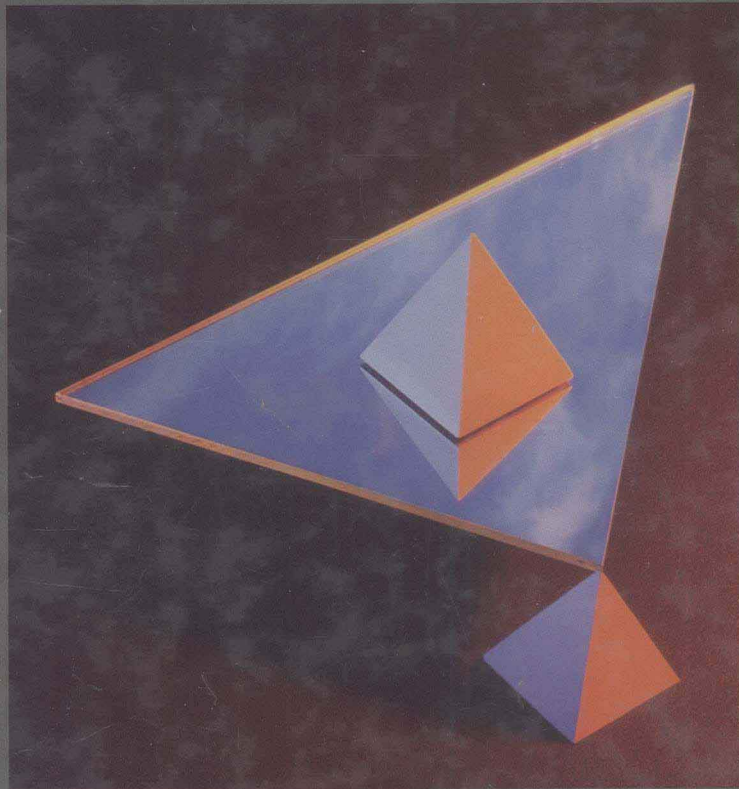


CHARLES W. L. HILL/GARETH R. JONES

STRATEGIC MANAGEMENT

AN INTEGRATED APPROACH

SECOND EDITION



STRATEGIC MANAGEMENT

*An Integrated
Approach*

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*For my wife Jennifer
G.R.J.
For Alexandra, Elizabeth, and Charlotte
C.W.L.H.*

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STRATEGIC MANAGEMENT

Preface

The favorable reception of the first edition of *Strategic Management: An Integrated Approach* has led us to build and expand upon its principles for the second edition. We utilized feedback from users of the first edition to increase the book's value. We have maintained comprehensive and up-to-date coverage of the burgeoning strategic management literature. We have reexamined the balance between strategy formulation and strategy implementation and added to the flow of material so that a more comprehensive picture of the strategic management process is created. We have also replaced or revised virtually every case in the book. The high quality of cases in this edition should continue to meet the expectations of professors and students in terms of their interest and the importance of the issues they raise.

Comprehensive and Up-To-Date Coverage

In many places we have added to the text to expand and improve our coverage of relevant material. From the most current research, we have created new chapters and improved existing ones. In particular, we have greatly expanded our treatment of business and corporate level strategy by writing two completely new chapters and revising three from the last edition. Some of the additional material discussed includes the following.

- New material on managerial motives, ethics, and social responsibility (Chapter 2).
- Discussion of the role of distinctive competences and barriers to imitation in building and sustaining a company's competitive advantage (Chapter 4).
- A view of the strategic implications of flexible manufacturing systems, design for manufacturing, total quality control, just-in-time inventory systems, and self-managing work teams (Chapter 4).
- Discussion of the way in which competition at the business level often revolves around how a company can pursue a cost leadership and a differentiation strategy simultaneously (Chapter 5).
- A new chapter on the relationship between business-level strategy and industry structure (Chapter 6). This outlines how the characteristics of different industry environments affect the way a firm chooses to compete. For example, we discuss how innovating companies in emerging industries can establish and exploit a first-mover advantage. We discuss how pricing strategy, capacity-expansion strategy, and strategy towards suppliers and distributors becomes a crucial competitive weapon in mature consolidated industries. And we discuss strategies for coping with industry decline.

- Due to the increased interest in global strategy, we have split our corporate-level strategy chapter into two new chapters. Chapter 7 deals with vertical integration and diversification, and Chapter 8 deals with global competition and global strategy. In each of these chapters we offer an account of the latest research and thinking. Included are discussions of long-term contracting and strategic alliances as alternatives to vertical integration and diversification (Chapter 7), and the strategic characteristics of the transnational corporation (Chapter 8).
- New sections on joint ventures and strategic alliances as ways of securing a competitive advantage in new industry environments (Chapter 9).
- A new look at how to design structure so as to simultaneously secure a low cost and a differentiation advantage, and a new look at global strategy and the choice of the appropriate structure and control systems to implement the strategy (Chapter 12).

Balanced and Integrated Progression of Topics

We have incorporated this new material into our existing framework in a way that preserves the balance and flow of the text. As in the first edition, this book is designed so that each chapter builds upon the previous. The new chapters on business and corporate-level strategy provide students with a strong foundation for understanding the process of value creation that underlies strategic management.

In addition, we have maintained our approach of going beyond the uncritical presentation of text material, to debate at length the strengths and weaknesses of various strategic management techniques, and the advantages and disadvantages of different strategies and structures. Our objective continues to be to demonstrate to students that in the real world, strategic issues are inevitably complex, and necessarily involve a consideration of pros and cons, and a willingness to accept tradeoffs. At the same time we have made the text very accessible to students.

To achieve balance we have not allowed any one disciplinary orientation to determine the content of this text. In addition to the strategic management literature, we have drawn on the literature of economics, marketing, organizational theory, operations management, finance, and international business. The perspective of this book is truly strategic in that it integrates the contributions of these diverse disciplines into a comprehensive whole.

Cases

In preparing and selecting cases for the new edition we have been fortunate to draw upon a large number of excellent cases provided to us by case authors, many of whom used the previous edition of this book. For this edition we selected thirty cases that we are certain will appeal to both students and professors

in terms of interest and illumination of complex strategic-management issues. As with the first edition, we have chosen cases that illustrate the key subject areas covered in the text. Many of the cases are new, including seven that we have written ourselves. In addition, we have retained and updated two cases from the last edition. We have included several international business cases, as well as new cases on small businesses and entrepreneurship. We feel the selection we offer is second to none, and we are grateful to the case authors who have contributed to this edition. They include

Sexton Adams
North Texas State University

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George Toucher
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Boston College

Richard E. White
Arizona State University

Instructor's Resource Manual

We have maintained and refined the format of the Instructor's Resource Manual that users found so beneficial last time. With the case authors' **teaching notes** we have developed in-depth analyses that highlight the important issues in each case and relate them to the text material. Each teaching note offers a **detailed synopsis** of the case and a step by step analysis of the issues contained in it. We also provide a comprehensive list of **true/false** and **multiple choice questions** and **answers** (over 700 questions in all), a series of **discussion questions** and **answers**, a **chapter synopsis**, and a **lecture outline** for each chapter in the book. In addition we offer sample **course outlines** for the material that we have class-tested and found to work.

Teaching Aids

With the second edition of *Strategic Management*, we offer an expansive support package. First, a **videotape** containing information on select cases is available to instructors. This illuminates many issues of interest in the cases.

Second, a package of 75 **color transparencies** accompanies the book. These include all of the art found in the text. In addition, transparency masters of most of the book's figures and tables can be found in the Instructor's Resource Manual.

Finally, *Policy Expert*, a **software package** for case analysis is available with the book. This software package allows students to input financial data from the cases and perform several kinds of strategic and financial analyses. These include the calculation of a wide variety of business formulas, the carrying out of "what if" scenarios, the development of strategic management models in an expert system, and other applied applications useful for case analysis and presentation.

Together, the Instructor's Resource Manual and teaching aids provide an integrated package that supports the approach we have taken throughout the book. Further details for using the support package can be found in the Instructor's Resource Manual.

Acknowledgments

This book is far more than the product of two authors. We wish to thank again the case authors for allowing us to use their material, and the authors of other teaching materials. We also wish to thank the Departments of Management at the University of Washington and Texas A & M University for providing the setting and atmosphere in which the book could be written, and the students of these universities who reacted to and provided input for many of our ideas. In addition, the following reviewers provided valuable suggestions for improving the manuscript from its original form to its current form.

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C.W.L.H.

G.R.J.

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