

Table of Contents

Chapter 1: What Is Strategy and Why Is It Important?	1
What Do We Mean by “Strategy?”	2
Strategy and the Quest for Competitive Advantage.	3
Identifying a Company’s Strategy	4
Why a Company’s Strategy Evolves Over Time	5
A Company’s Strategy Is Partly Proactive and Partly Reactive	6
Strategy and Ethics: Passing the Test of Moral Scrutiny.	7
The Relationship Between a Company’s Strategy and Its Business Model.	8
What Makes a Strategy a Winner?	9
Why Crafting and Executing Strategy Are Important Tasks.	10
The Road Ahead	11
Key Points	11
Chapter 2: Charting a Company’s Long-Term Direction: Vision, Mission, Objectives, and Strategy...	12
What Does the Strategy-Making, Strategy-Executing Process Entail?	12
Task 1: Developing a Strategic Vision, Mission Statement, and Core Values	13
Task 2: Setting Objectives	18
Task 3: Crafting a Strategy	23
Task 4: Implementing and Executing the Strategy	28
Task 5: Evaluating Performance and Initiating Corrective Adjustments	29
Corporate Governance: The Role of The Board of Directors in the Strategy-Making, Strategy-Executing Process	29
Key Points	31
Chapter 3: Evaluating a Company’s External Environment	32
The Strategically Relevant Components of a Company’s External Environment.	33
Thinking Strategically about a Company’s Industry and Competitive Environment	34
Question 1: What Kinds of Competitive Forces Are Industry Members Facing?	35
Question 2: What Factors Are Driving Industry Change and What Impact Will They Have?	50
Question 3: What Market Positions Do Rivals Occupy —Who Is Strongly Positioned and Who Is Not?	54
Question 4: What Strategic Moves Are Rivals Likely to Make Next?	57
Question 5: What Are the Key Factors for Future Competitive Success?	58
Question 6: Is the Industry Outlook Conducive to Good Profitability?	59
Key Points	60
Chapter 4: Evaluating a Company’s Resources and Ability to Compete Successfully	62
Question 1: How Well Is the Company’s Present Strategy Working?	63
Question 2: Are the Company’s Resources and Capabilities Attractive and Well Matched to Its Market Opportunities and External Threats?	66
Question 3: Are the Company’s Prices and Costs Competitive with Those of Key Rivals, and Does It Have an Appealing Customer Value Proposition?	74
Question 4: Is the Company Competitively Stronger or Weaker than Key Rivals?	82
Question 5: What Strategic Issues and Problems Merit Front-Burner Managerial Attention?	85
Key Points	86

Chapter 5: The Five Basic Competitive Strategy Options: Which One to Employ?	88
The Five Basic Competitive Strategies	88
Low-Cost Provider Strategies	90
Broad Differentiation Strategies	96
Focused (or Market Niche) Strategies	101
Best-Cost Provider Strategies	103
Successful Competitive Strategies Are Resource-Based.	104
Key Points	105
Chapter 6: Supplementing the Chosen Competitive Strategy—Other Important Strategy Choices	106
Going On the Offensive — Strategic Options to Improve a Company’s Market Position ..	108
Defensive Strategies — Protecting Market Position and Competitive Advantage	111
Web Site Strategies	112
Outsourcing Strategies	115
Vertical Integration Strategies: Operating across More Stages of the Industry Value Chain ..	116
Strategic Alliances and Partnerships	120
Merger and Acquisition Strategies	122
Choosing Appropriate Functional-Area Strategies	124
Timing a Company’s Strategic Moves	124
Key Points	126
Chapter 7: Strategies for Competing Internationally or Globally	128
Why Companies Decide to Enter Foreign Markets	129
Why Competing across National Borders Makes Strategy-Making More Complex	129
The Concepts of Multicountry Competition and Global Competition	134
Strategy Options for Entering and Competing in International and Global Markets	135
The Quest for Competitive Advantage in Global Markets	142
Profit Sanctuaries and Global Strategic Offensives	145
Key Points	146
Chapter 8: Diversification Strategies	148
What Does Crafting a Diversification Strategy Entail?	149
Choosing the Diversification Path: Related vs. Unrelated Businesses	152
Evaluating A Diversified Company’s Strategy	158
Key Points	173
Chapter 9: Strategy, Ethics, and Social Responsibility	175
What Do We Mean by Business Ethics?	176
Where Do Ethical Standards Come From?	176
The Three Categories of Management Morality	181
What Are the Drivers of Unethical Strategies and Business Behavior?	183
Why Should Company Strategies Be Ethical?	183
Strategy, Social Responsibility, and Corporate Citizenship	185
Key Points	191

Chapter 10: Building an Organization Capable of Good Strategy Execution	193
A Framework for Executing Strategy.....	194
Building an Organization Capable of Good Strategy Execution: Three Key Actions.....	196
Staffing the Organization	197
Developing and Strengthening Core Competencies and Competitive Capabilities.....	199
Execution-Related Aspects of Organizing the Work Effort	202
Key Points	208
Chapter 11: Managing Internal Operations: Actions That Promote Good Strategy Execution	210
Marshaling Resources Behind the Drive for Good Strategy Execution	211
Instituting Policies and Procedures That Facilitate Strategy Execution	212
Adopting Best Practices and Striving for Continuous Improvement.....	213
Installing Information and Operating Systems	219
Using Rewards and Incentives to Promote Better Strategy Execution.....	220
Key Points	224
Chapter 12: Corporate Culture and Leadership—Keys to Good Strategy Execution	226
Instilling a Corporate Culture That Promotes Good Strategy Execution	227
Leading the Strategy Execution Process	237
Key Points	242