This page is intentionally left blank.
Part One: Introduction to Strategic Management and Business Policy

Chapter 1: Basic Concepts of Strategic Management

The Study of Strategic Management
Phases of Strategic Management
Benefits of Strategic Management

Globalization, Innovation, and Sustainability: Challenges to Strategic Management
Impact of Globalization
Impact of Innovation
Global Issue: Regional Trade Associations Replace National Trade Barriers
Impact of Sustainability

Theories of Organizational Adaptation
Creating a Learning Organization
Basic Model of Strategic Management
Environmental Scanning
Strategy Formulation
Strategy Implementation
Evaluation and Control
Feedback/Learning Process

Initiation of Strategy: Triggering Events

Strategic Decision Making
What Makes a Decision Strategic
Mintzberg's Modes of Strategic Decision Making
Strategic Decision-Making Process: Aid to Better Decisions

The Strategic Audit: Aid to Strategic Decision Making

End of Chapter Summary
Appendix 1.A: Strategic Audit of a Corporation

Chapter 2: Corporate Governance

Role of the Board of Directors
Responsibilities of the Board
Members of a Board of Directors
Innovation Issue: JCPenney and Innovation
Strategy Highlight: Agency Theory Versus Stewardship Theory in Corporate Governance
Nomination and Election of Board Members
# Table of Contents

Organization of the Board  
Impact of the Sarbanes-Oxley Act on U.S. Corporate Governance  
Global Issue: Global Business Board Activism At Yahoo!  
Trends in Corporate Governance  

The Role of Top Management  
Responsibilities of Top Management  
Sustainability Issue: CEO Pay and Corporate Performance  

End of Chapter Summary  

Chapter 3: Social Responsibility and Ethics in Strategic Management  

Social Responsibilities of Strategic Decision Makers  
Responsibilities of a Business Firm  
Sustainability  
Corporate Stakeholders  
Sustainability Issue: Marks & Spencer Leads the Way  
Strategy Highlight: Johnson & Johnson Credo  

Ethical Decision Making  
Some Reasons for Unethical Behavior  
Global Issue: How Rule-Based and Relationship-Based Governance Systems Affect Ethical Behavior  
Innovation Issue: Turning a Need into a Business to Solve the Need  
Encouraging Ethical Behavior  

End of Chapter Summary  

Part Two: Scanning the Environment  

Chapter 4: Environmental Scanning and Industry Analysis  

Environmental Scanning  
Identifying External Environmental Variables  
Sustainability Issue: Green Supercars  
Global Issue: SUVs Power on in China  
Identifying External Strategic Factors  

Industry Analysis: Analyzing the Task Environment  
Porter's Approach to Industry Analysis  
Industry Evolution  
Innovation Issue: Taking Stock of an Obsession  
Categorizing International Industries  
International Risk Assessment  
Strategic Groups  
Strategic Types  
Hypercompetition  
Using Key Success Factors to Create an Industry Matrix  

Competitive Intelligence  
Sources of Competitive Intelligence  
Strategy Highlight: Evaluating Competitive Intelligence  
Monitoring Competitors for Strategic Planning  

Forecasting  
Danger of Assumptions
# Table of Contents

- Useful Forecasting Techniques
- The Strategic Audit: A Checklist for Environmental Scanning
- Synthesis of External Factors: EFAS
- End of Chapter Summary

## Chapter 5: Internal Scanning: Organizational Analysis

- A Resource-Based Approach to Organizational Analysis
  - Core and Distinctive Competencies
  - Using Resources to Gain Competitive Advantage
  - Determining the Sustainability of an Advantage

- Business Models

- Value-Chain Analysis
  - Industry Value-Chain Analysis
  - Corporate Value-Chain Analysis

- Scanning Functional Resources and Capabilities
  - Basic Organizational Structures
  - Corporate Culture: The Company Way
  - Global Issue: Managing Corporate Culture for Global Competitive Advantage: ABB vs. Panasonic
  - Strategic Marketing Issues
  - Innovation Issue: DoCoMo Moves against the Grain
  - Strategic Financial Issues
  - Strategic Research and Development (R&D) Issues
  - Strategic Operations Issues
  - Strategic Human Resource (HRM) Issues
  - Sustainability Issue: The Olympic Games-Sochi 2014 and Rio 2016
  - Strategic Information Systems/Technology Issues

- The Strategic Audit: A Checklist for Organizational Analysis

- Synthesis of Internal Factors

- End of Chapter Summary

## Part Three: Strategy Formulation

### Chapter 6: Strategy Formulation: Situation Analysis and Business Strategy

- Situational Analysis: SWOT Approach
  - Generating a Strategic Factors Analysis Summary (SFAS) Matrix
  - Finding a Propitious Niche

- Review of Mission and Objectives

- Business Strategies
  - Porter's Competitive Strategies
  - Global Issue: The Nike Shoe Strategy vs. The New Balance Shoe Strategy
  - Innovation Issue: CHEGG and College Textbooks
  - Cooperative Strategies
  - Sustainability Issue: Strategic Sustainability-Espn

- End of Chapter Summary

### Chapter 7: Strategy Formulation: Corporate Strategy

- Corporate Strategy
Table of Contents

Directional Strategy
  Growth Strategies
  Strategy Highlight: Transaction Cost Economics Analyzes Vertical Growth
  International Entry Options for Horizontal Growth
  Global Issue: Global Expansion is not Always A Path to Expansion
  Controversies in Directional Growth Strategies
  Stability Strategies
  Retrenchment Strategies

Portfolio Analysis
  BCG Growth-Share Matrix
  Sustainability Issue: General Motors and The Electric Car
  Advantages and Limitations of Portfolio Analysis
  Managing a Strategic Alliance Portfolio

Corporate Parenting
  Innovation Issue: To Red Hat or Not?
  Developing a Corporate Parenting Strategy
  Horizontal Strategy and Multipoint Competition

End of Chapter Summary

Chapter 8: Strategy Formulation: Functional Strategy and Strategic Choice

Functional Strategy
  Marketing Strategy
  Financial Strategy
  Research and Development (R&D) Strategy
  Operations Strategy
  Global Issue: Why doesn't Starbucks want to Expand to Italy?
  Purchasing Strategy
  Sustainability Issue: How Hot is Hot?
  Logistics Strategy
  Innovation Issue: When an Innovation Fails to Live Up to Expectations
  Human Resource Management (HRM) Strategy
  Information Technology Strategy

The Sourcing Decision: Location of Functions

Strategies to Avoid

Strategic Choice: Selecting the Best Strategy
  Constructing Corporate Scenarios
  The Process of Strategic Choice

Developing Policies

End of Chapter Summary

Part Four: Strategy Implementation and Control

Chapter 9: Strategy Implementation: Organizing for Action

Strategy Implementation

Who Implements Strategy?

What Must Be Done?
  Developing Programs, Budgets, and Procedures
**Table of Contents**

**Sustainability Issue: A Better Bottle-Ecologic Brands**

Achieving Synergy

**How is Strategy to Be Implemented? Organizing for Action**

Structure Follows Strategy
Stages of Corporate Development
Innovation Issues: The P&G Innovation Machine Stumbles
Organizational Life Cycle
Advanced Types of Organizational Structures
Reengineering and Strategy Implementation
Six Sigma
Designing Jobs to Implement Strategy

**International Issues in Strategy Implementation**

International Strategic Alliances
Stages of International Development
Global Issue: Outsourcing Comes Full Circle
Centralization Versus Decentralization

End of Chapter Summary

**Chapter 10: Strategy Implementation: Staffing and Directing**

**Staffing**

Staffing Follows Strategy
Selection and Management Development
Innovation Issue: How to Keep Apple "Cool"
Problems in Retrenchment
International Issues in Staffing

**Leading**

Sustainability Issue: Panera and The "Panera Cares Community Cafe"
Managing Corporate Culture
Action Planning
Management by Objectives
Total Quality Management
International Considerations in Leading
Global Issue: Cultural Differences Create Implementation Problems in Merger

End of Chapter Summary

**Chapter 11: Evaluation and Control**

**Evaluation and Control in Strategic Management**

**Measuring Performance**

Appropriate Measures
Types of Controls
Innovation Issue: Reuse of Electric Vehicle Batteries
Activity-Based Costing
Enterprise Risk Management
Primary Measures of Corporate Performance
Balanced Scorecard Approach: Using Key Performance Measures
Sustainability Issue: E-Receipts
Primary Measures of Divisional and Functional Performance
Responsibility Centers
Table of Contents

Using Benchmarking to Evaluate Performance
International Measurement Issues
Global Issue: Counterfeit Goods and Pirated Software: A Global Problem

Strategic Information Systems
Enterprise Resource Planning (ERP)
Radio Frequency Identification (RFID)
Divisional and Functional Support

Problems in Measuring Performance
Short-Term Orientation
Goal Displacement

Guidelines for Proper Control
Strategic Incentive Management
End of Chapter Summary

Part Five: Introduction to Case Analysis
Chapter 12: Suggestions for Case Analysis
The Case Method
Researching the Case Situation
Financial Analysis: A Place to Begin
   Analyzing Financial Statements
   Common-Size Statements
   Z-Value and the Index of Sustainable Growth
   Useful Economic Measures
Format for Case Analysis: The Strategic Audit
End of Chapter Summary
Appendix 12.A: Resources for Case Research
Appendix 12.B: Suggested Case Analysis Methodology Using the Strategic Audit
Appendix 12.C: Example of Student-Written Strategic Audit

Part Six: Cases in Strategic Management
Section A: Corporate Governance: Executive Leadership
Case 1: The Recalcitrant Director at Byte Products, Inc.: Corporate Legality versus Corporate Responsibility
   Several Solutions
   The Solution!
   Taking the Plan to the Board
   The Dilemma

Case 2: The Wallace Group
   Background on The Wallace Group
   History of the Wallace Group
   Organization and Personnel
   Current Trends
   The Problem Confronting Frances Rampar

Section B: Business Ethics
Case 3: Everyone Does It
Table of Contents

The Industry
Financing a Satellite Program
The Current Problem

Case 4: The Audit

Section C: Corporate Social Responsibility
Case 5: Early Warning or False Sense of Security? Concussion Risk and the Case of the Impact-Sensing Football Chinstrap
  Battle Sports Science, LLC
  Football and the Concussion Problem
  Product Responsibility and the Impact Indicator

Section D: International Issues in Strategic Management
Case 6: A123 Systems: A New Lithium-Ion Battery System for Electric and Hybrid Cars
  Company Background
  Strategic Direction
  A123’s Competitors
  Government Programs
  Social and Demographic Trends
  A123’s Technology
  Global Opportunities and Threats
  A123’s Finances
  Areas of Concern for A123
  Marketing
  Research and Development
  Operations
  Challenges Facing A123 Systems

Case 7: Guajilote Cooperativo Forestal, Honduras
  Operations
  Management and Human Resources
  Munguia: El Caudillo
  Guajilote’s Members
  Financial Situation
  Issues Facing the Cooperative
  A Possibility
  Concerns

Section E: General Issues in Strategic Management
Industry One: Internet Companies
  Background
  Management and Board of Directors
  Mission
  Issues and Risk Factors Facing Google in 2010
  Google’s Future

Case 9: Amazon.com, Inc.: Retailing Giant to High-Tech Player?
  Overview
  Amazon Corporate Governance
  Retail Operations/Amazons Superior Website
Table of Contents

Diversified Product Offerings
Partnerships
Web Services
Amazon's Acquisition of Zappos, Quidsi, Living Social, and Lovefilm
Competitors
Frustration-Free Packaging
Financial Operations
Challenges for Amazon

Case 10: Blue Nile, Inc.: "Stuck in the Middle" of the Diamond Engagement Ring Market
Company Background
Strategic Direction
The Jewelry Industry
Blue Nile's Competitors
Barriers to Entry/Imitation
Social and Demographic Trends
Global Opportunities
Blue Nile's Finances
Marketing
Operations and Logistics
Human Resources and Ethics
Stuck in the Middle

Industry Two

Entertainment and Leisure

Case 11: Groupon Inc.: Daily Deal or Lasting Success?
History
Business Model
Mission and Strategy
Corporate Governance
Operations
Finance
Information Technology
Marketing
Competition
Legal Issues
Looking to the Future

Case 12: Netflix Inc.: The 2011 Rebranding/Price Increase Debacle
Online Streaming
Demographics
Netflix's Competitors
Rising Content Costs
Global Expansion
Financial Results
Netflix's Success
The 2011 Price Increase/Rebranding Debacle
Strategic Challenges Ahead for Netflix

Case 13: Carnival Corporation & plc
Overview
The Evolution of Cruising
Carnival History
Industry Projections
Carnival in the Future

Case 14: Zynga, Inc. (2011): Whose Turn is It?
Introduction
# Table of Contents

- History
- Mission, Strategy, and Business Model
- Corporate Governance
- The Zynga Way
- Turning Games to Revenue
- Partnerships
- Acquisitions
- Operations
- Marketing
- The Legal Landscape
- Corporate Philanthropy
- Finance
- Future Outlook

## Industry Three

### Food and Beverage

#### Case 15: The Boston Beer Company: Brewers of Samuel Adams Boston Lager (Mini Case)
- Company History
- Corporate Mission and Vision
- The Beer Industry
- Current Challenges

#### Case 16: Panera Bread Company (2010): Still Rising Fortunes?
- History
- Concept and Strategy
- The Fast Casual Segment
- Competition
- Corporate Governance
- Menu
- Site Selection and Company-Owned Bakery-Cafés
- Franchises
- Bakery Supply Chain
- Marketing
- Management Information Systems
- Human Resources
- Finance

- Company Background
- Whole Foods Market's Philosophy
- Employee and Customer Relations
- Competitive Environment
- A Different Shopping Experience
- The Green Movement
- The Economic Recession of 2008
- Organic Foods as a Commodity
- Struggling to Grow in an Increasingly Competitive Market

#### Case 18: Burger King (Mini Case)
- Business Model
- Industry
- Issues
- New Owners: Time for a Strategic Change?

#### Case 19: Church & Dwight: Time to Rethink the Portfolio?
- Background
- Management
Table of Contents

Changing Directions
Consumer Products
Specialty Products
International Operations
Streamlining

Industry Four: Apparel
Case 20: Under Armour
  Industry Background
  Competitors
  Under Armour's History
  Under Armour's Activities
  The Pursuit of Three Percent
Case 21: TOMS Shoes (Mini Case)
  History
  Business Model
  Marketing and Distribution
  Operations and Management
  Mission Accomplished: Next Steps?
  Company History
  Industry Environment
  Internal Environment
  Competition
  Core Competencies
  Challenges Ahead

Industry Five: Specialty Retailing
Case 23: Rosetta Stone Inc.: Changing the Way People Learn Languages
  Introduction
  History
  Products and Services
  Content and Curriculum
  Technology
  Manufacturing and Fulfillment
  Language-Learning Success
  Marketing, Sales, and Distribution
  Protecting Rosetta Stone
  The Language-Learning Industry
  Competitors
  Financial Analysis
Case 24: Dollar General Corporation: 2011 Growth Expansion Plans (Mini Case)
  Expansion Plan
  Industry
  Corporate Ownership
  The Dollar General Store and Merchandise
  Finance
Case 25: iRobot: Finding the Right Market Mix?
  Company History
  Research and Development at iRobot
  New Markets

Section F
Industry Six: Transportation
Case 26: Tesla Motors, Inc.: The First U.S. Car Company IPO Since 1956
# Table of Contents

- Company Background
- Strategic Direction
- Tesla’s Competition
- Barriers to Entry and Imitation
- Proprietary Technology
- External Opportunities and Threats
- Oil Price
- Finances
- Marketing
- Operations
- Human Resources
- Tesla’s Future: Success or Bust?

## Case 27: Delta Air Lines (2012): Navigating an Uncertain Environment

- Delta Becomes the World’s Second-Largest Airline
- The Airline Industry
- Challenges Facing Delta

## Case 28: TomTom: New Competition Everywhere!

- TomTom’s Products
- Company History
- TomTom’s Customers
- Mergers and Acquisitions
- TomTom’s Resources and Capabilities
- Traditional Competition
- New Competition Everywhere!
- Potential Adverse Legislation and Restrictions
- Internal Environment
- Marketing
- Operations
- Human Resources
- Issues of Concern for TomTom

## Section G

### Industry Seven: Manufacturing


- Company Background
- GE’s Diversified Industrial Products Competitors
- GE Capital
- GE Capital’s Strategic Direction
- GE Capital’s Competitors
- Financials
- Core Competencies
- Challenges Facing GE
- What to Do with GE Capital?

#### Case 30: AB Electrolux: Challenging Times in the Appliance Industry

- Product Offerings and Brands
- Strategic Direction
- Industry Environment
- Competition
- Sustainability
- The 2008 Global Recession
- The Growing Middle Class in Asia
- Technical Advancements
- Global Opportunities and Threats
# Table of Contents

Financials  
Operations  
Marketing  
Innovation  
Challenges  

Industry Eight: Information Technology  
Case 31: Apple Inc.: Performance in a Zero-Sum World Economy  
  Management's View of the Company  
  History of Apple Inc.  
  Steven P. Jobs: Entrepreneur and Corporate Executive  
  Business Strategy  
  Business Organization  
  Product Support and Services  
  Markets and Distribution  
  Competition  
  Supply of Components  
  Research and Development  
  Patents, Trademarks, Copyrights, and Licenses  
  Seasonal Business  
  Warranty  
  Backlog  
  Environmental Laws  
  Employees  
  Legal Proceedings  
  Software Development Costs  
  Properties  
  John Tarpey's Decision  

Case 32: Dell Inc.: Changing the Business Model (Mini Case)  
  Problems of Early Growth  
  Business Model  
  Product Line and Structure  
  The Industry Matures  
  Issues and Strategy  
  Future Prospects  

Case 33: Logitech (Mini Case)  
  Company Background  
  Competitors  
  Trends  
  Global Presence  
  Finance  
  Operations  
  The Changing Landscape Ahead  

Case 34: Daktronics (A): The U.S. Digital Signage Industry 2010  
  The U.S. Digital Signage Industry  
  Environment of the U.S. Digital Signage Industry in 2010  
  Competitive Environment  
  Summary Analysis of Industry Competitiveness in 2010  
  Looking to the Future  

Glossary  
Name Index  
Subject Index