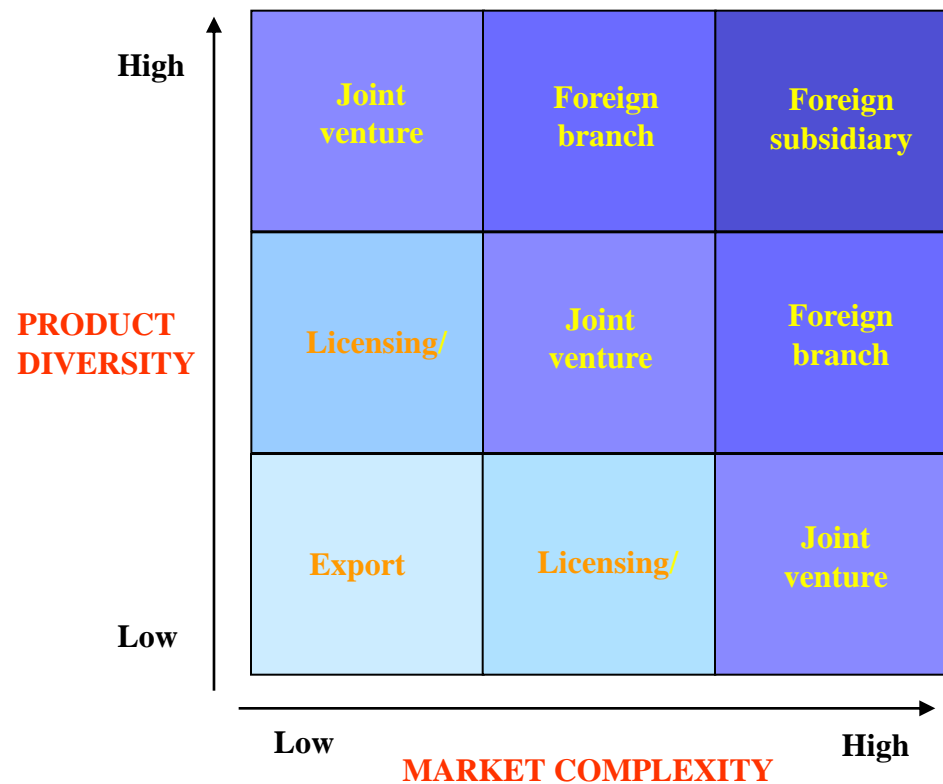


Strategic Management...

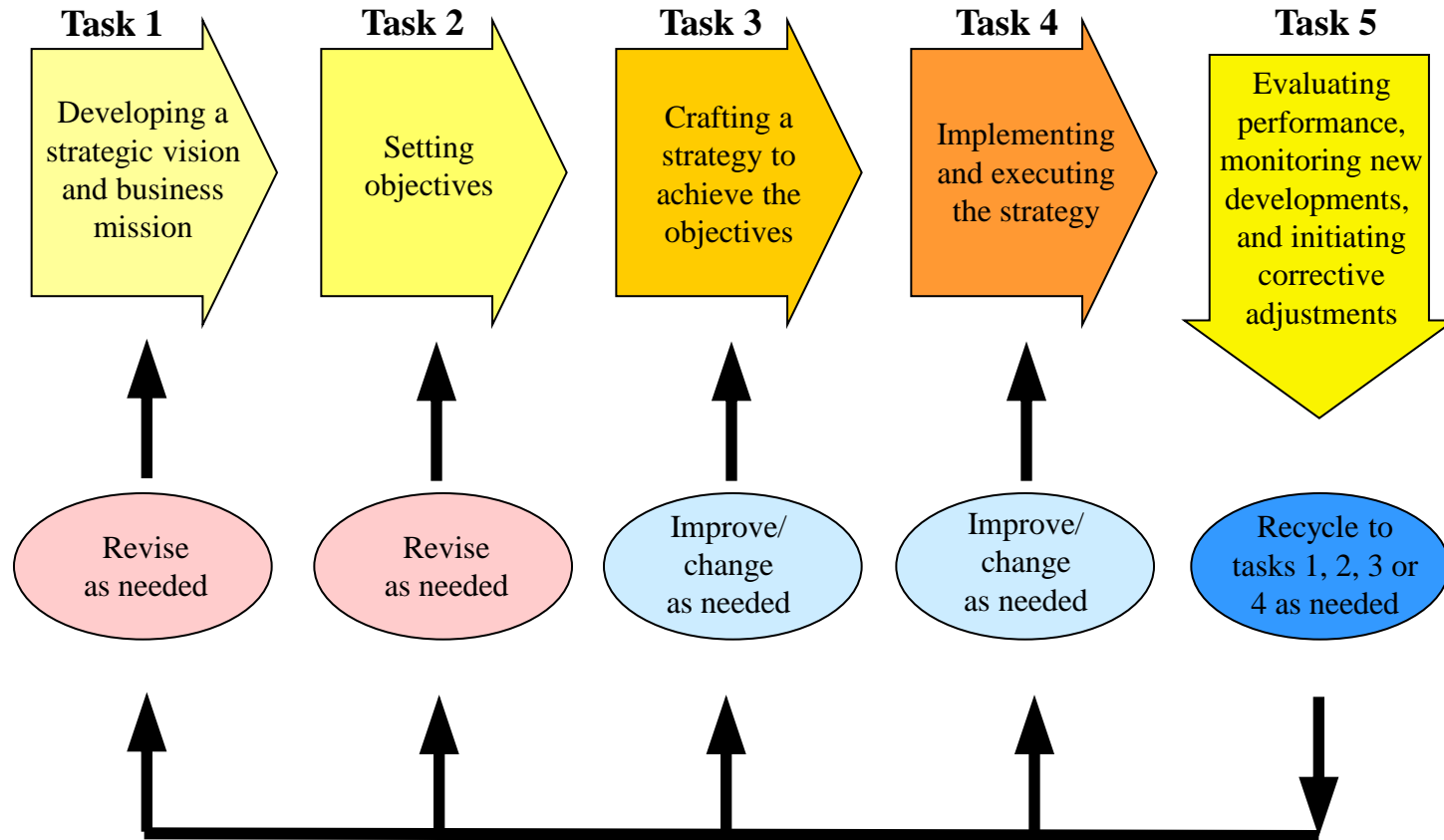
100 Slides



Key Words...

Strategic Pyramid – Strategic Vision – Strategy Alternatives – Five Forces Model – Competitive Advantage – Generic Strategies – Growth Strategies – Diversification Strategy – BCG Matrix – GE Business Screen – Cost Strategies – Exit/Entry Barriers – Resource Analysis – Core Competencies – Product-Life-Cycle – Top-Down-Management – Industry Analysis – International Strategies – SWOT Analysis – Portfolio Analysis – McKinsey's 7-S Framework – Five-Phase Growth Model – Strategy Development – Merger&Acquisitions – Technology Strategies – Value Propositions – Ansoff Matrix – Experience Curve – Strategic Options – Window of Opportunity

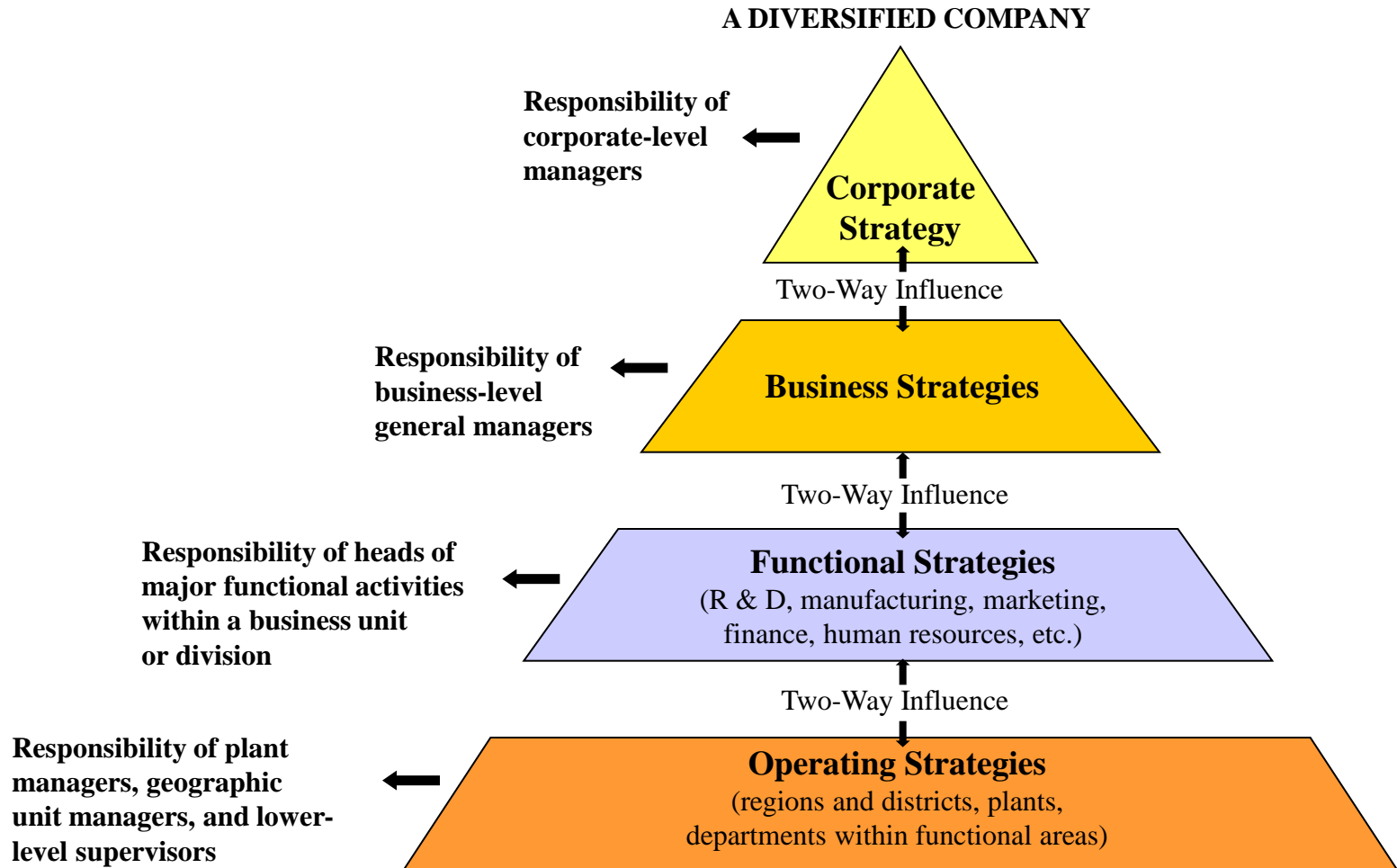
The Five Tasks of Strategic Management



Strategic Approaches to Preparing for Future Market Conditions

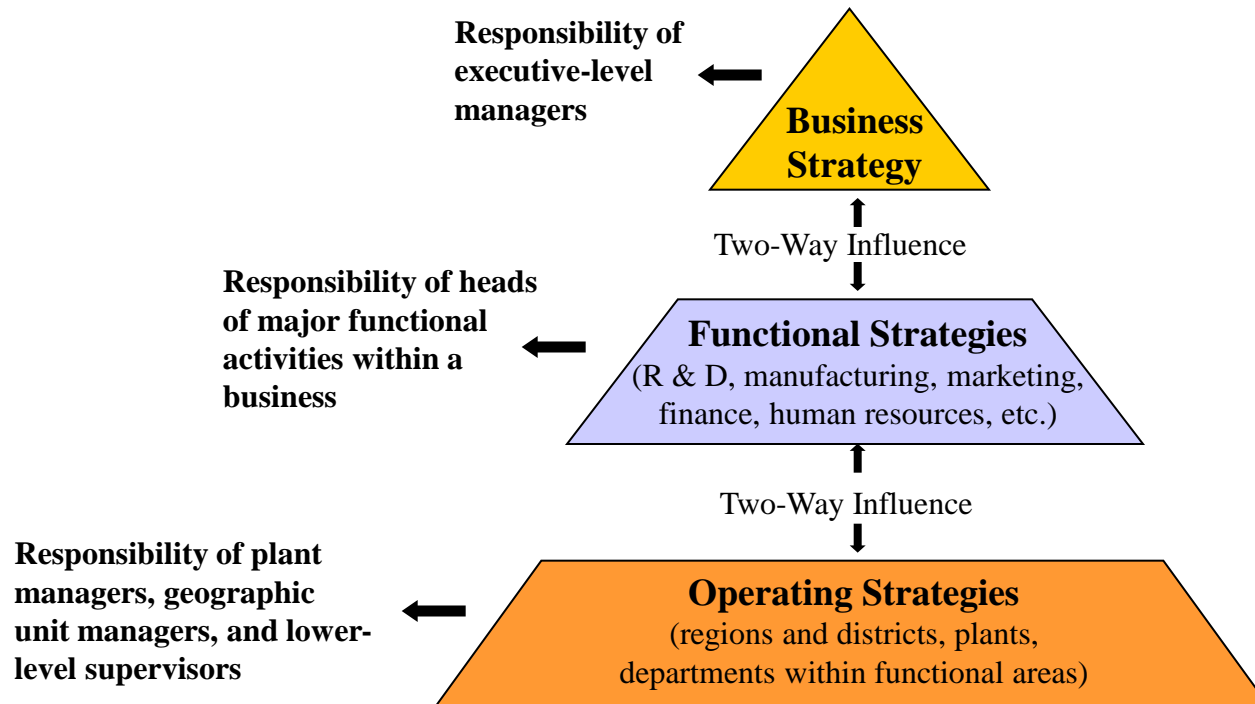
		COMPANY APPROACHES	
		Reactive/Follower	Proactive/Leader
FUTURE MARKET CONDITIONS	Rapid Revolutionary Change	Rushing to catch up to keep from being swamped by the waves	Aggressively altering strategy to make waves and drive change
	Gradual Evolutionary Change	Revising strategy to catch the waves	Anticipating change and initiating strategic actions to ride the crest of the waves

The Strategic-Making Pyramid I

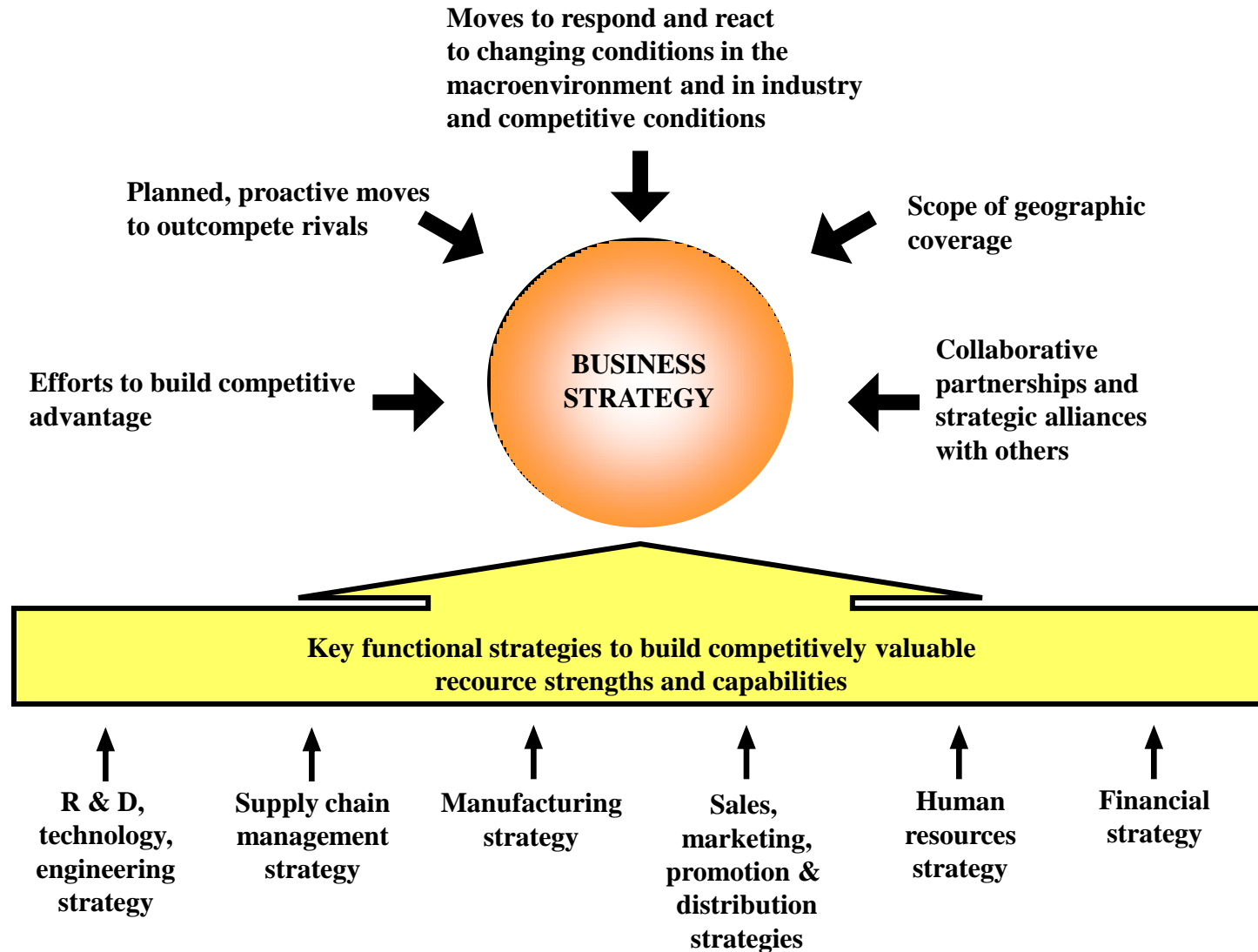


The Strategic-Making Pyramid II

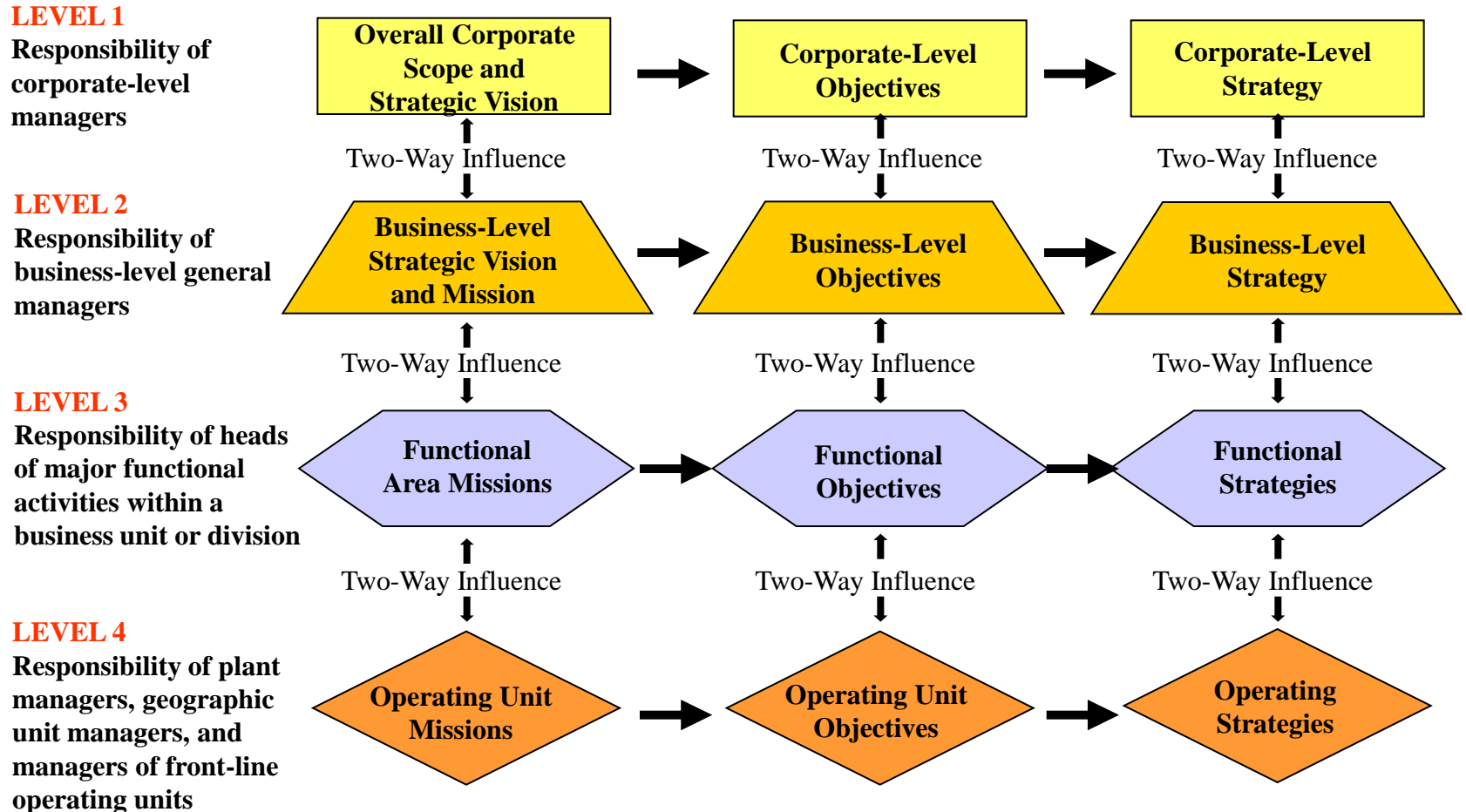
A SINGLE – BUSINESS COMPANY



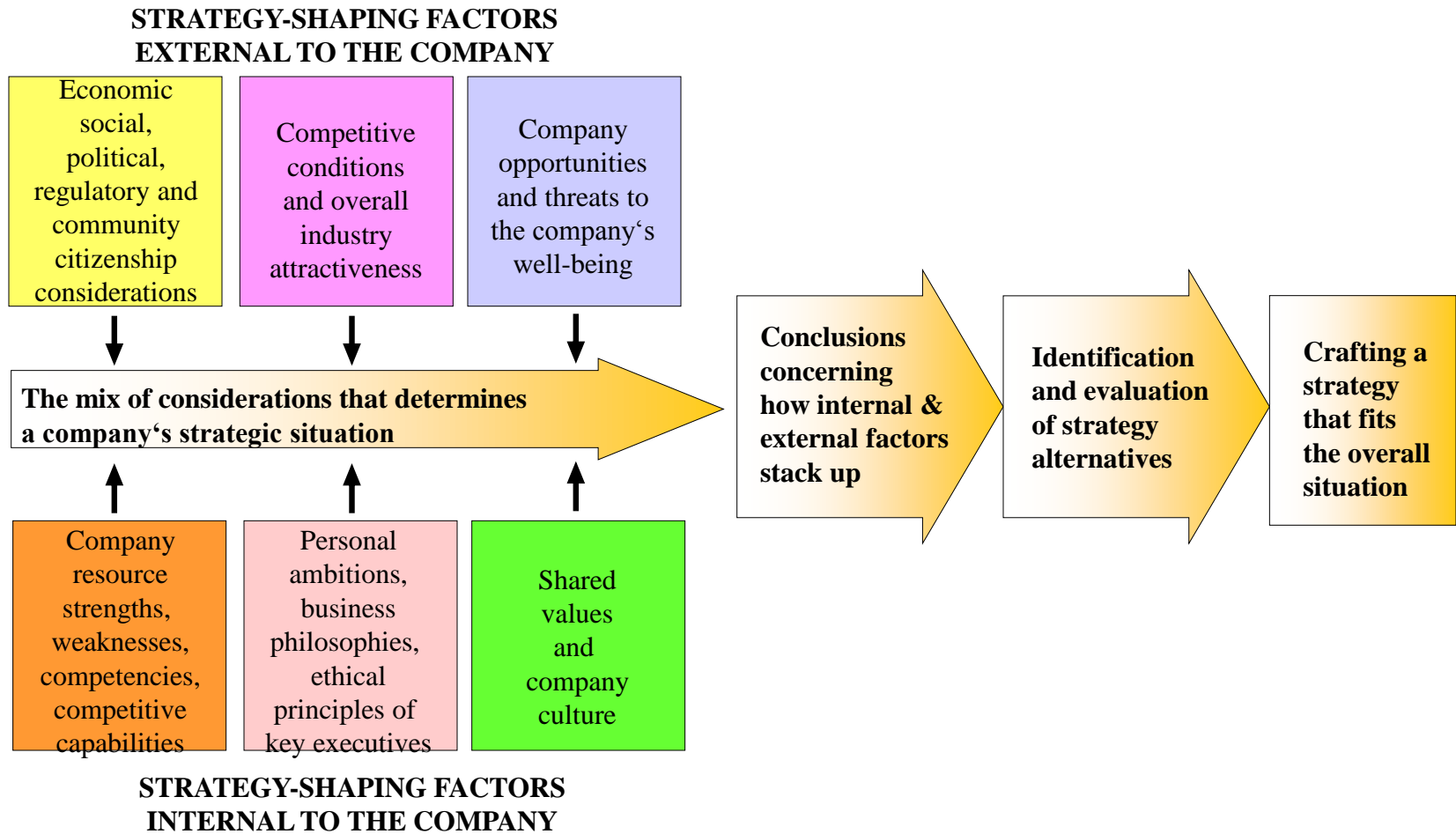
Identifying Strategy for a Single Business



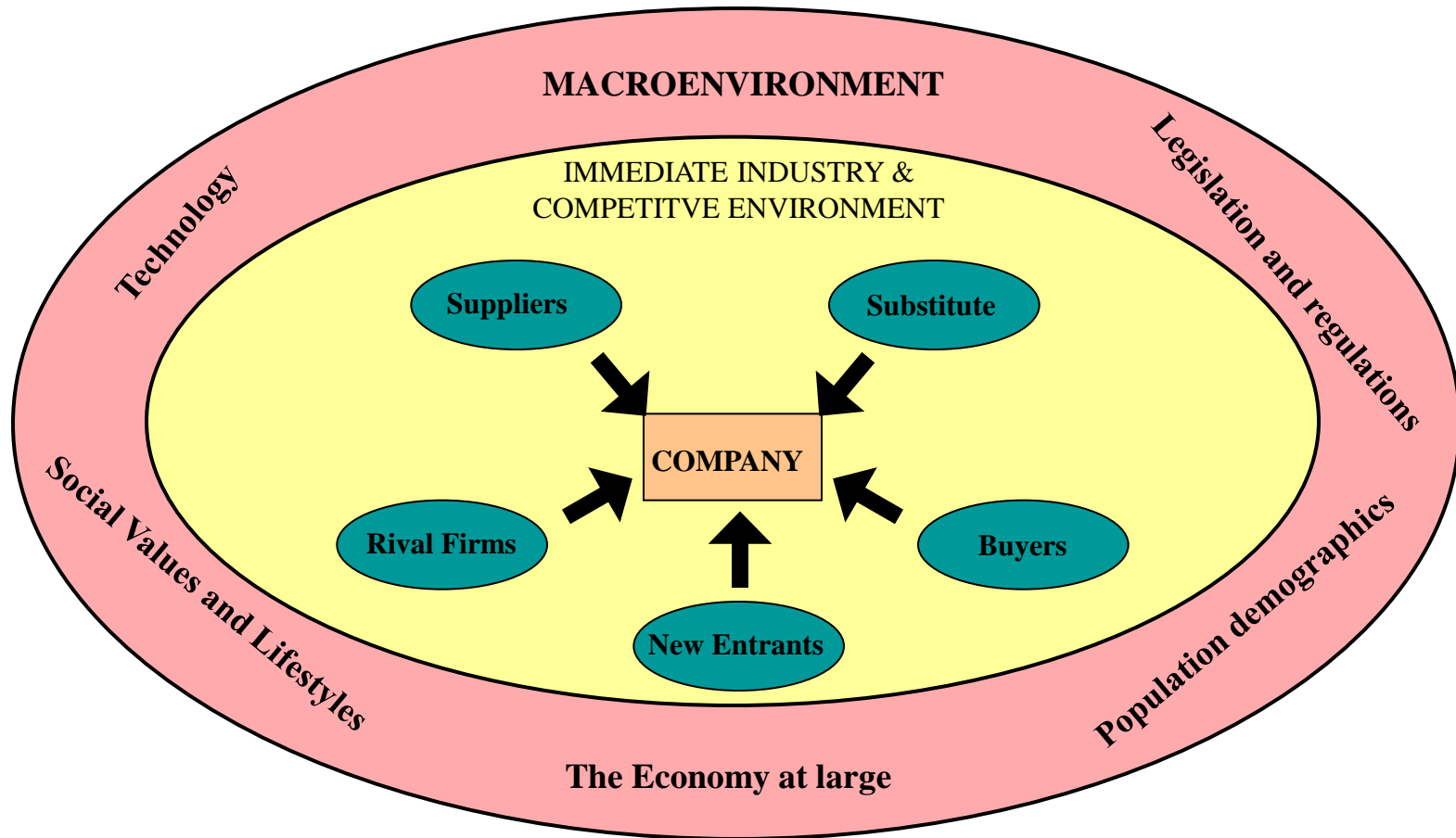
The Networking of Strategic Visions, Missions, Objectives, and Strategies



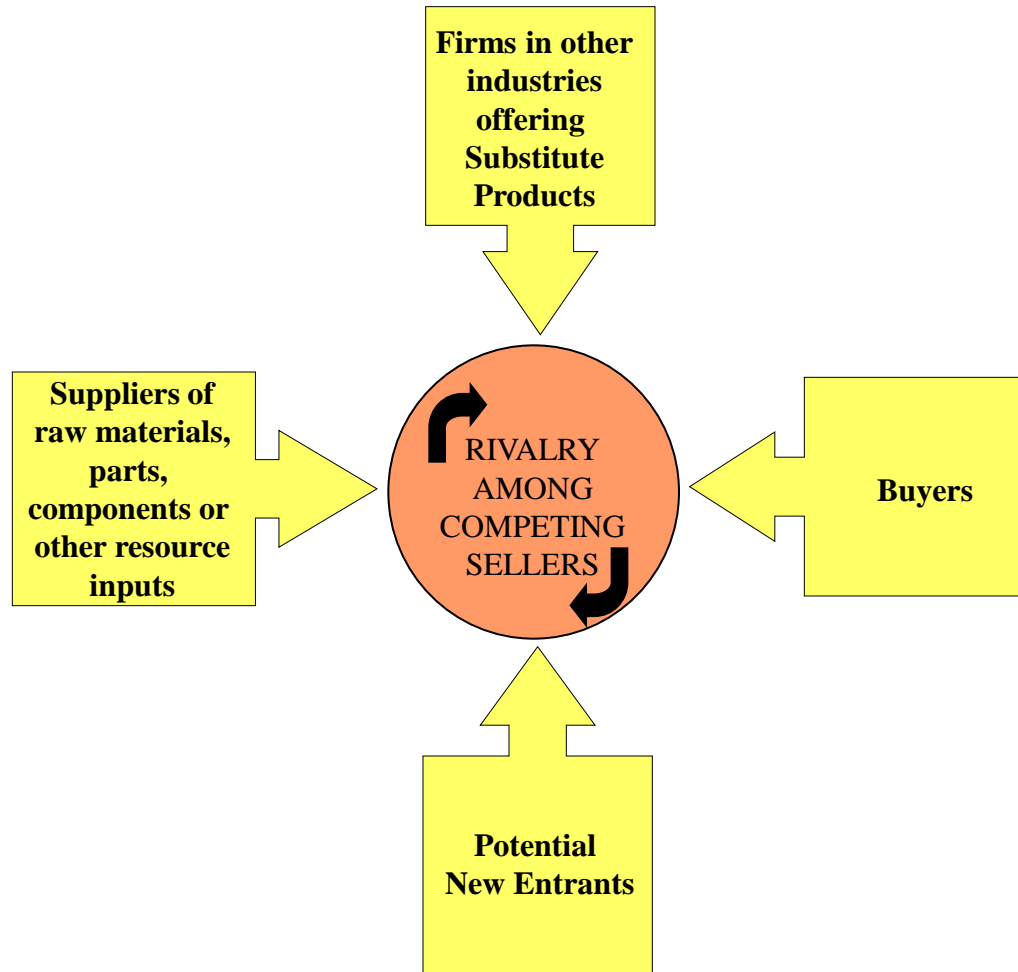
Factors Shaping the Choice of Company Strategy



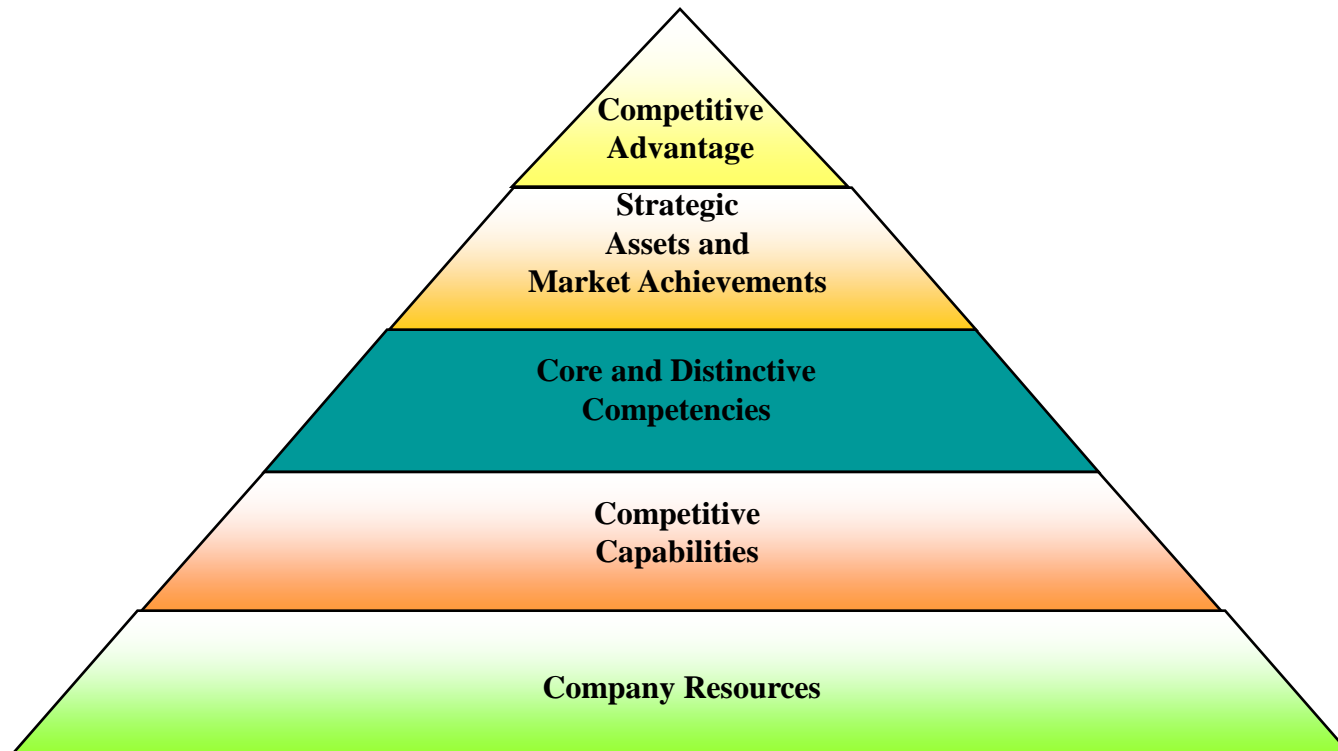
A Company's Macroenvironment



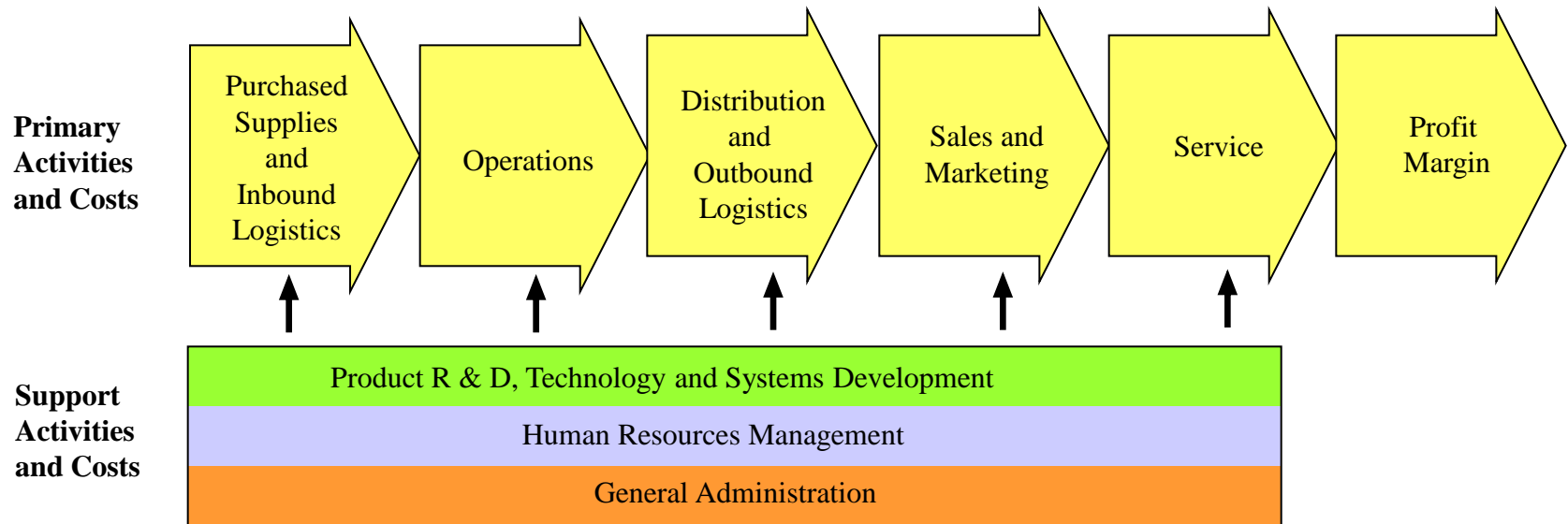
The Five-Forces Model of Competition



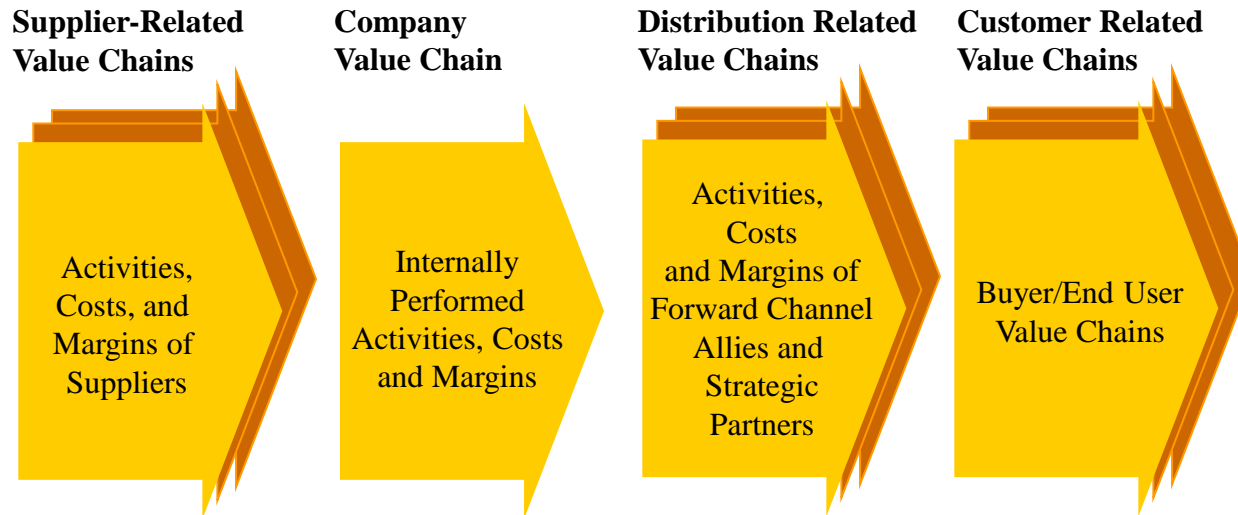
Mobilizing Company Resources to Produce Competitive Advantage



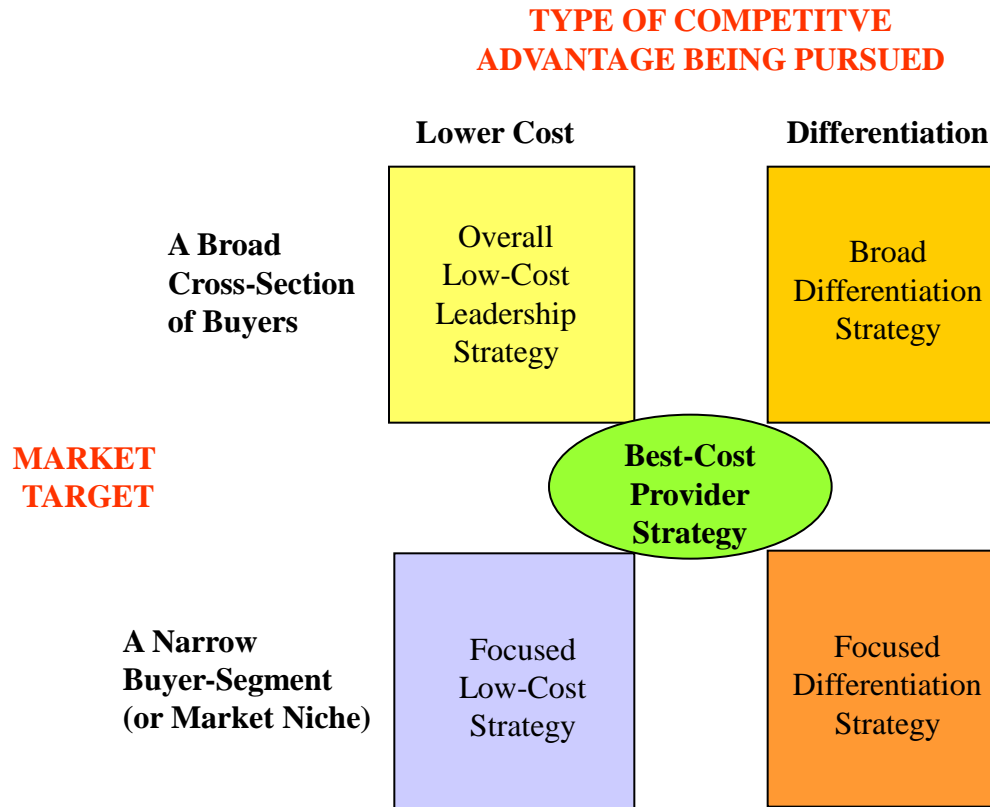
Representative Company Value Chain



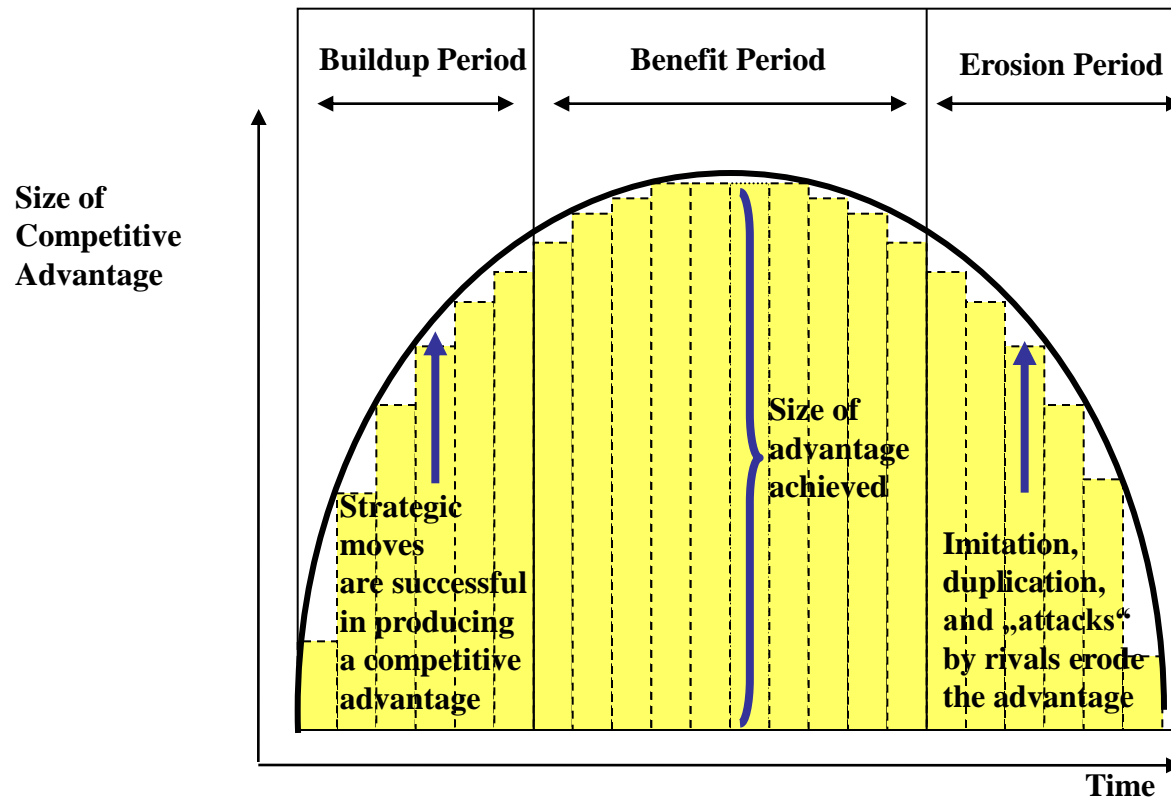
Representative Value Chain for an Entire Industry



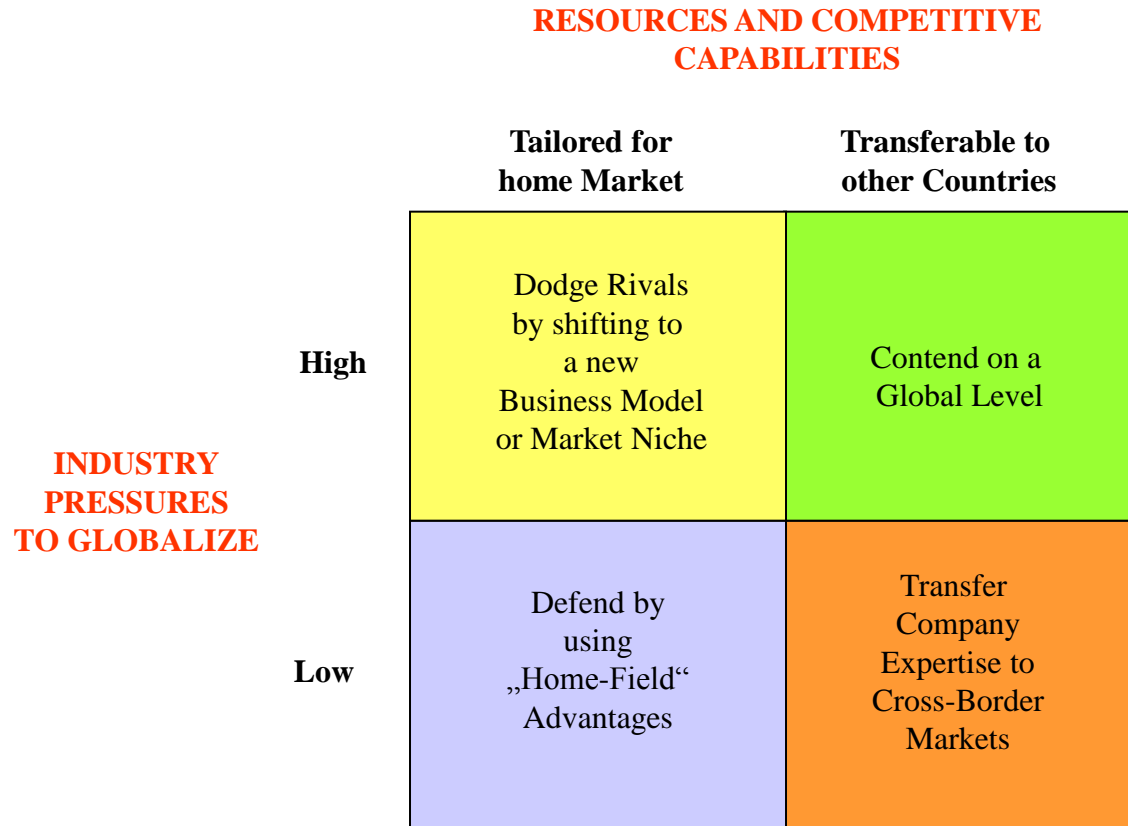
The Five Generic Competitive Strategies



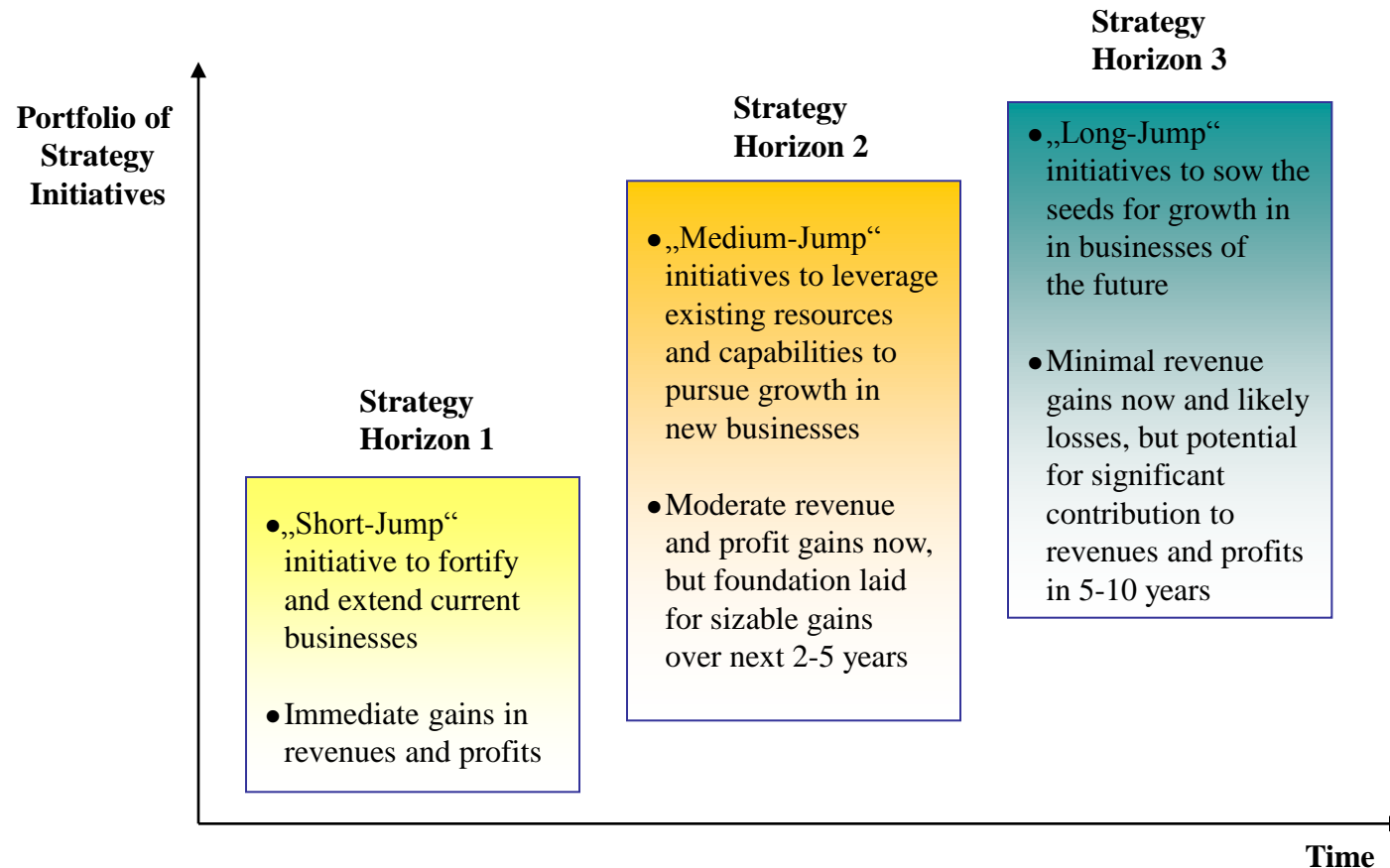
The Building and Eroding of Competitive Advantage



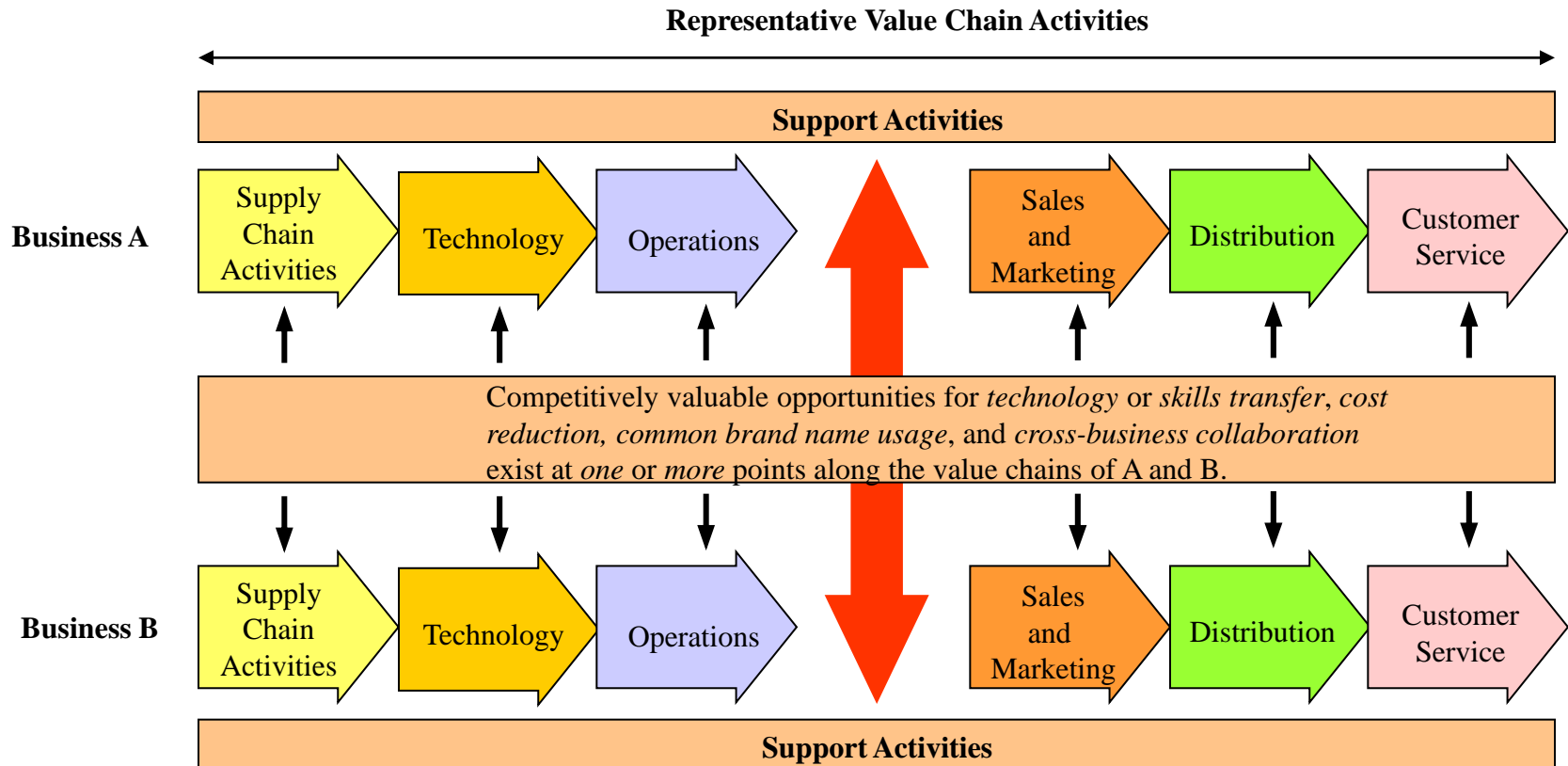
Strategy Options for Local Companies in Competing against Global Challengers



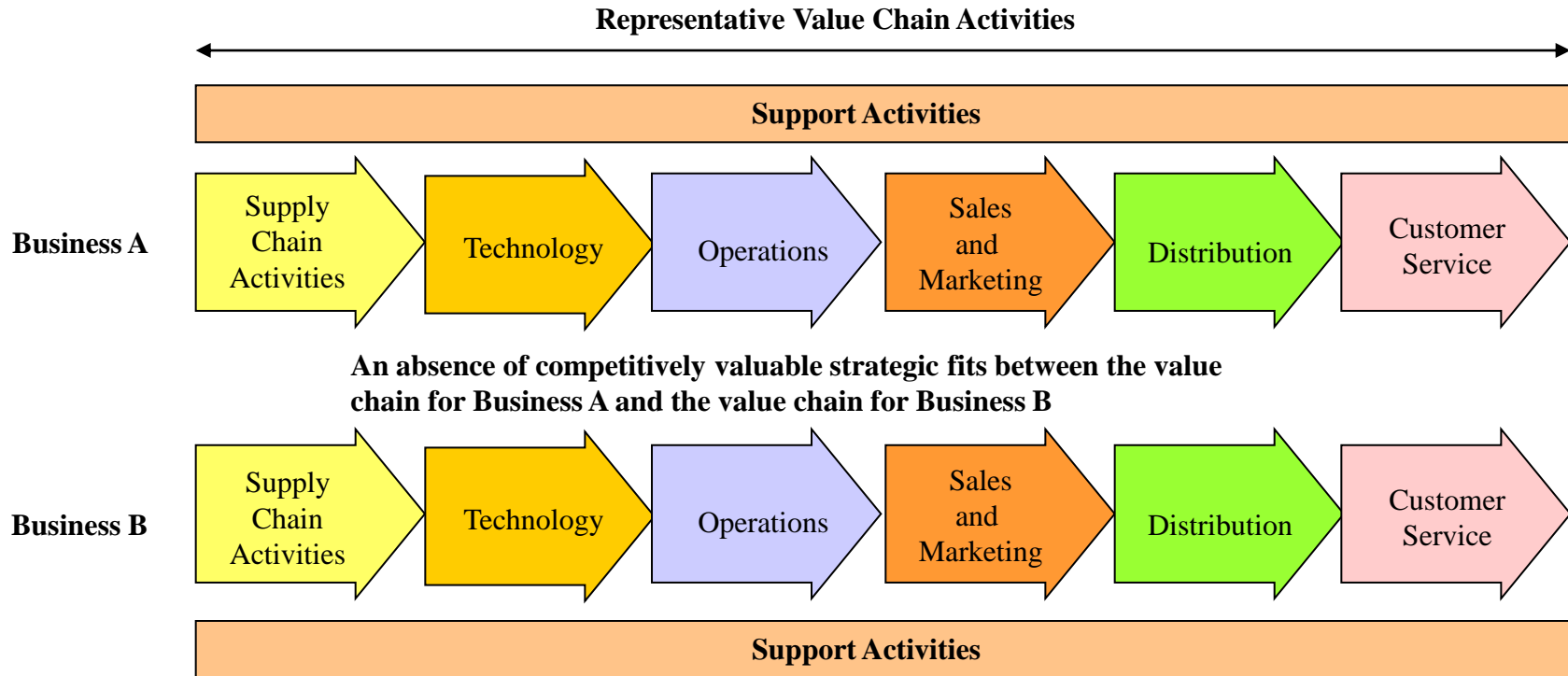
The Three Strategy Horizons for Sustaining Rapid Growth



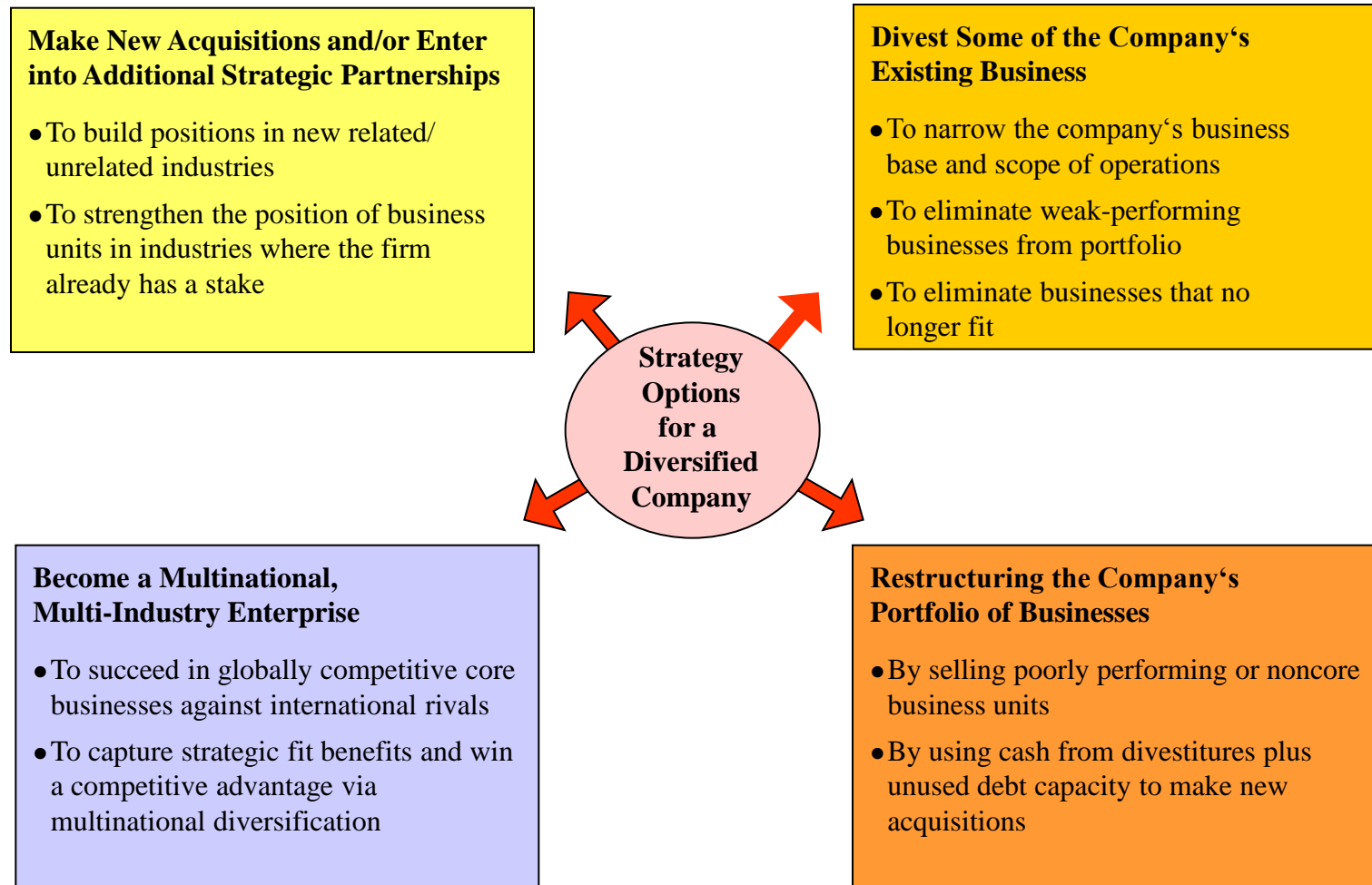
Value Chains for Related Businesses



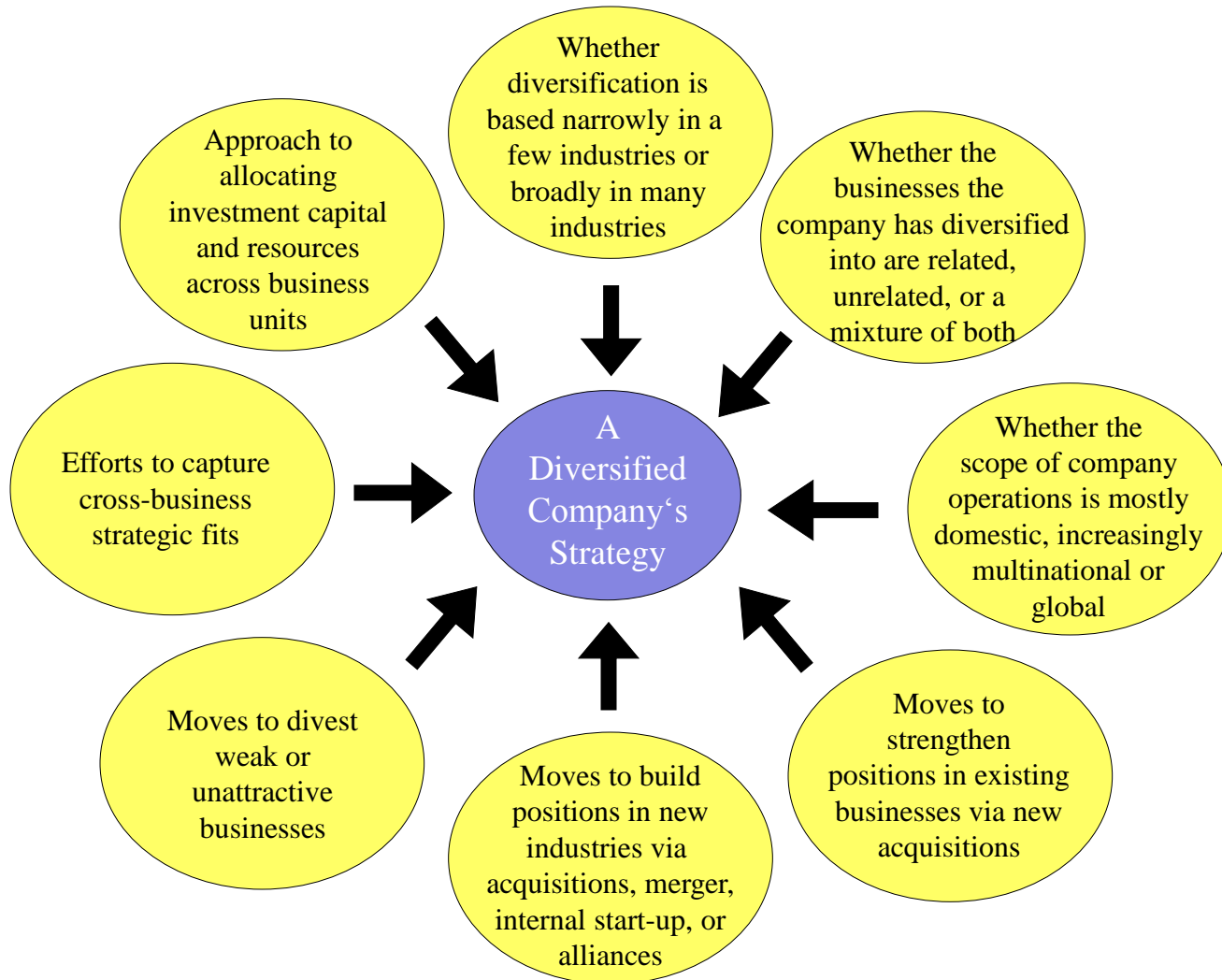
Value Chains for Unrelated Businesses



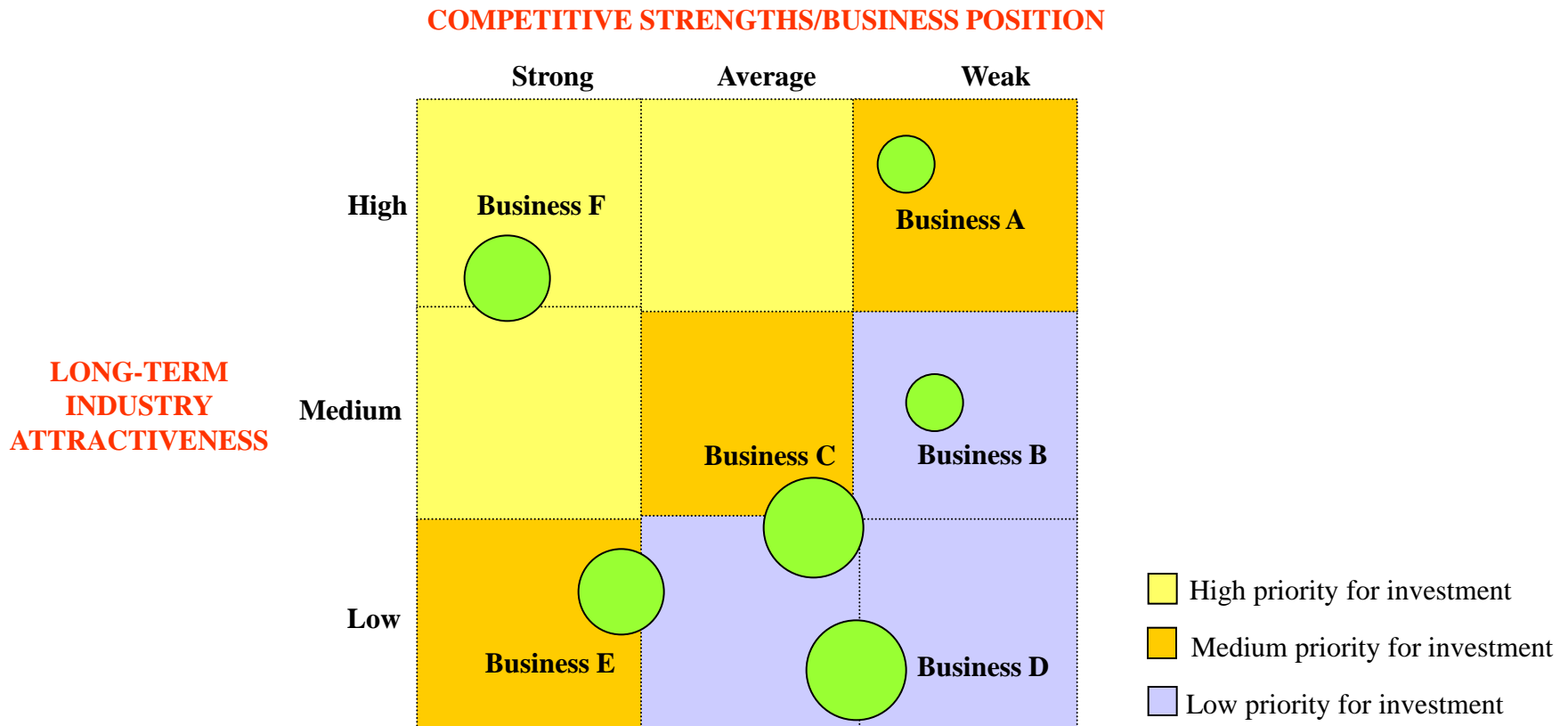
Strategy Options for a Company that is Already Diversified



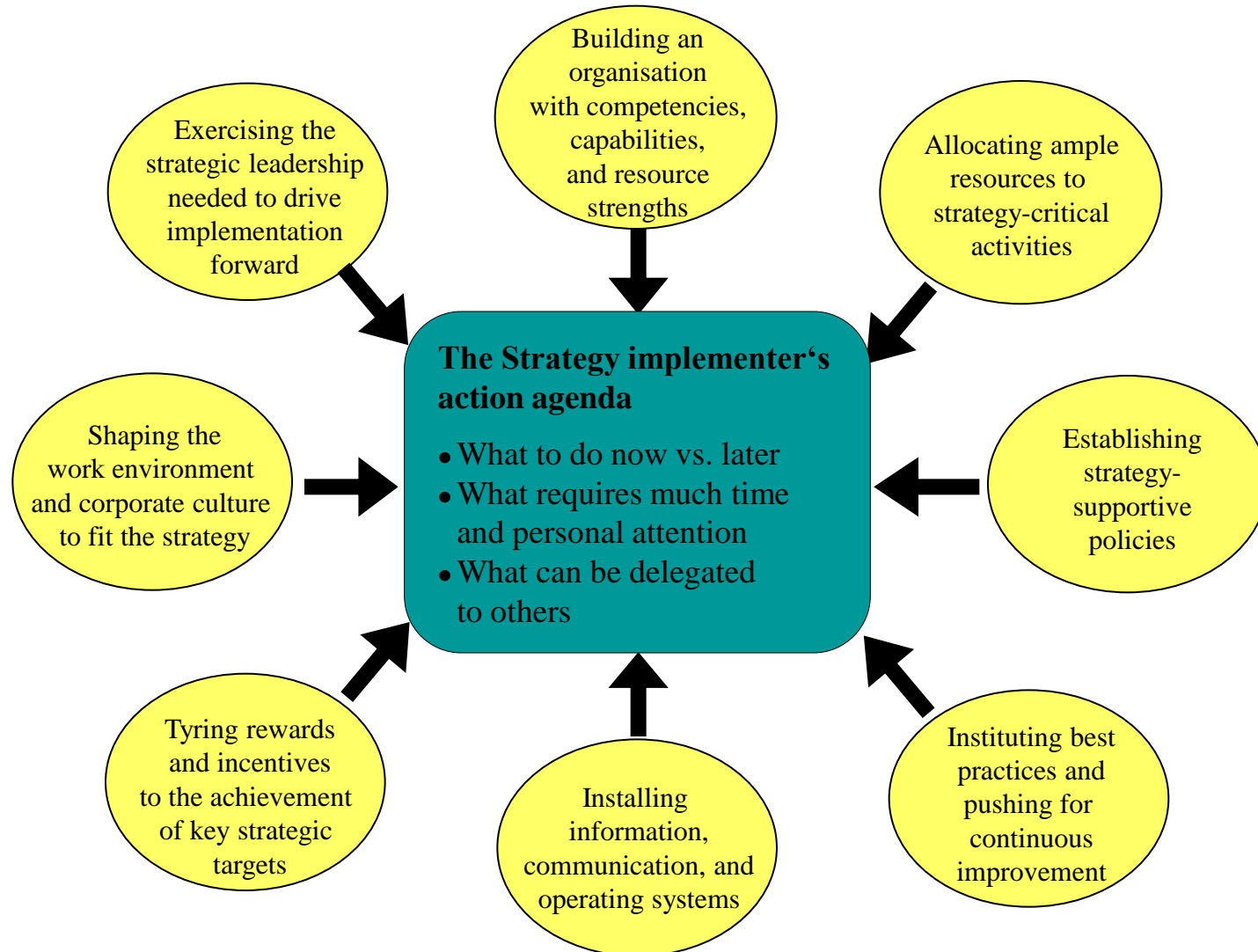
Identifying a Diversified Company's Strategy – What to Look for



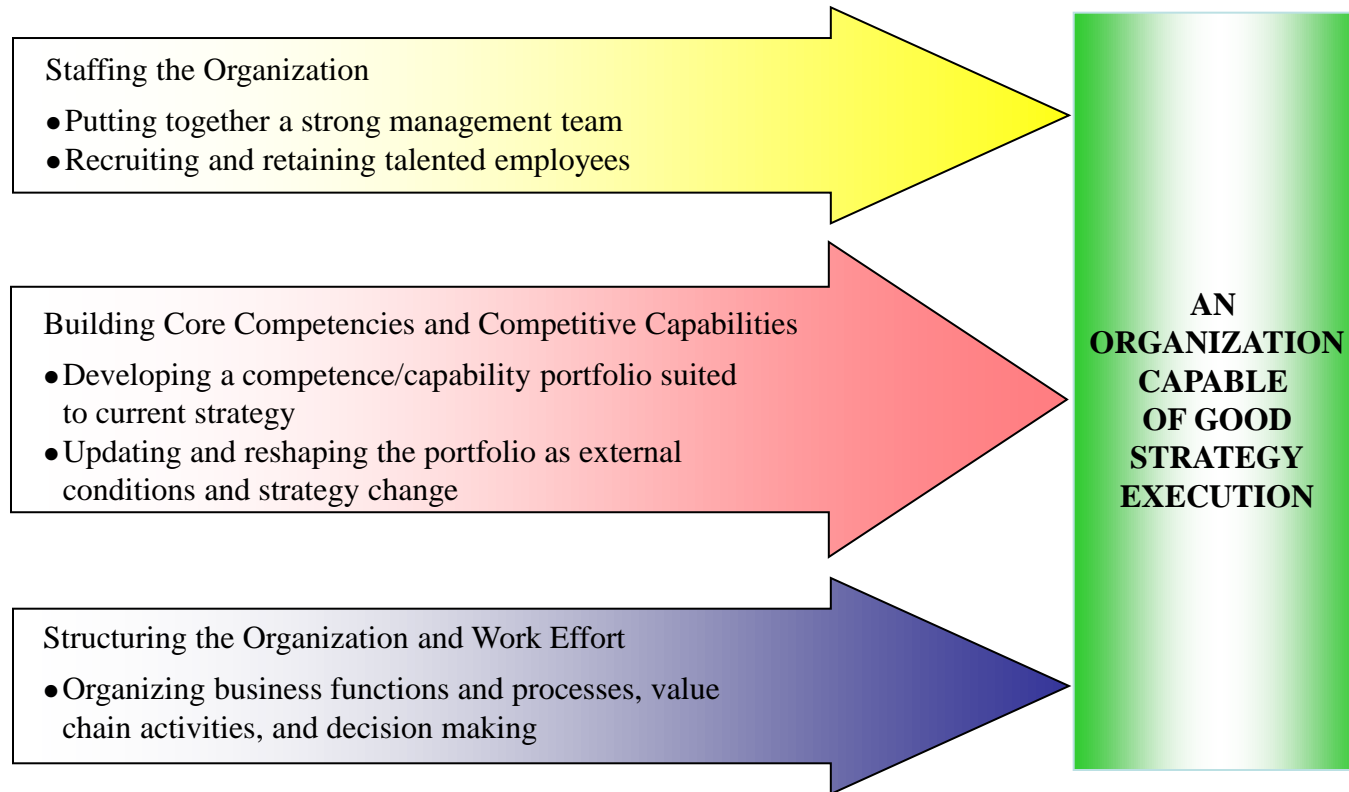
A Representative Nine-Cell Industry Attractiveness-Competitive Strength Matrix



The Eight Big Managerial Components of Implementing Strategy

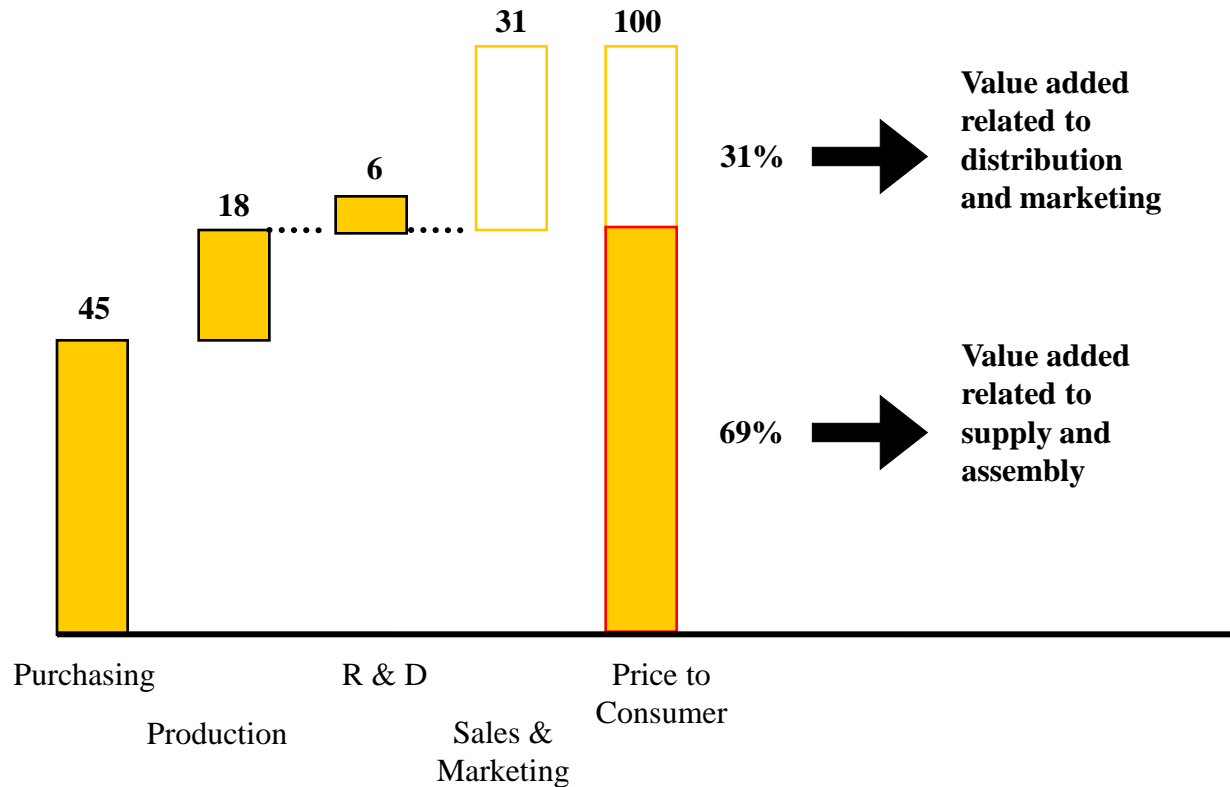


The Components of Building a Capable Organization

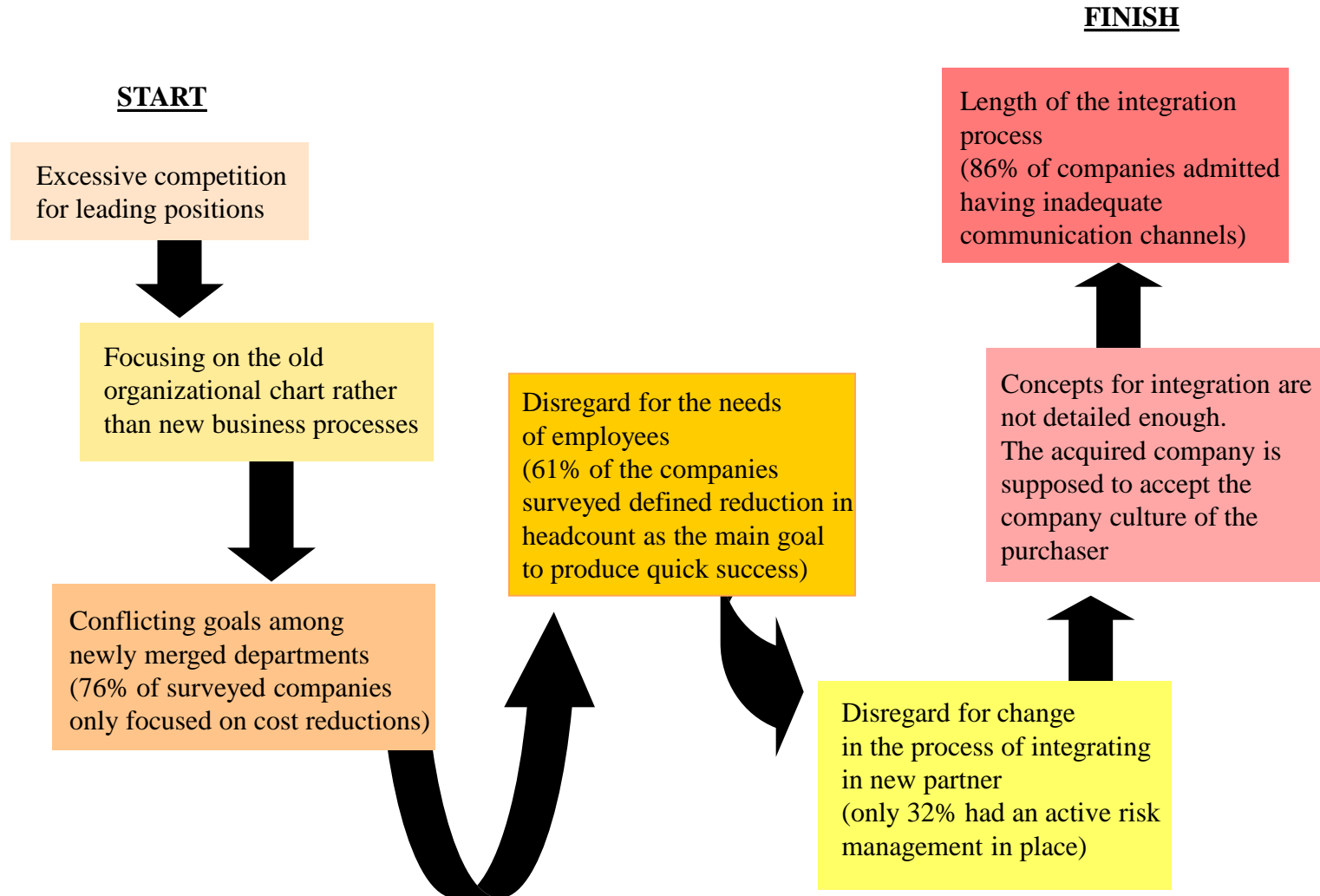


Value Chain

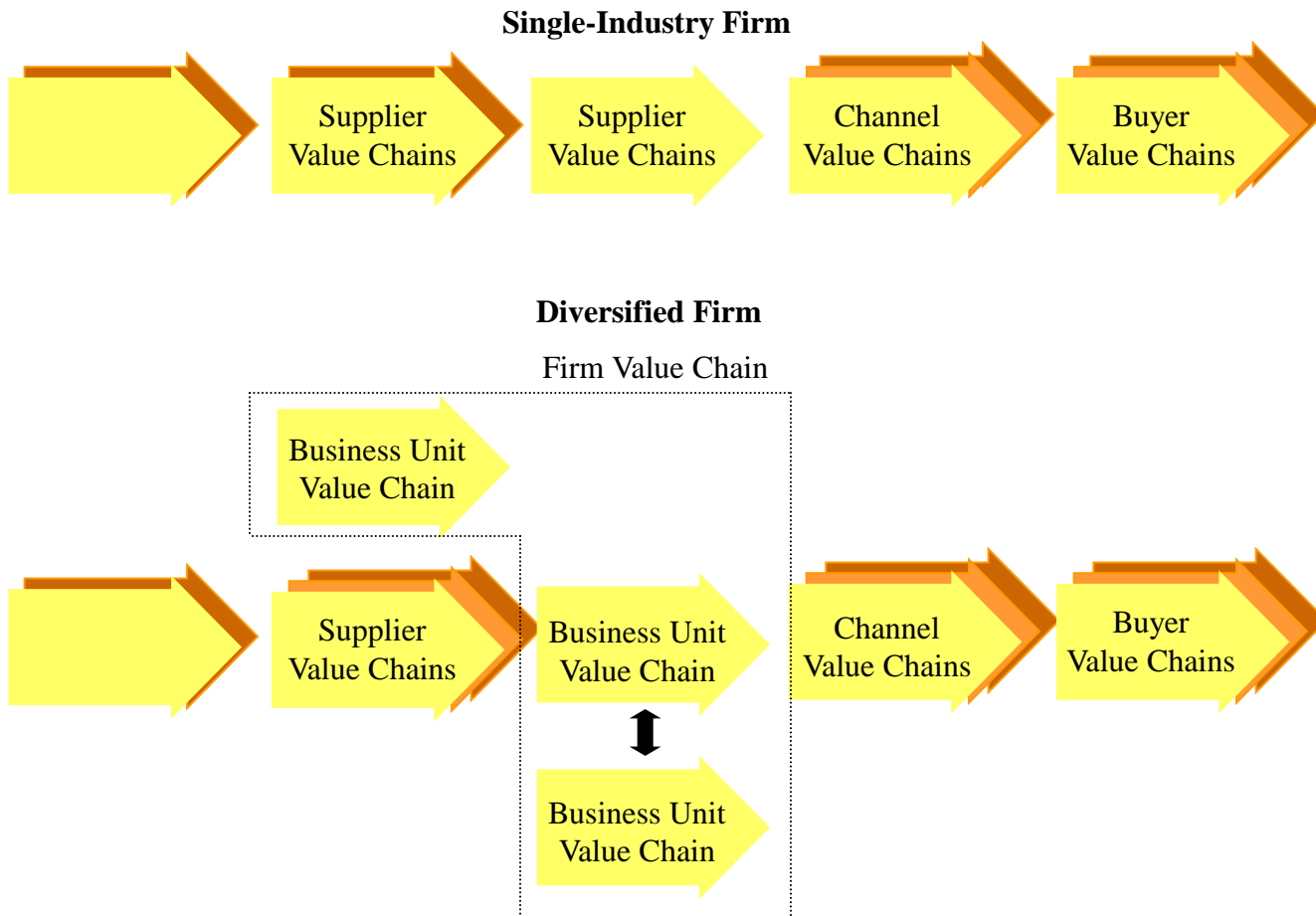
(as a Percent of Total Price to the Consumer)



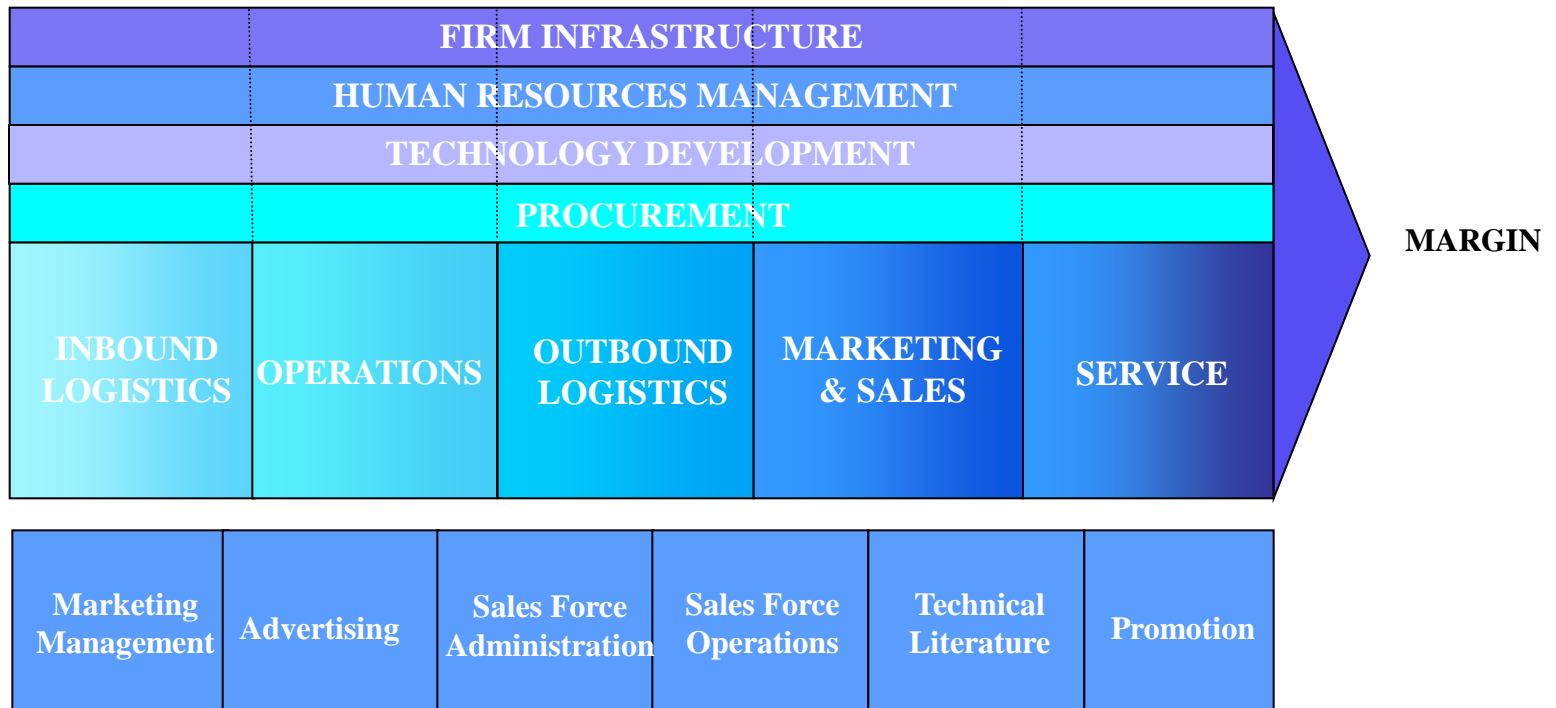
Why do Mergers Fail?



The Value Chain



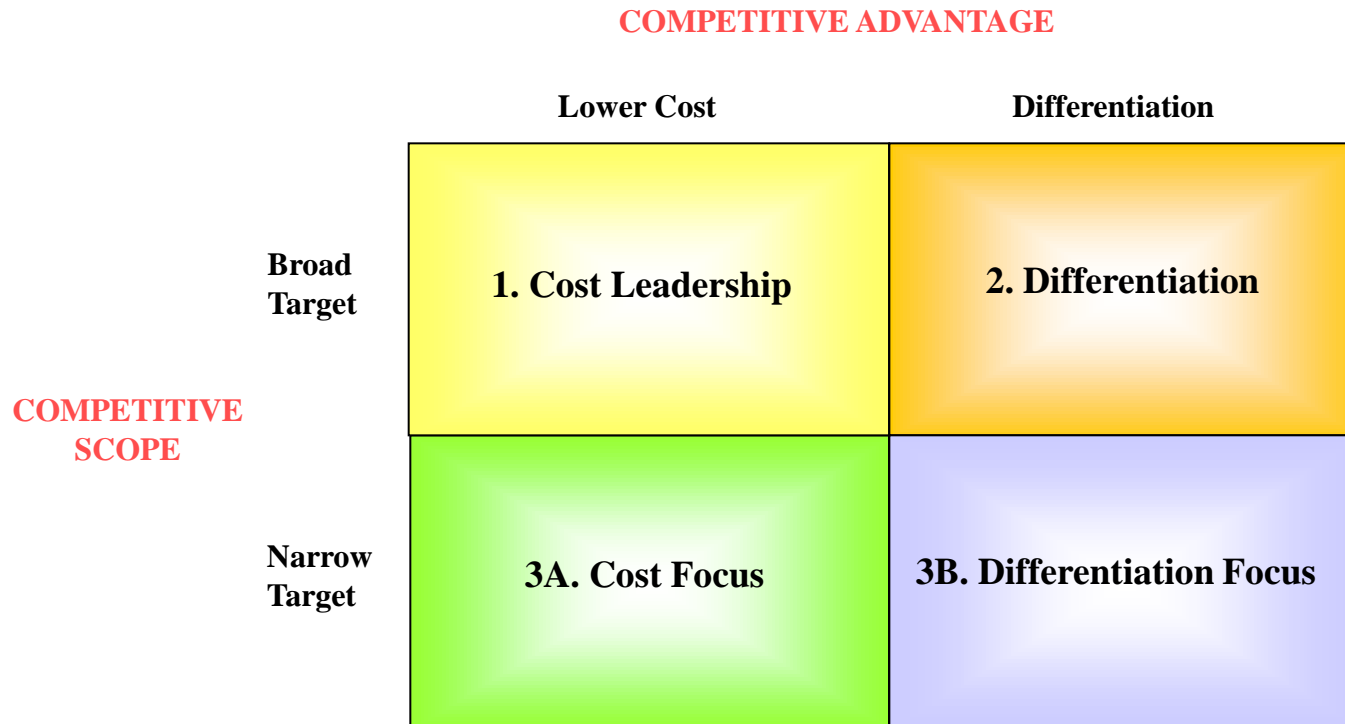
The Generic Value Chain



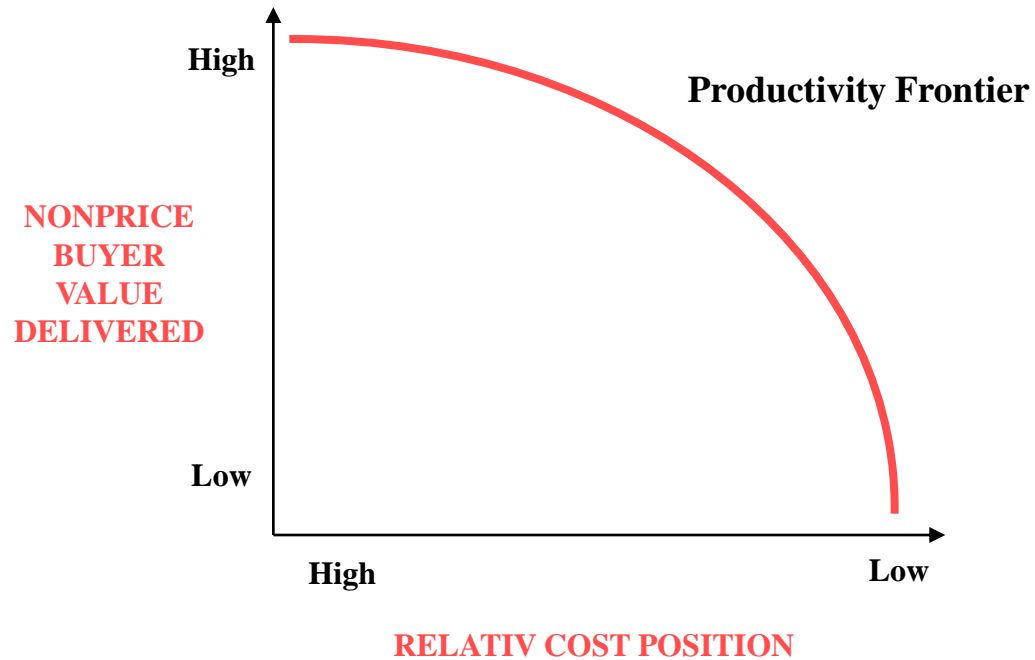
Risks of the Generic Strategies

Risks of Cost Leadership	Risks of Cost Differentiation	Risks of Cost Focus
<p>Cost leadership is not sustained</p> <ul style="list-style-type: none">• competitors imitate• technology changes• other bases for costs leadership erode <p>Proximity in differentiation is lost</p> <p>Cost focuses achieve even lower cost in segments</p>	<p>Differentiation is not sustained</p> <ul style="list-style-type: none">• competitors imitate• bases for differentiation become less important to buyers <p>Cost proximity is lost</p> <p>Differentiation focuses achieve even greater differentiation in segments</p>	<p>The focus strategy is imitated</p> <p>The target segment becomes structurally unattractive</p> <ul style="list-style-type: none">• structure erodes• demand disappears <p>Broadly targeted competitors overwhelm the segment</p> <ul style="list-style-type: none">• the segment's differences from other segments narrow• the advantages of a broad line increase <p>New focuses subsegment the industry</p>

Three Generic Strategies



Operational Effectiveness Versus Strategic Positioning



Competitor Configuration and Industry Stability

EXTENT OF DIFFERENTIATION/SEGMENTATION

Low

High

Good Competitions

Modest share difference needed for stability

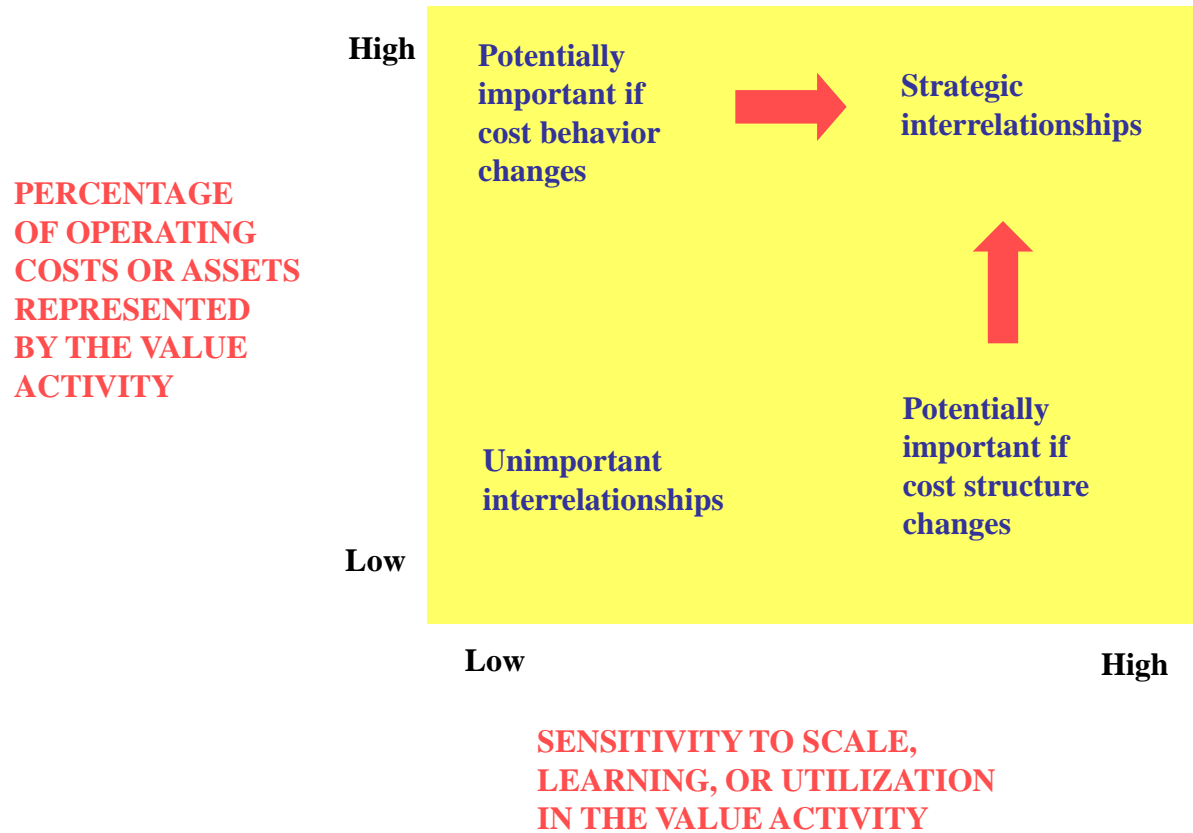
COMPETITORS

Bad Competitions

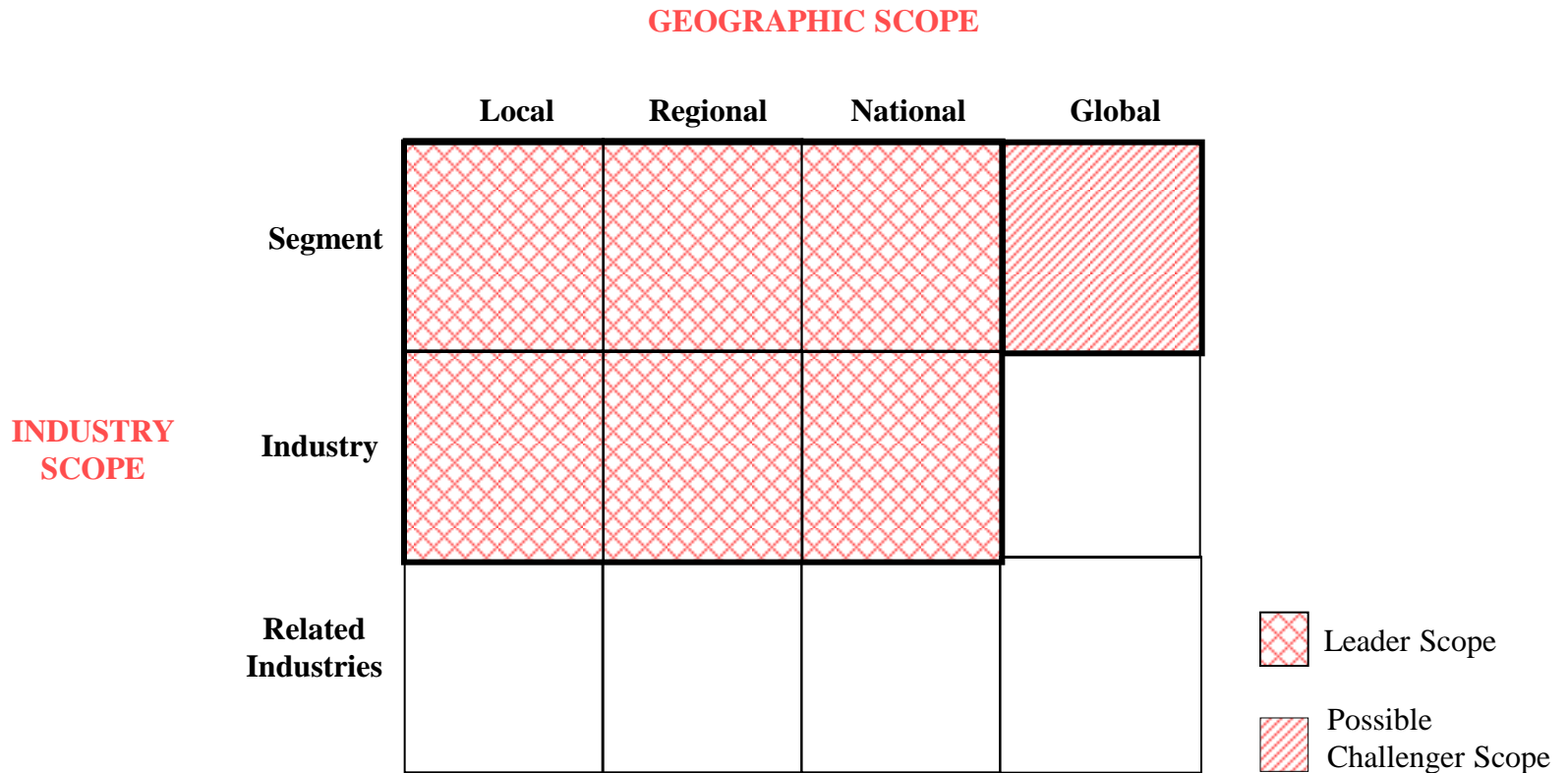
Large share difference needed for stability

	Low	High
Good Competitions		Modest share difference needed for stability
Bad Competitions	Large share difference needed for stability	

Shared Value Activities and Cost Position

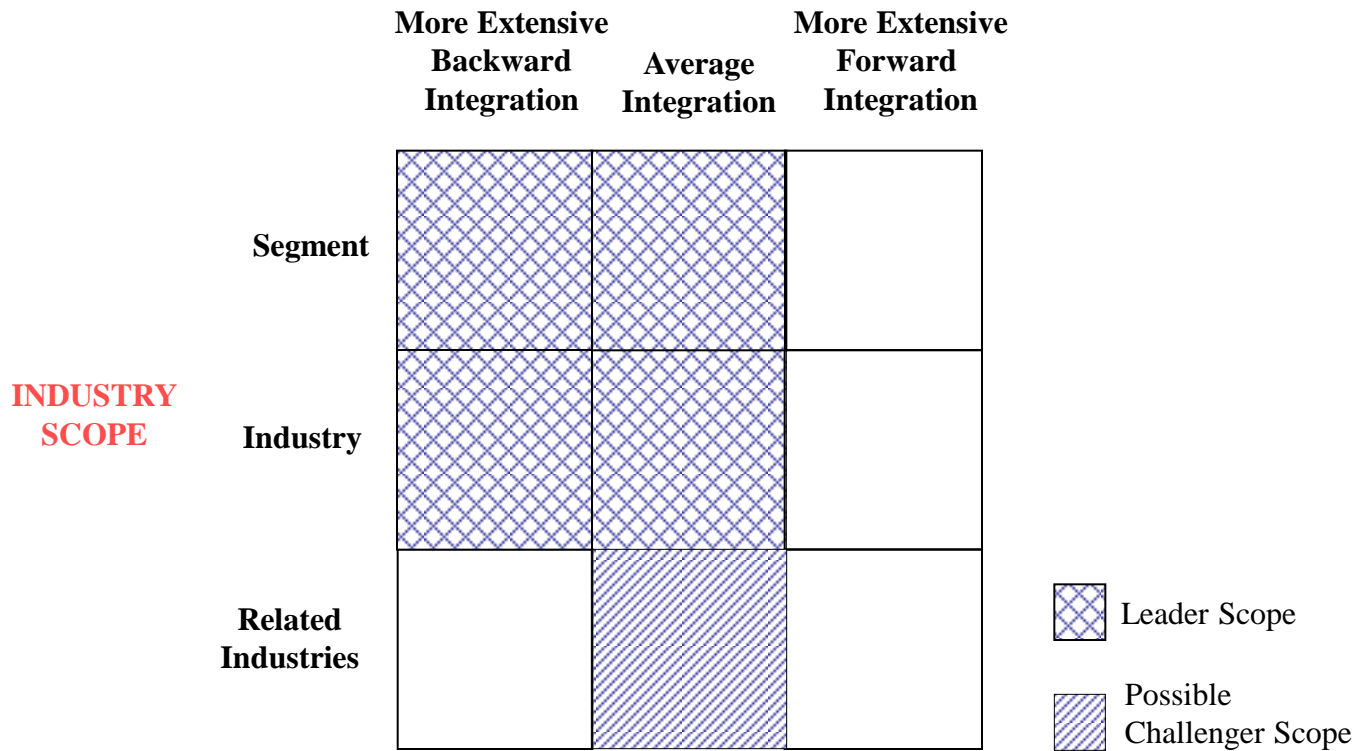


Alternative Scope of Leader and Challenger Strategies I



Alternative Scope of Leader and Challenger Strategies II

VERTICAL SCOPE



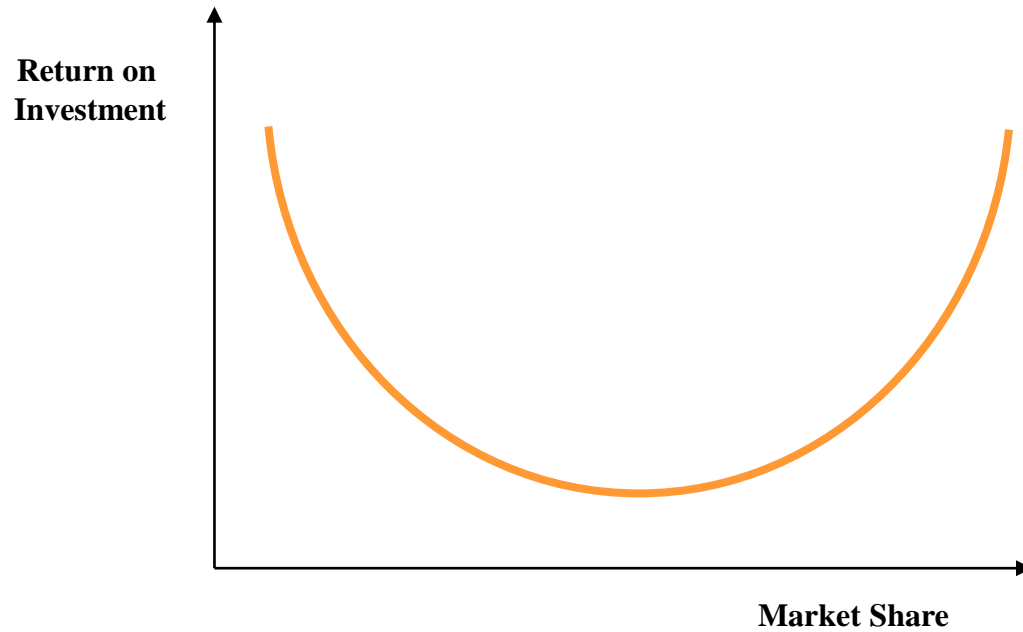
The Wheel of Competitive Strategy



Barriers and Profitability

		EXIT BARRIERS	
		Low	High
ENTRY BARRIERS	Low	Low, stable returns	Low, risky returns
	High	High, stable returns	High, risky returns

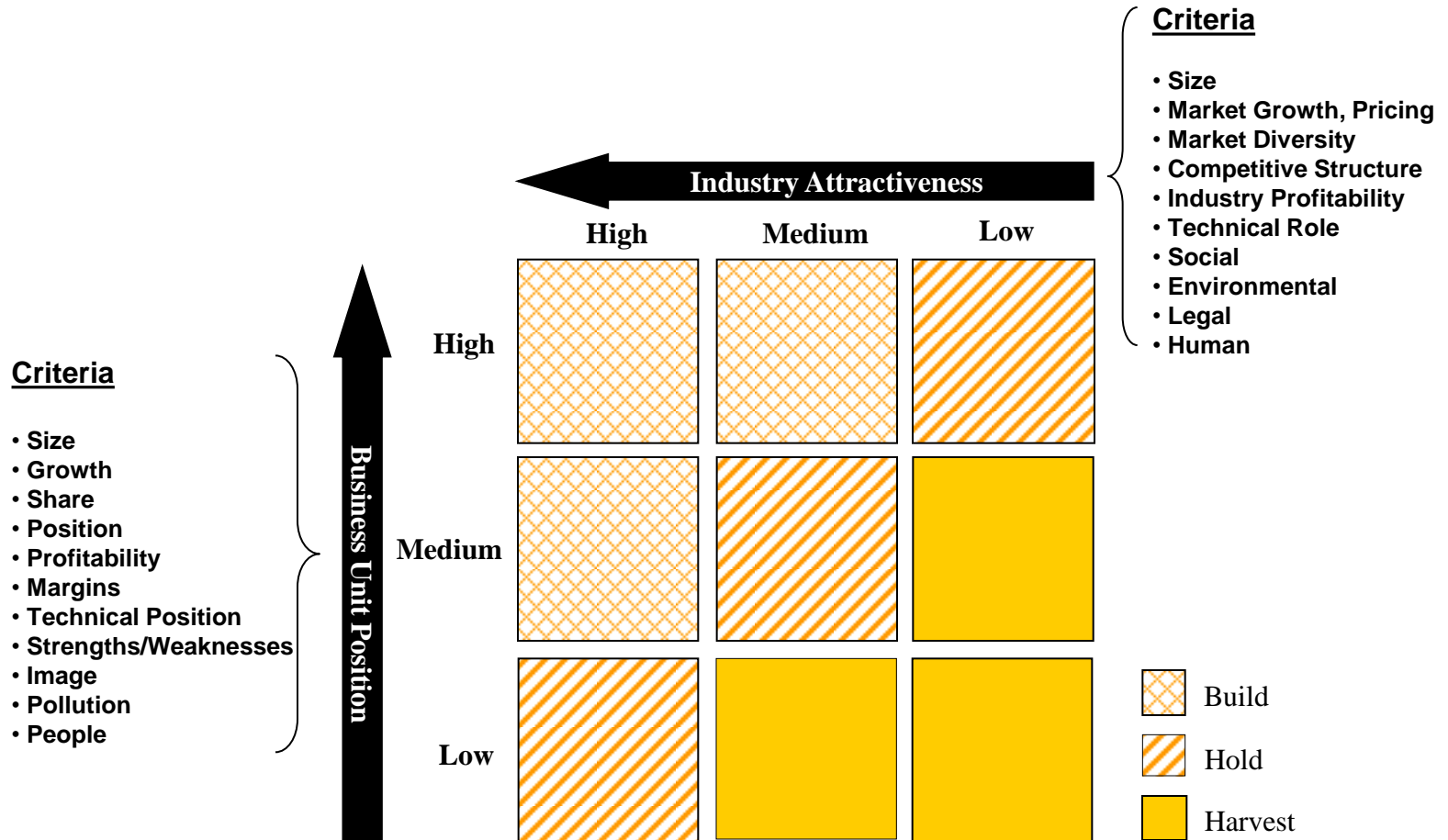
Generic Competitive Strategies



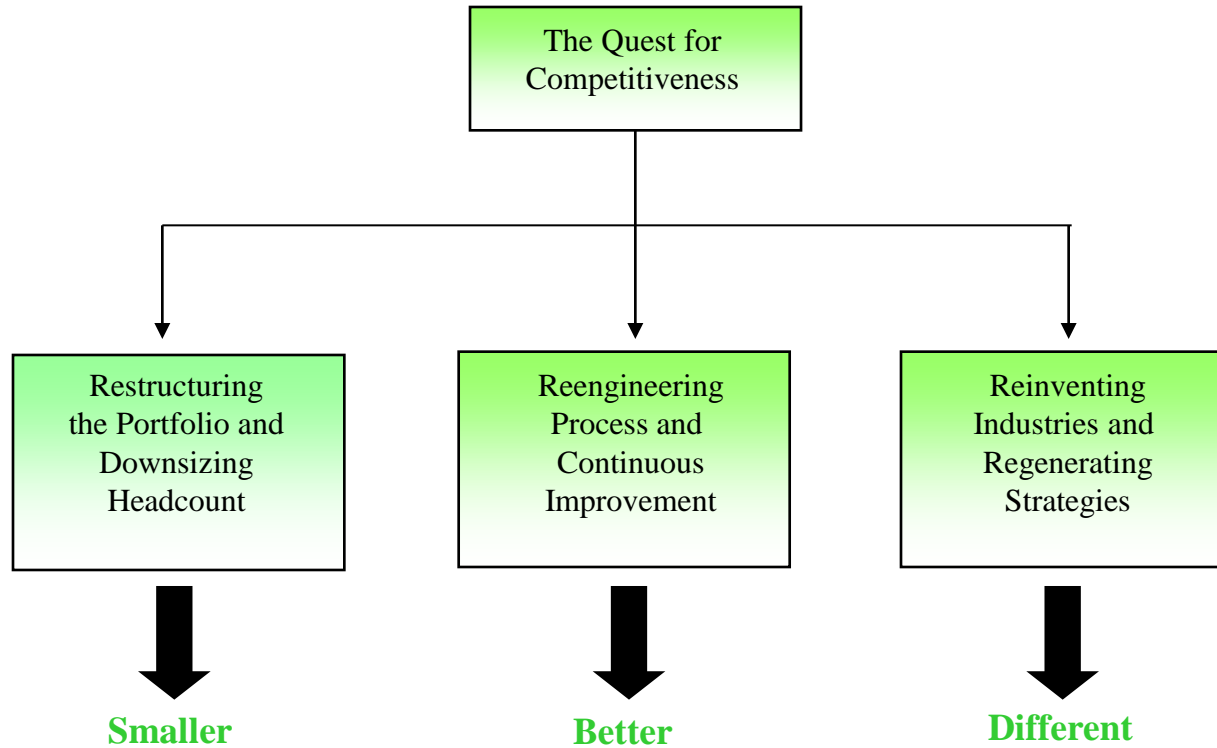
Firm's Strategic Needs to Remain in the Business

	Has Strengths Relative to Competitors for Remaining Pockets	Lacks Strengths Relative to Competitors for Remaining Pockets
Favorable Industry Structure for Decline	Leadership or Niche	Harvest or Divest Quickly
Unfavorable Industry Structure for Decline	Niche or Harvest	Divest Quickly

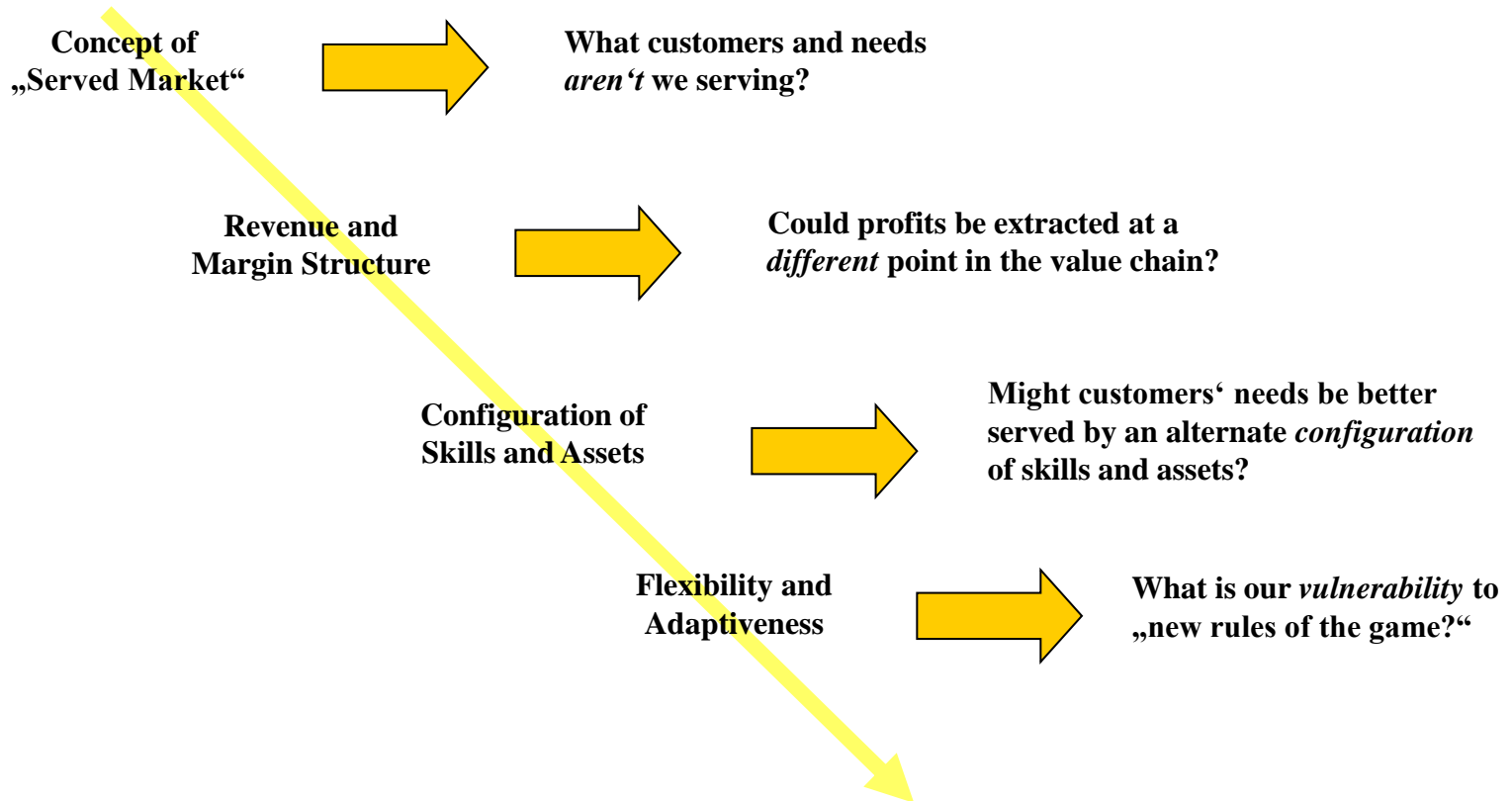
Five Forces Determining Segment Structural Attractiveness



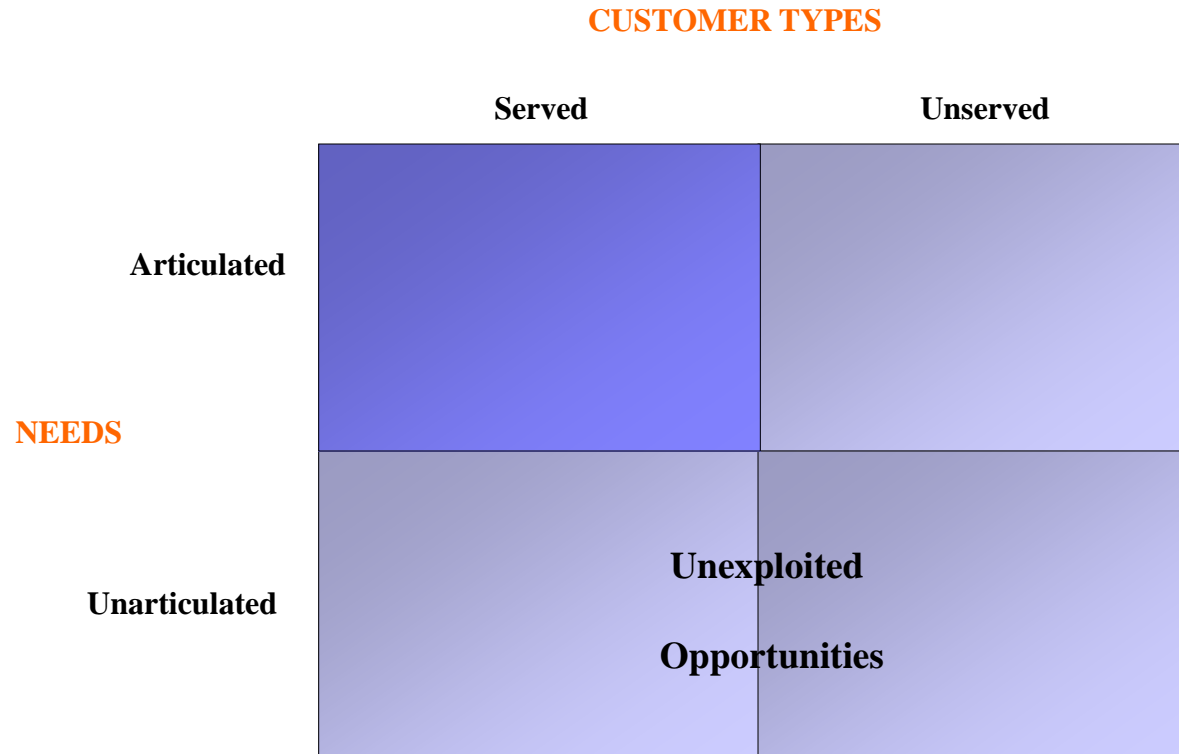
The Quest for Competitiveness



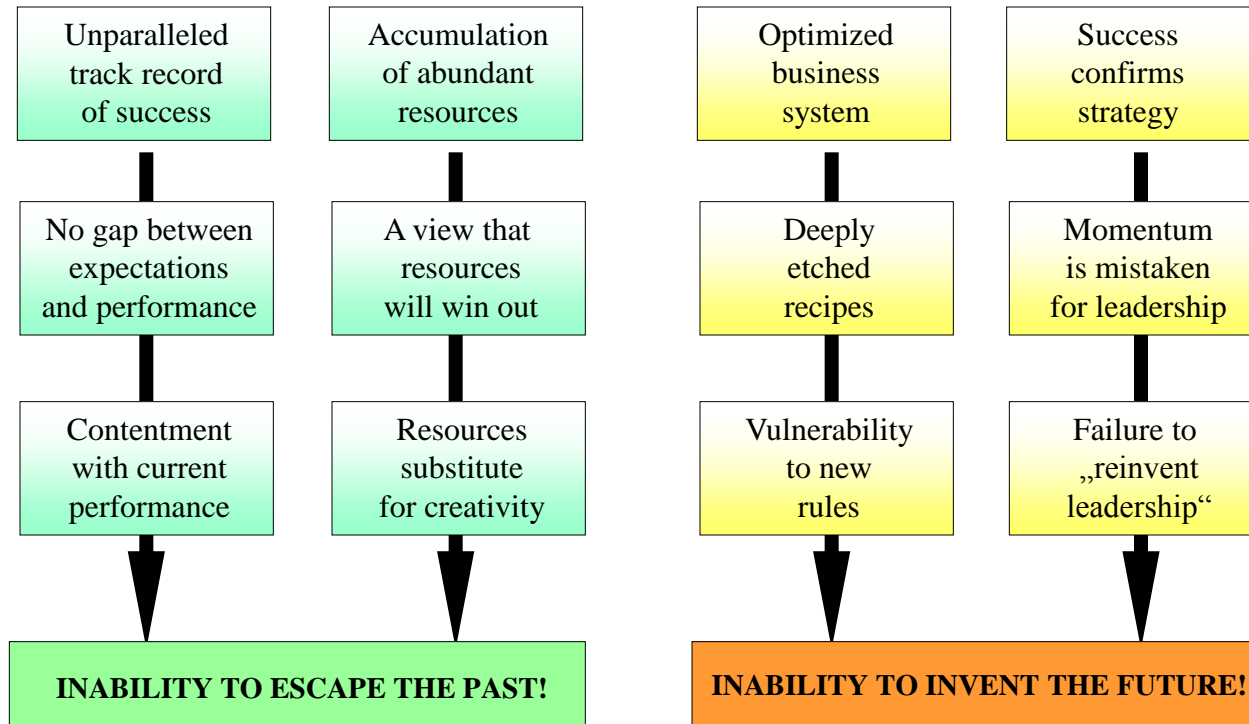
Finding the Limits of the Current Economic Engine



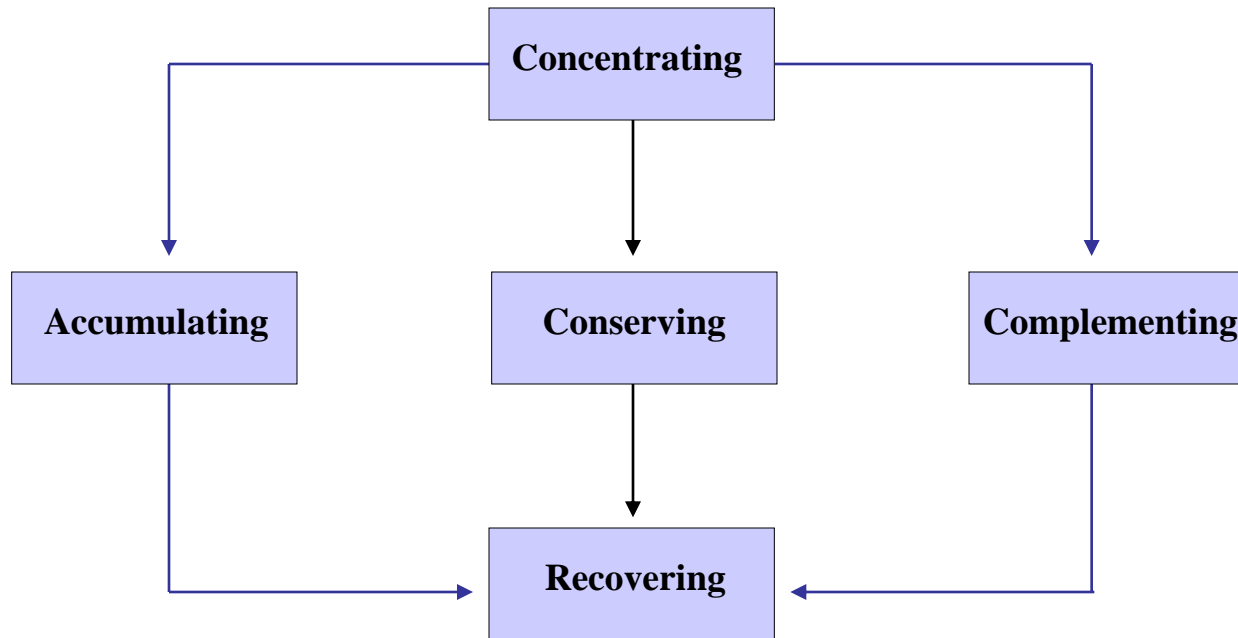
Beyond „Customer-Led“



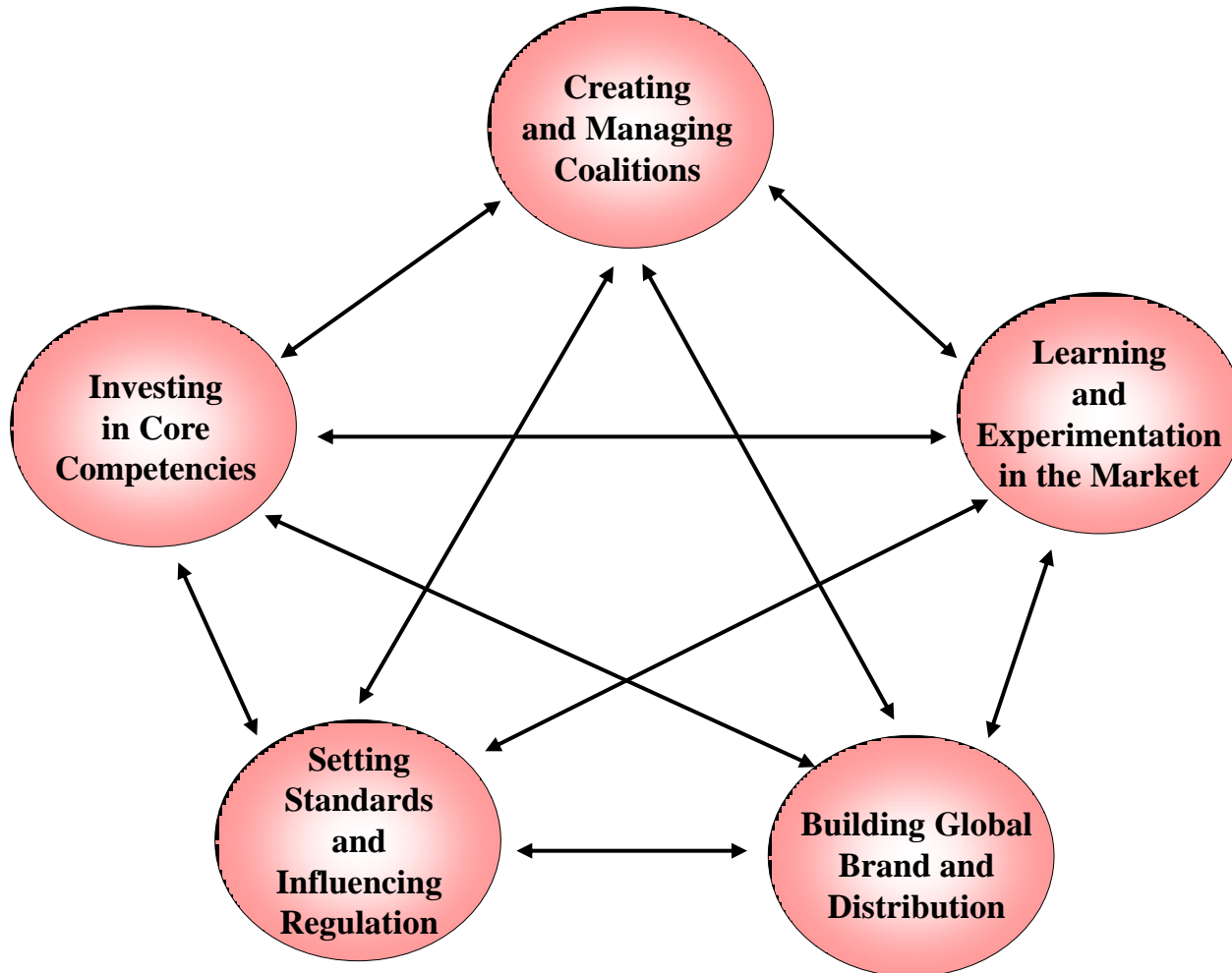
Why do Great Companies Fail?



Categories of Resource Leverage



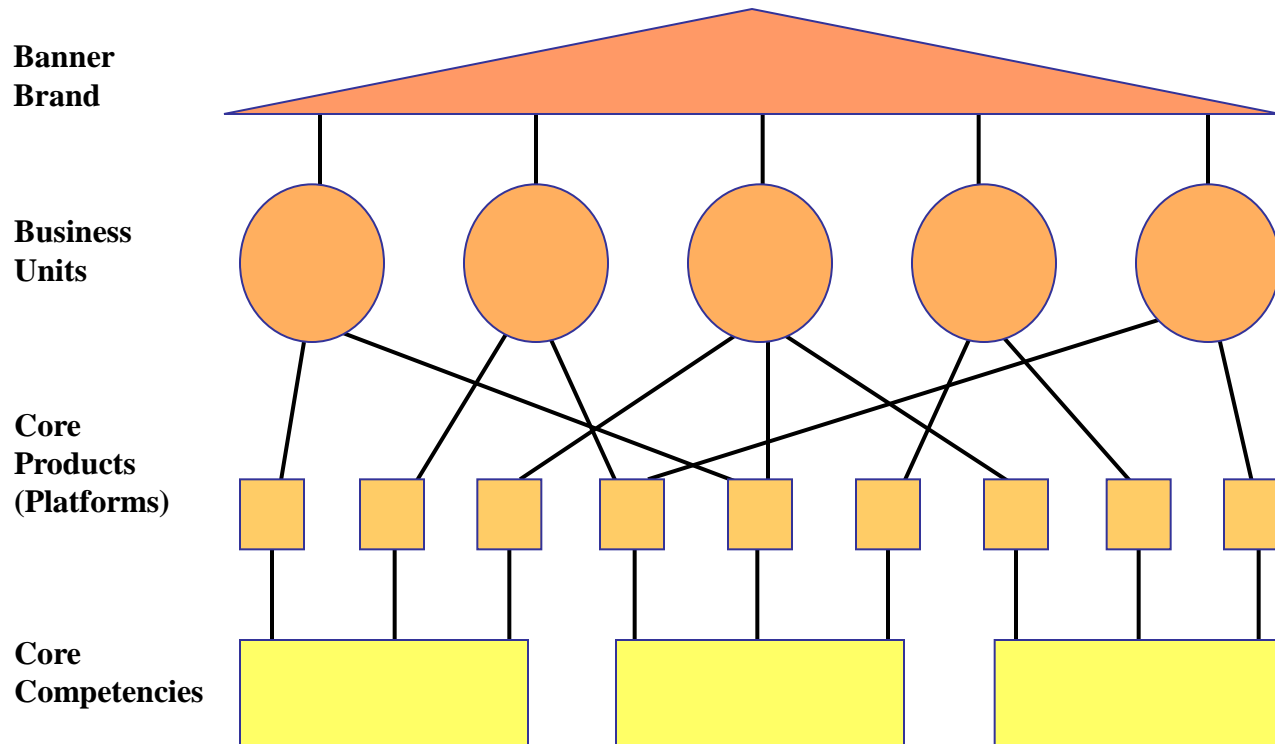
Managing Migration Paths



Establishing the Core Competence Agenda

		MARKET	
		Existing	New
CORE COMPETENCIES	Existing	Fill in the blanks What is the opportunity to improve our position in existing markets by better leveraging our existing core competencies?	White spaces What new products or services could we create by creatively redeploying or recombining our current core competencies?
	New	Premier plus 10 What new core competencies will we need to build to protect and extend our franchise in current markets?	Mega-opportunities What new core competencies would we need to build to participate in the most exciting markets of the future?

An Alternate Conception of the Diversified Firm



Criteria for Integration Decisions

Setup Costs	Transaction Costs	Risk	Coordination Effectiveness
Capital (e.g., equipment, acquisitions)	Information collection and processing	Possibility for unreasonable price changes	Run lengths, inventory levels
Systems development	Legal	Supply or outlet foreclosure	Capacity utilization
Training	Sales and purchasing	Insulation from market (e.g., from technical changes, new products)	Delivery performance
			Quality

Vertical Market Structures

NUMBER OF BUYERS

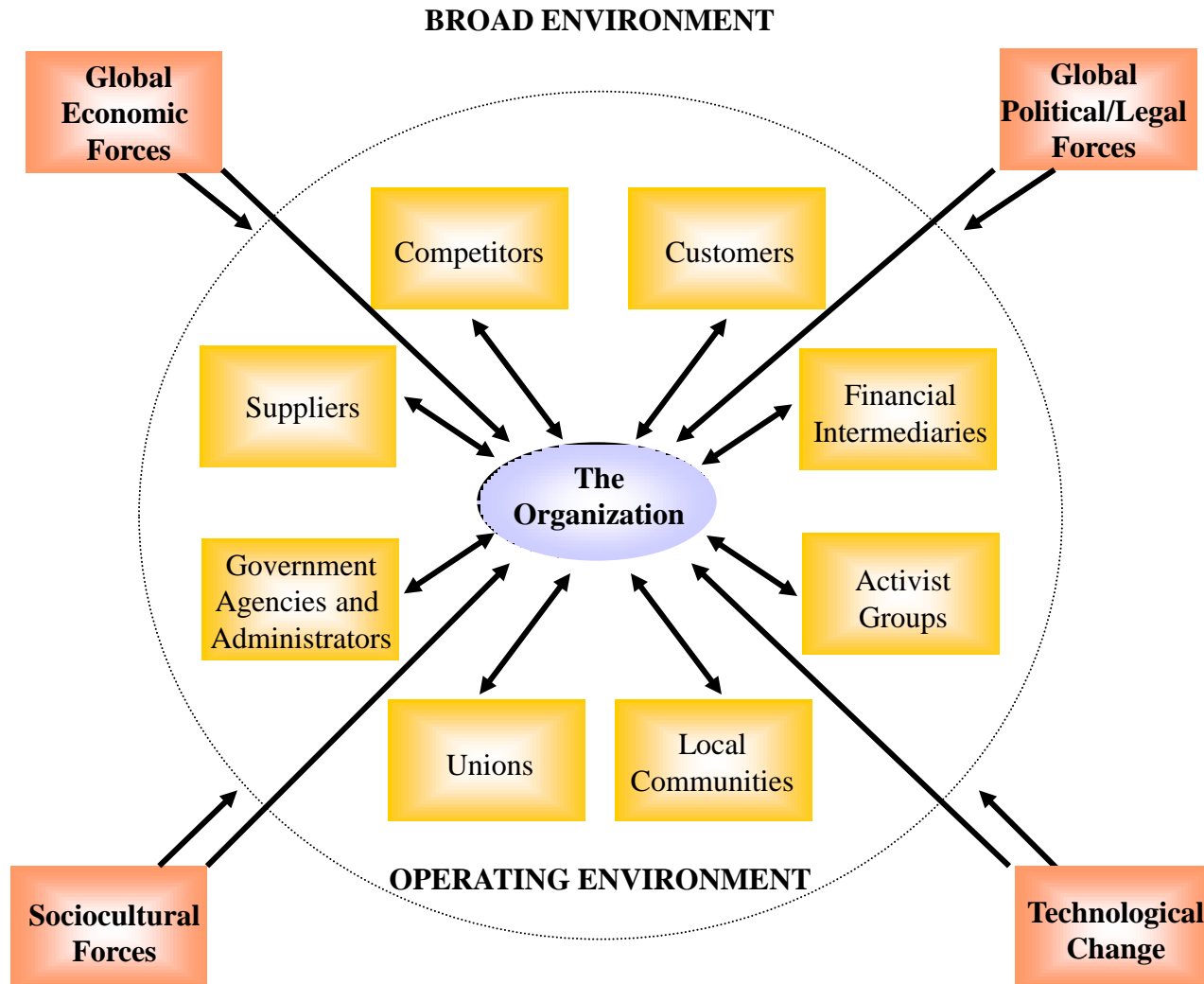
		One	Few	Many
NUMBER OF SELLERS	Many	Buyers dominate		No one dominates
	Few		High trading risk	Sellers dominate
	One			

Transaction-Asset Matrix

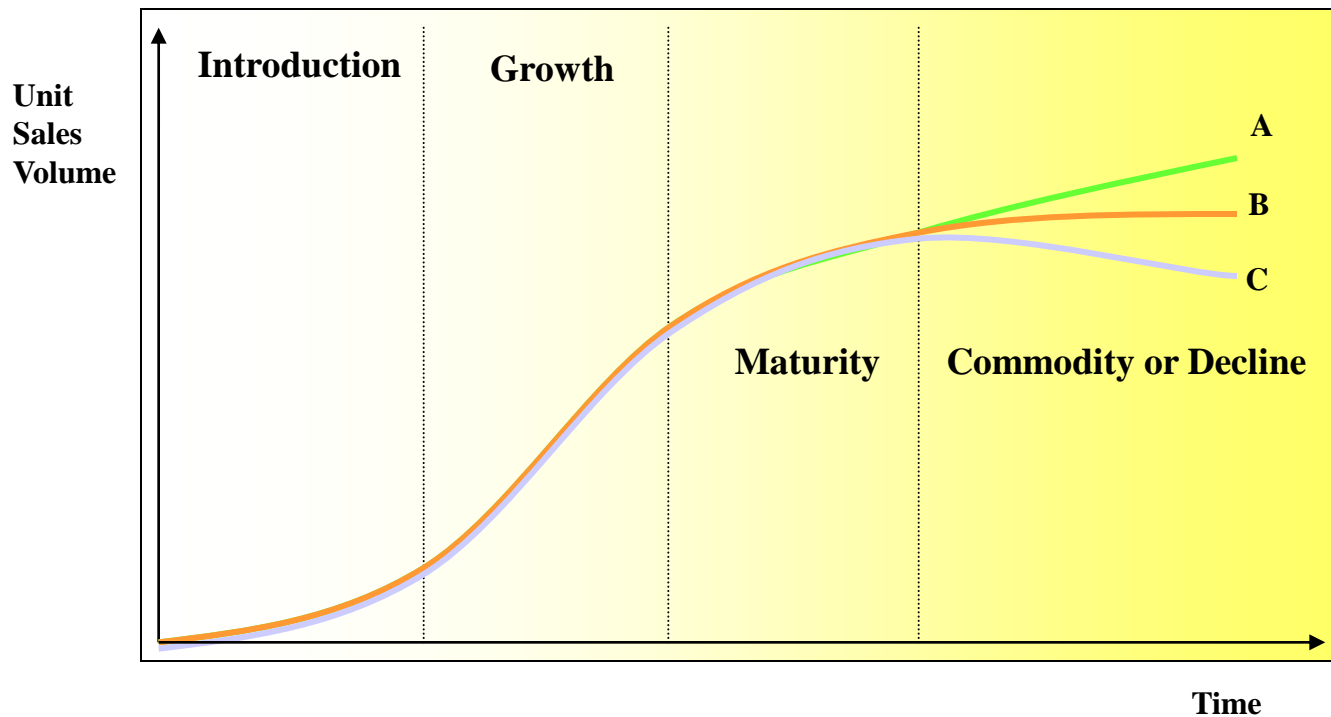
ASSET SPECIFICITY, DURABILITY, AND INDENSITY

		Low	High
TRANSACTION FREQUENCY	Seldom	Detailed, standardized contracts (e.g., office lease, credit sale arrangements)	Detailed, probably unique contract (e.g., major public construction projects)
	Often	Standardized transactions (e.g., groceries)	Vertical integration (e.g., bauxite, specialized auto components)

Primary Influence Processes



The Product Life Cycle

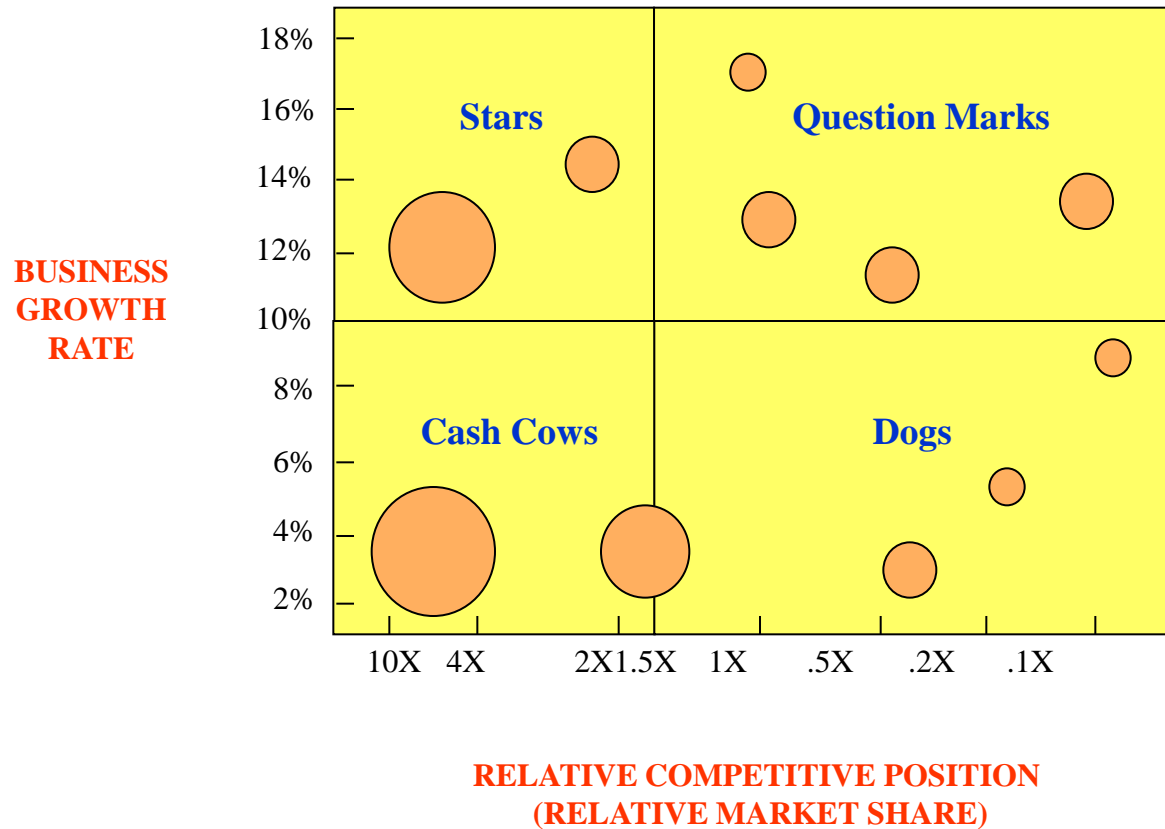


Note: A = Moderate Growth, B = Commodity, C = Decline

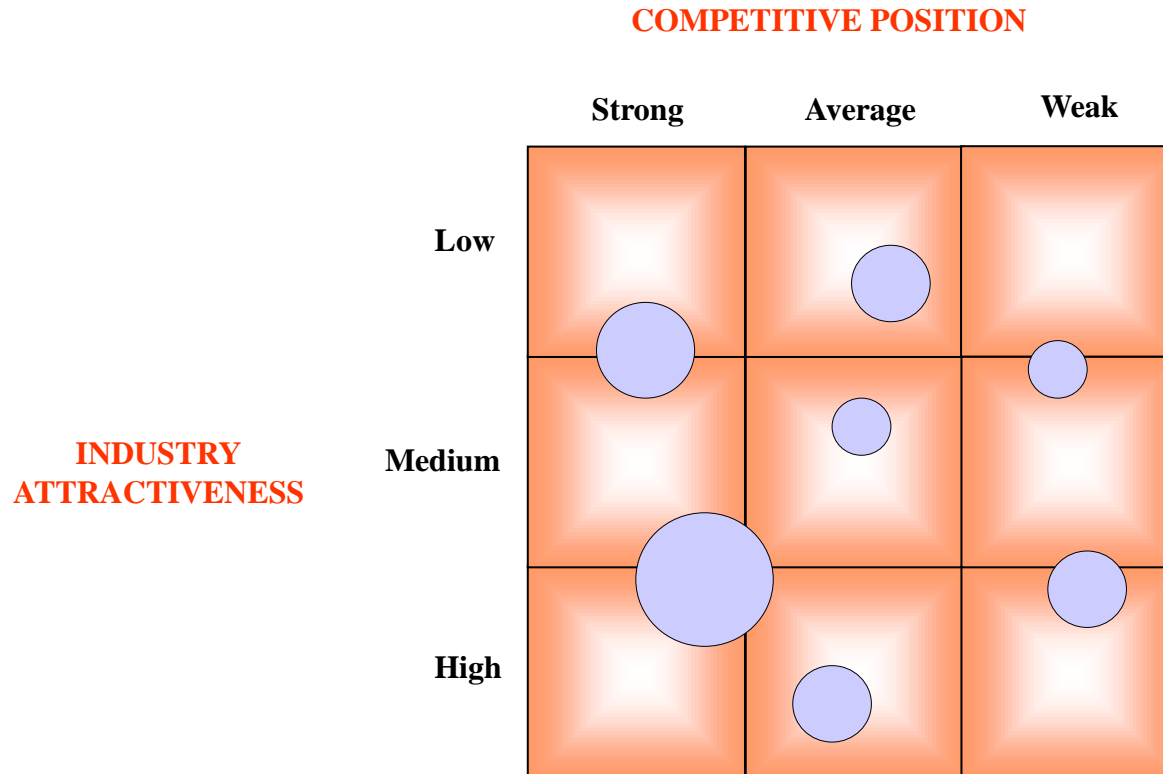
Internal Venturing Alternatives

		STRATEGIC IMPORTANCE	
		Important	Not important
OPERATIONAL IMPORTANCE	Unrelated	High Control/ No Operational Coupling <i>Special Business Units</i>	No Control/ No Operational Coupling <i>Complete Spinoff</i>
	Related	High Control/ Strong Operational Coupling <i>Direct Integration</i>	No Control/ Strong Operational Coupling <i>Nurturing and Contracting</i>

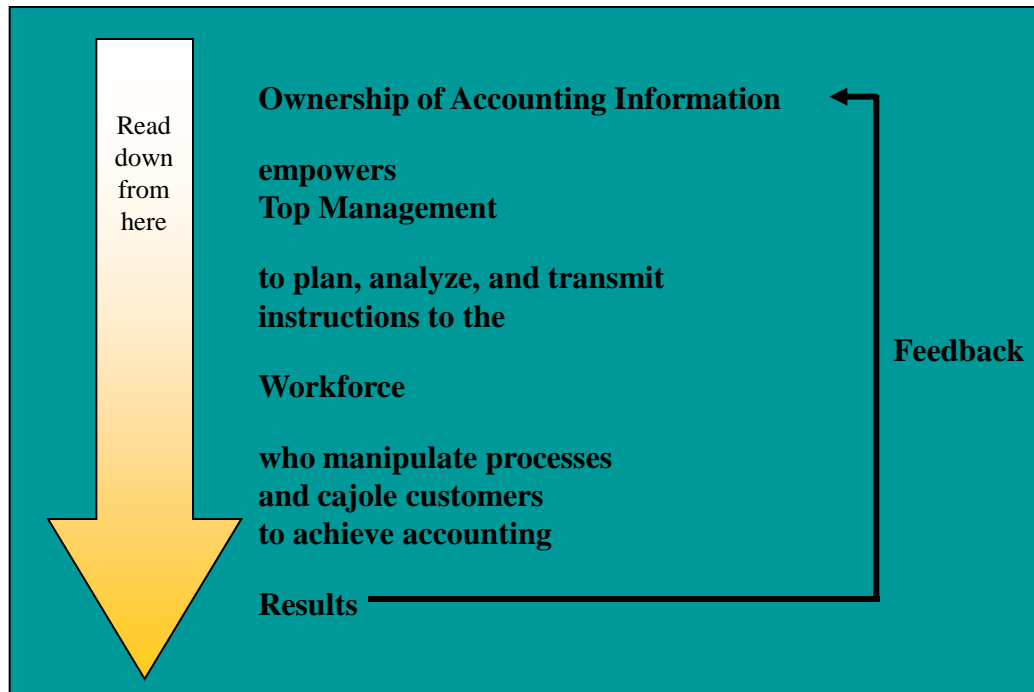
The Boston Consulting Group Matrix



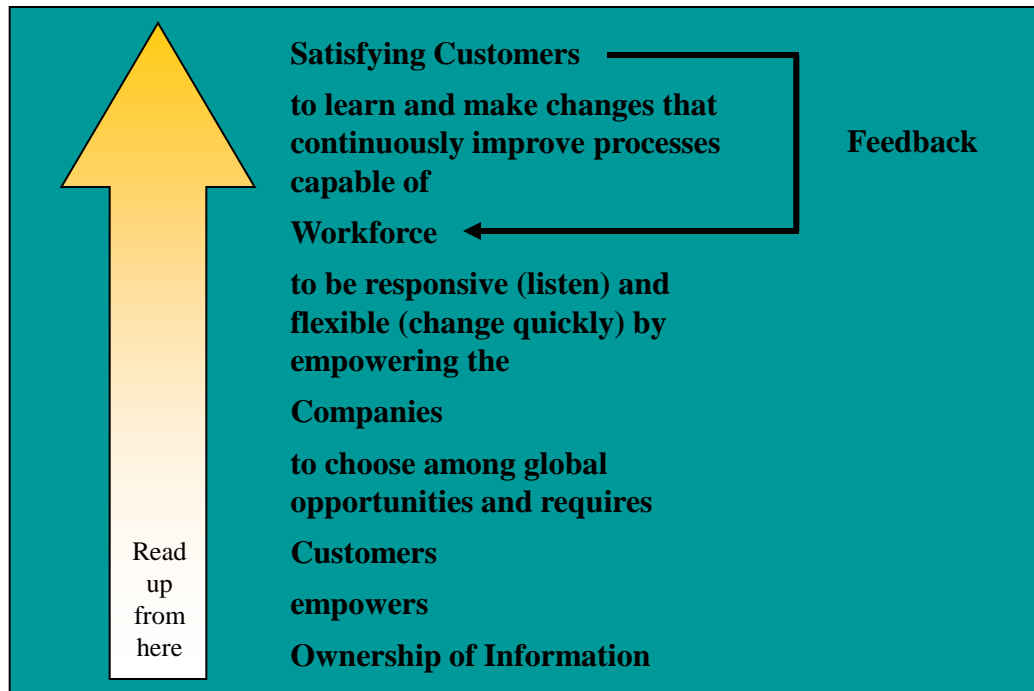
The General Electric Business Screen



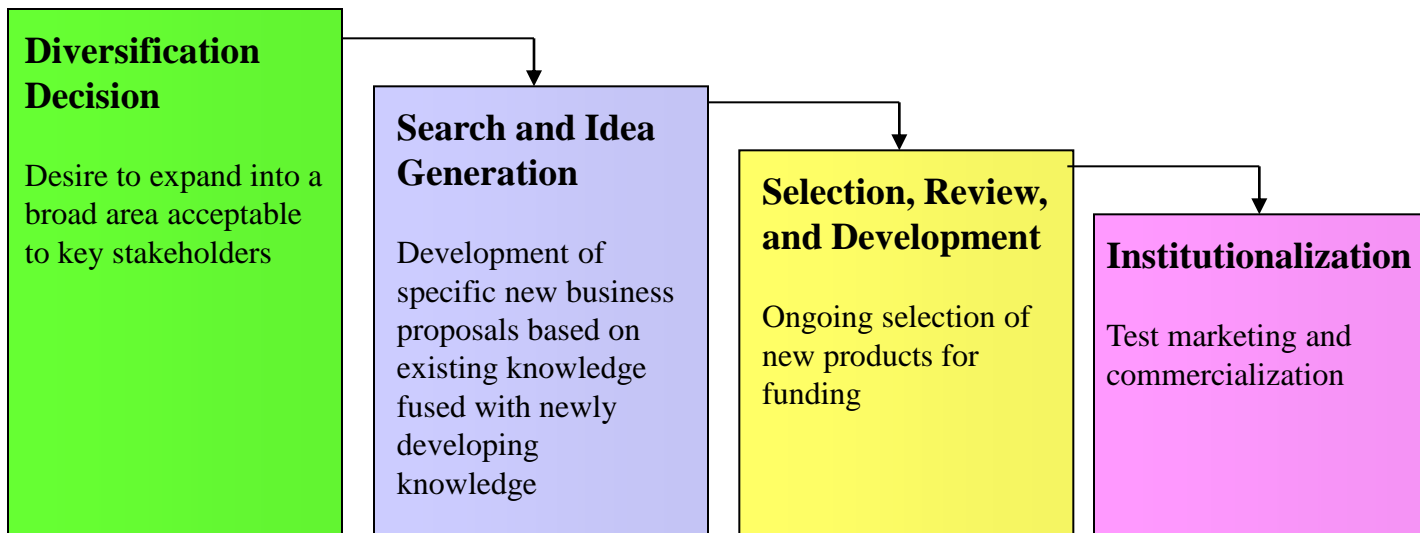
The Top-Down Control Cycle



The Bottom-Up Empowerment Cycle



The Internal Diversification Process

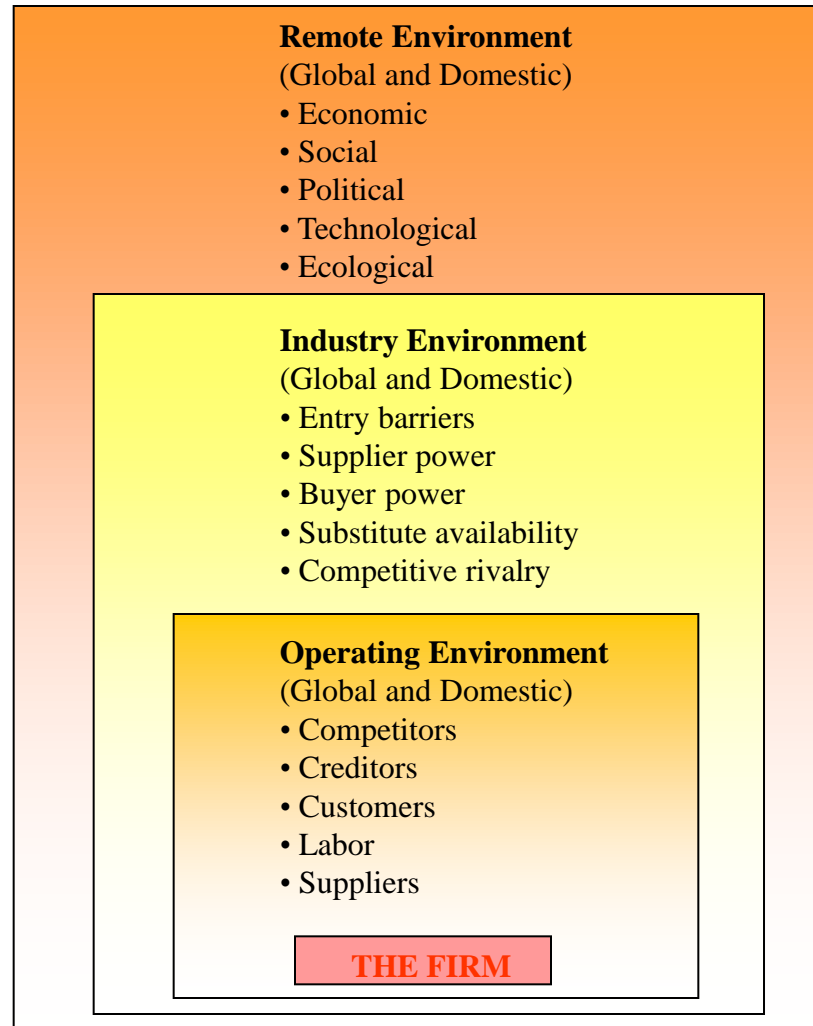


Designs for Organizational Entrepreneurship

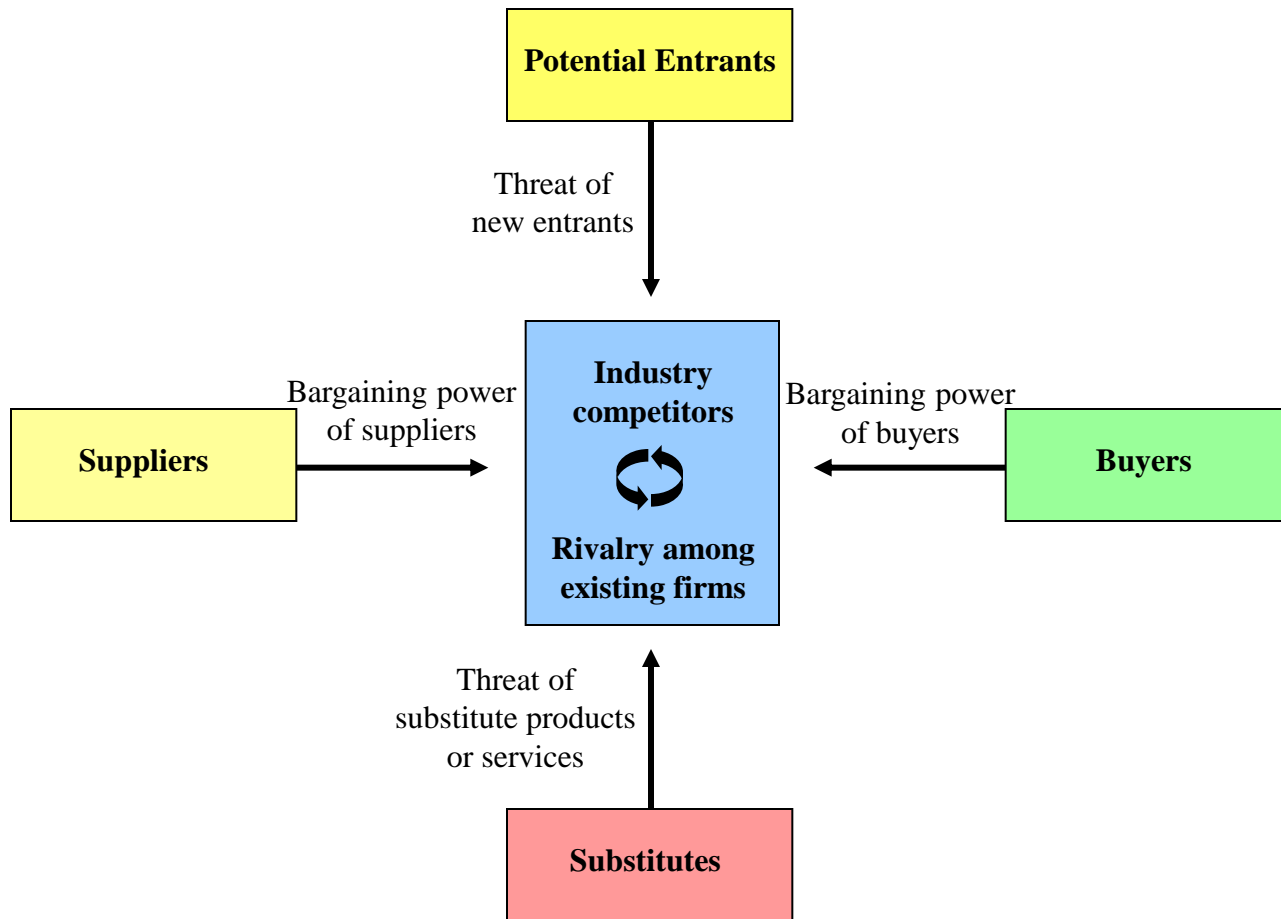
STRATEGIC IMPORTANCE

		Very Important	Uncertain	Not Important
OPERATIONAL RELATEDNESS	Unrelated	<p>3. High Control/ No Operational Coupling</p> <p>Special business units</p>	<p>6. Moderate Control/ No Operational Coupling</p> <p>Independent business units</p>	<p>9. No Control/ No Operational Coupling</p> <p>Complete spin-off</p>
	Partly Related	<p>2. High Control/ Some Operational Coupling</p> <p>New product business department</p>	<p>5. Moderate Control/ Some Operational Coupling</p> <p>New venture division</p>	<p>8. No Control/ Some Operational Coupling</p> <p>Contracting</p>
	Strongly Related	<p>1. High Control/ Strong Operational Coupling</p> <p>Direct Integration</p>	<p>4. Moderate Control/ Strong Operational Coupling</p> <p>Micro new ventures department</p>	<p>7. No Control/ Strong Operational Coupling</p> <p>Nurturing and contracting</p>

The Firm's External Environment



Forces Driving Industry Competition



International Strategy Options I

LOCATION OF ACTIVITIES

Geographically dispersed

Geographically concentrated

High

High foreign investment with extensive coordination among subsidiaries

Global strategy

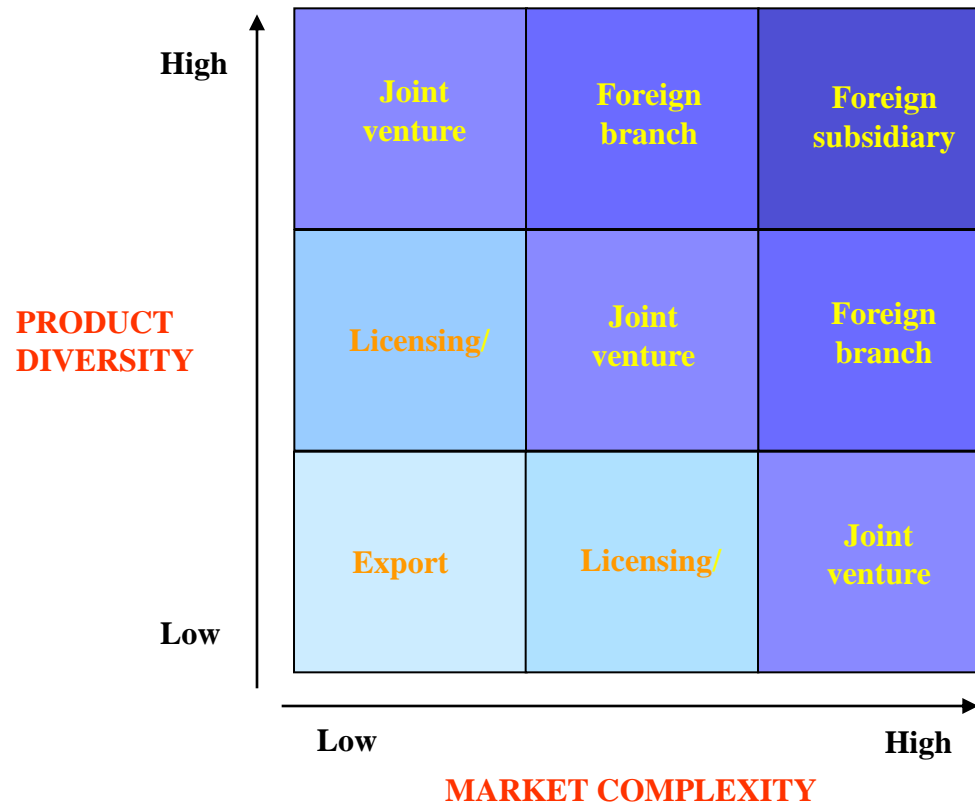
COORDINATION OF ACTIVITIES

Low

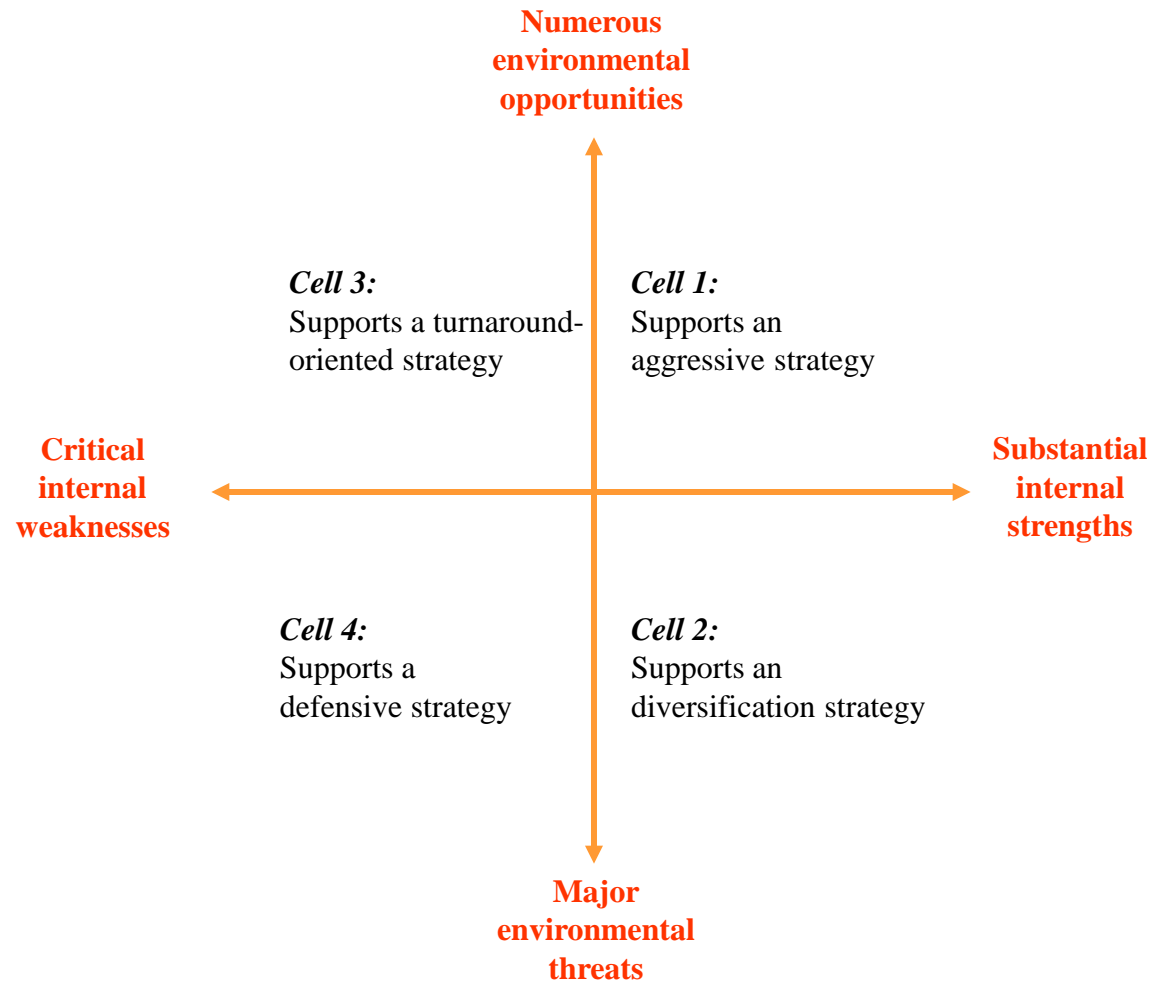
Country-centered strategy by multinationals with a number of domestic firms operating only one country

Export-based strategy with decentralized marketing

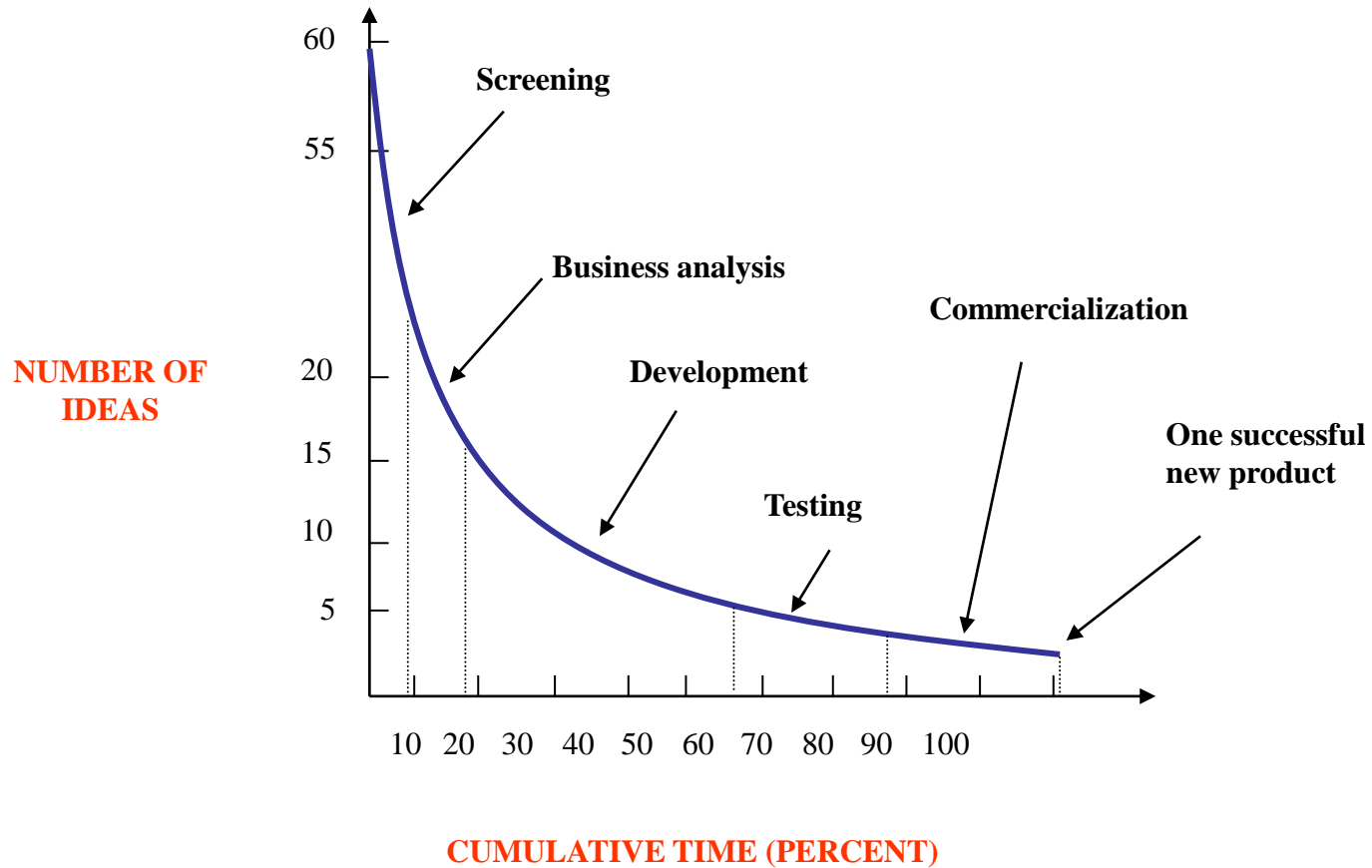
International Strategy Options II



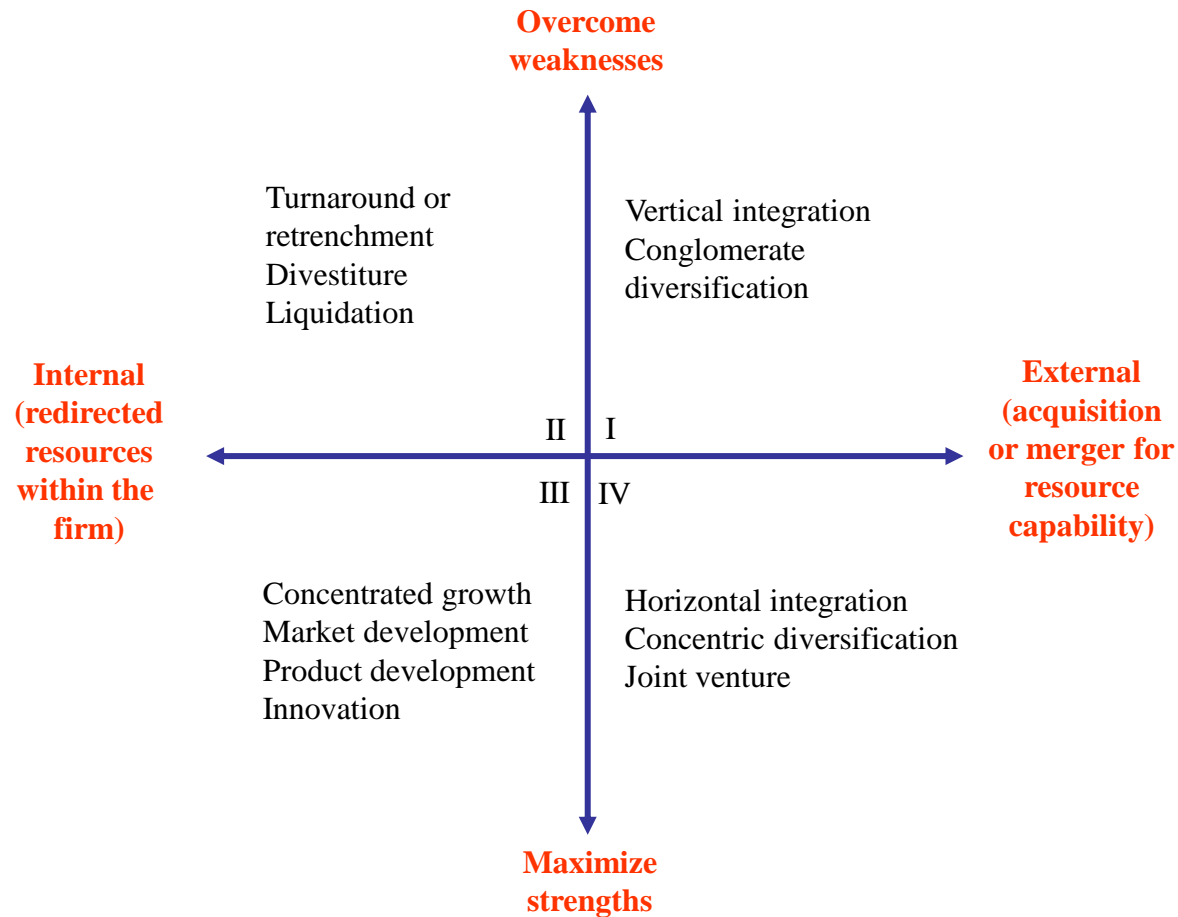
SWOT Analysis Diagram



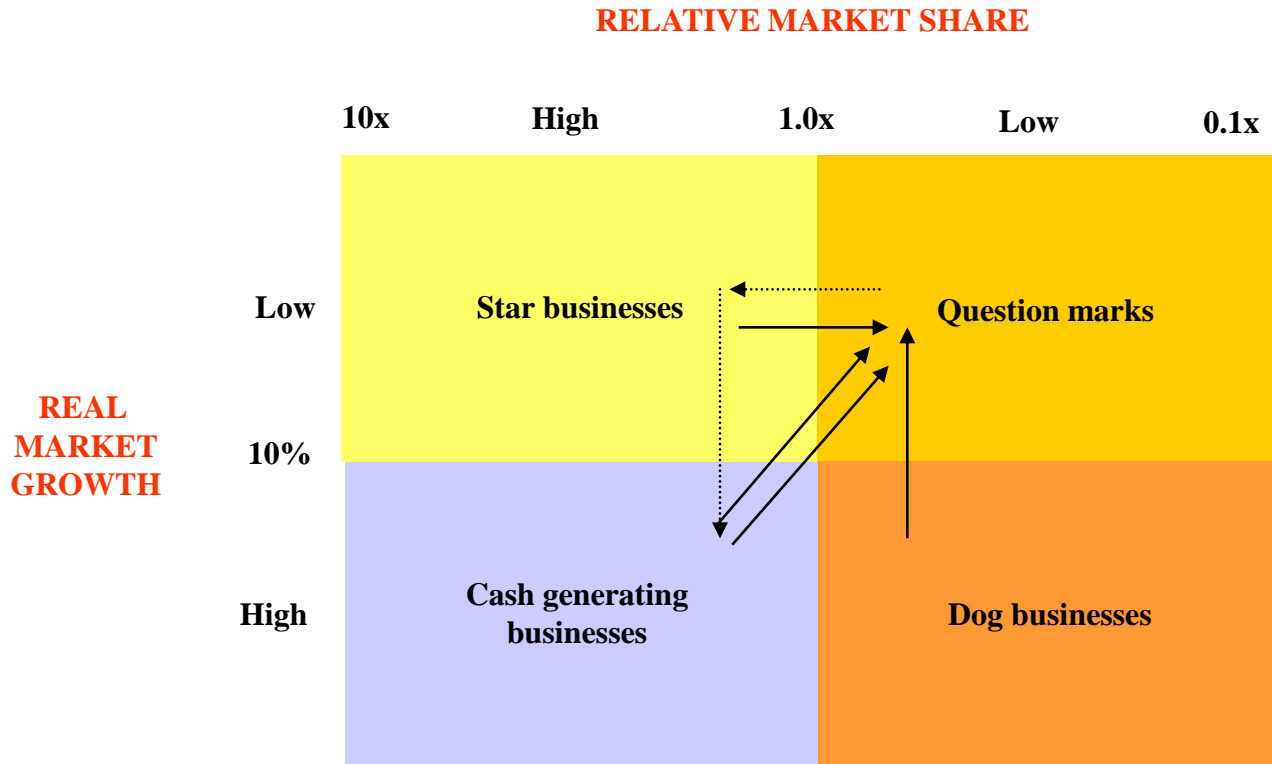
Decay of New Product Ideas



Grand Strategy Selection Matrix



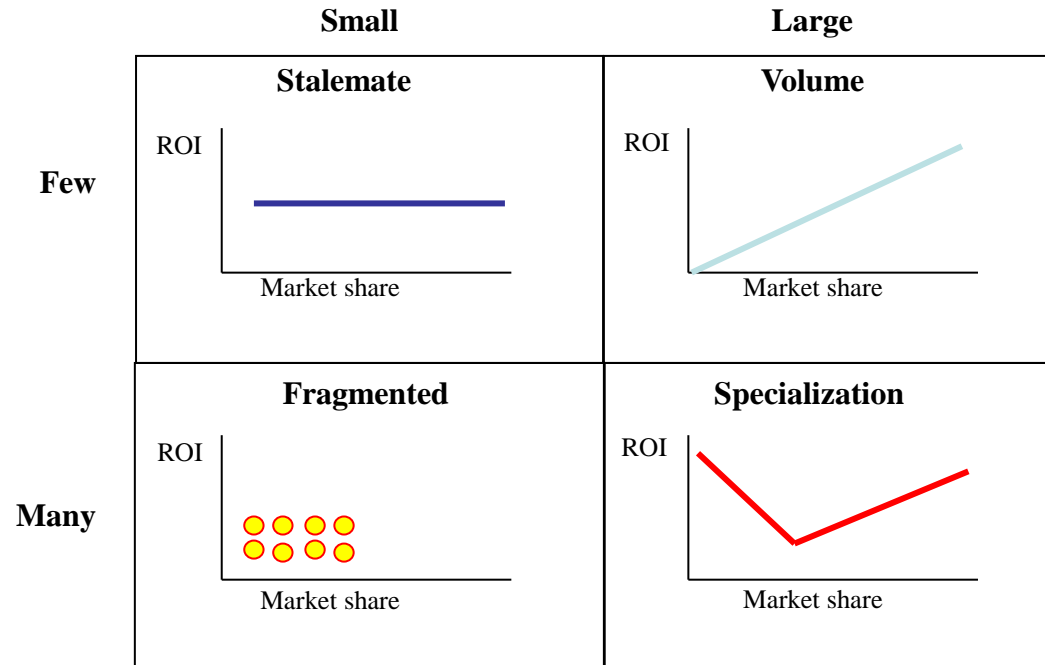
BCG's Growth/Share Matrix II



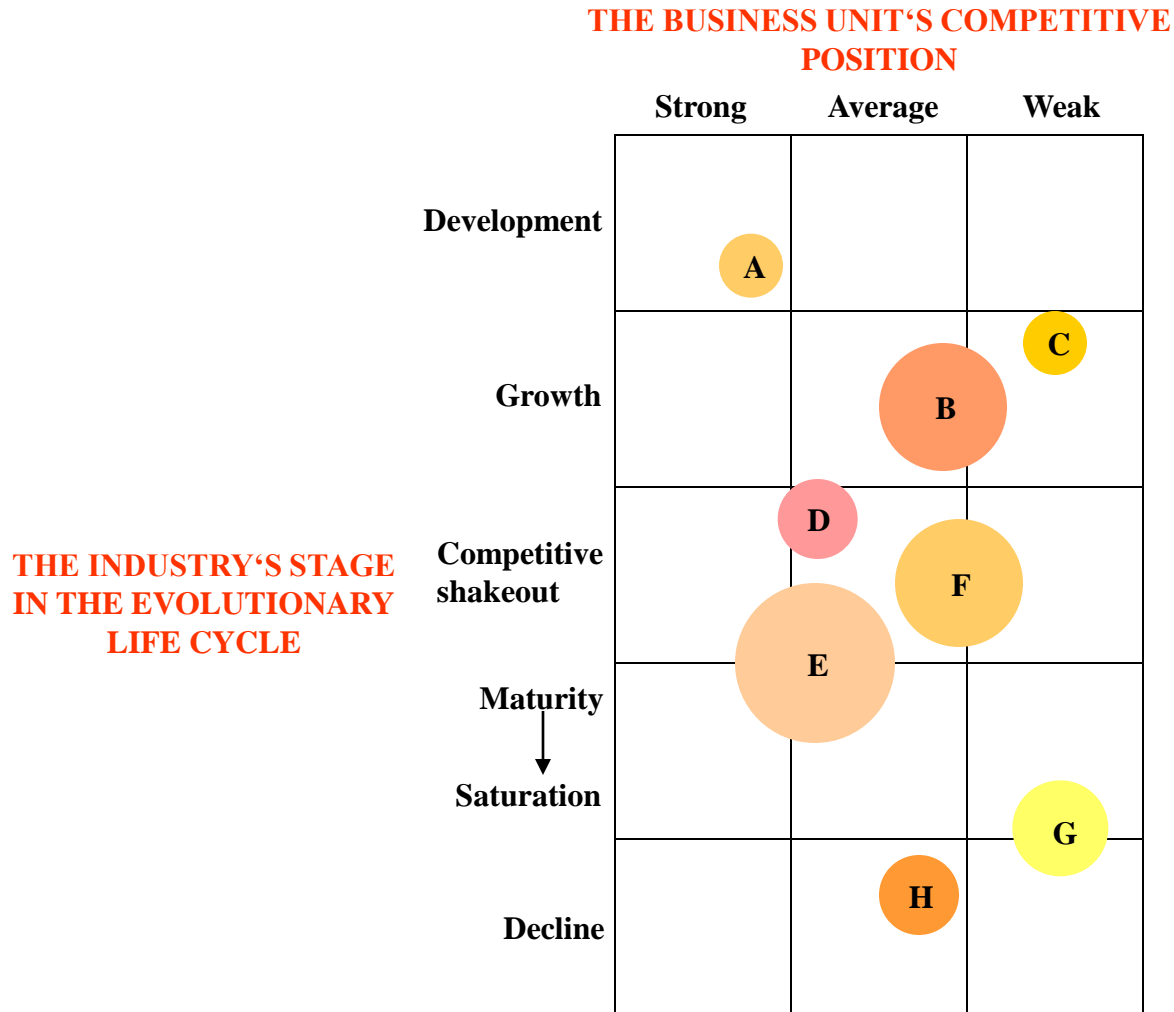
Underlying Relationship between ROI and Market Share in the New BCG Matrix

SIZE OF THE ADVANTAGE

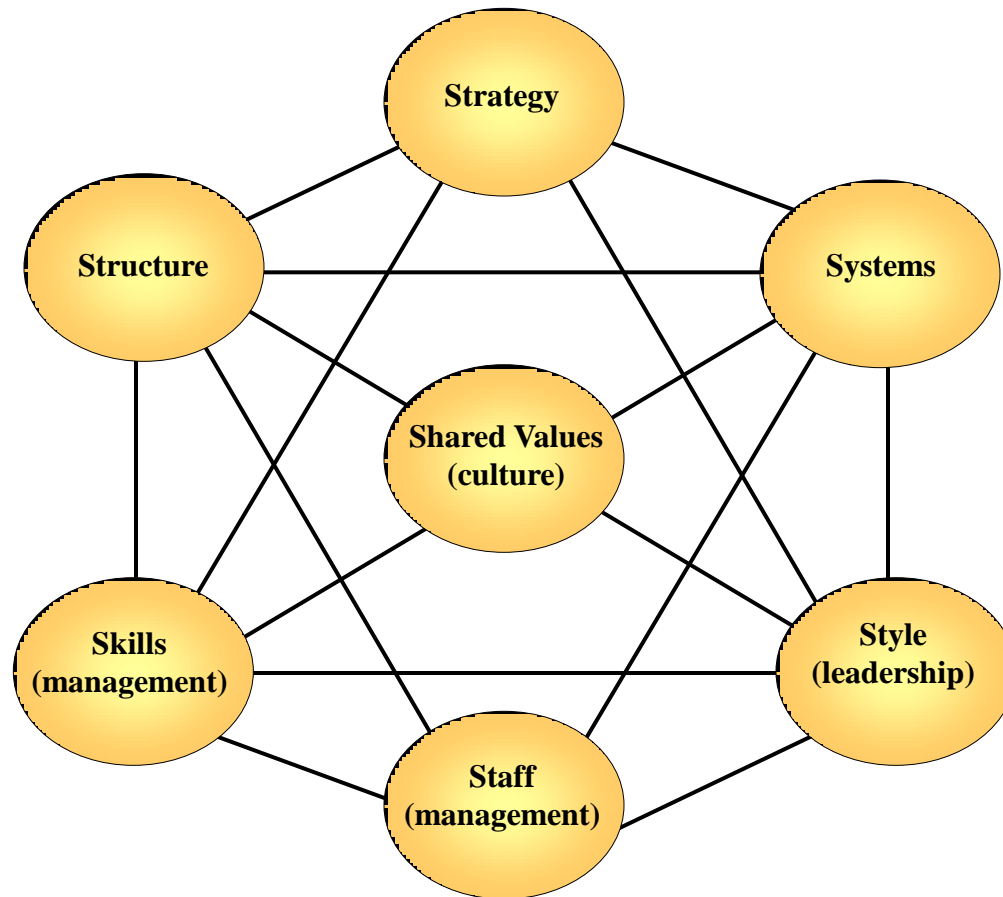
NUMBER OF WAYS
TO ACHIEVE
COMPETITIVE
ADVANTAGE



The Life-Cycle Portfolio Matrix



McKinsey 7-S Framework

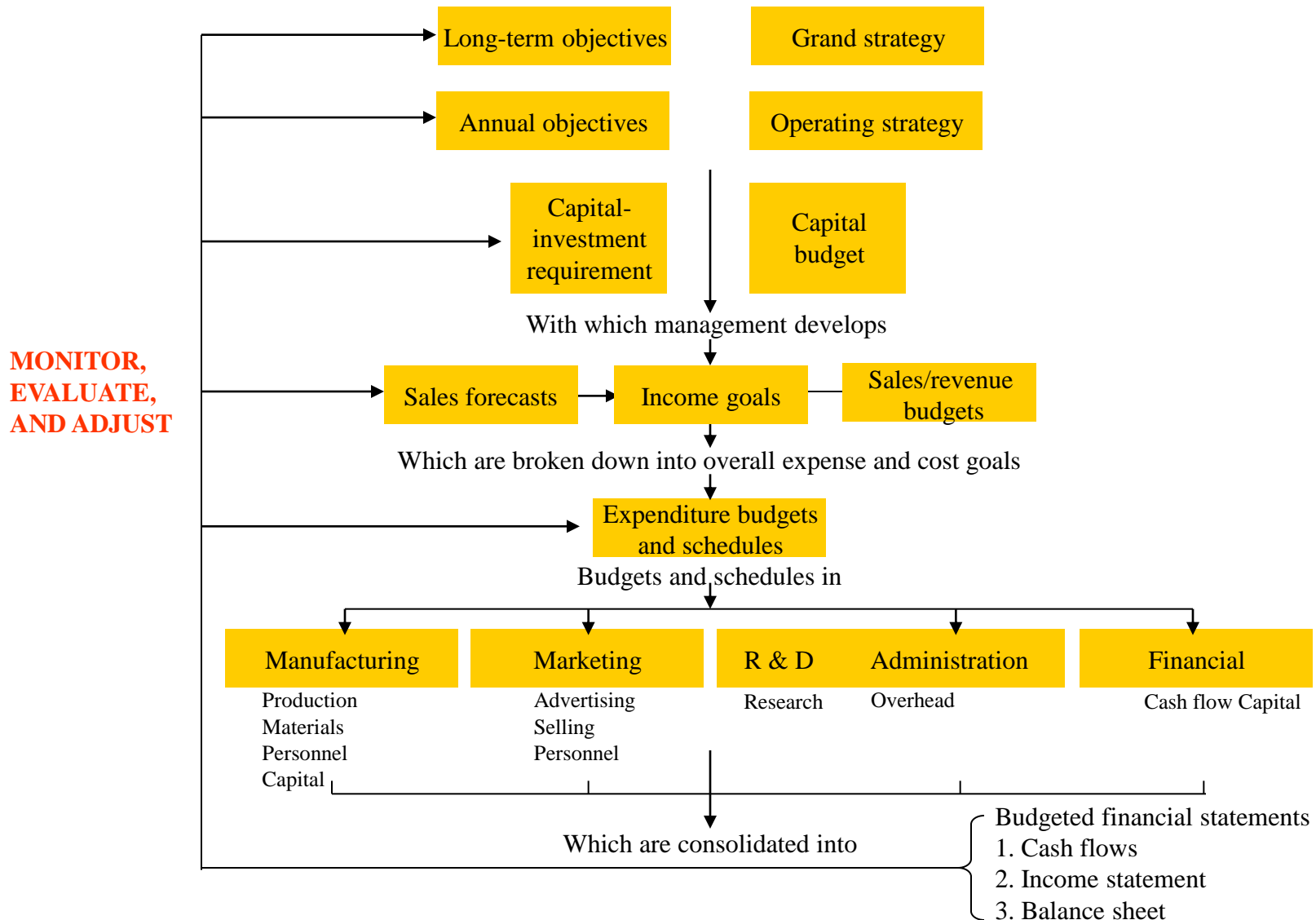


Managing the Strategy-Culture Relationship

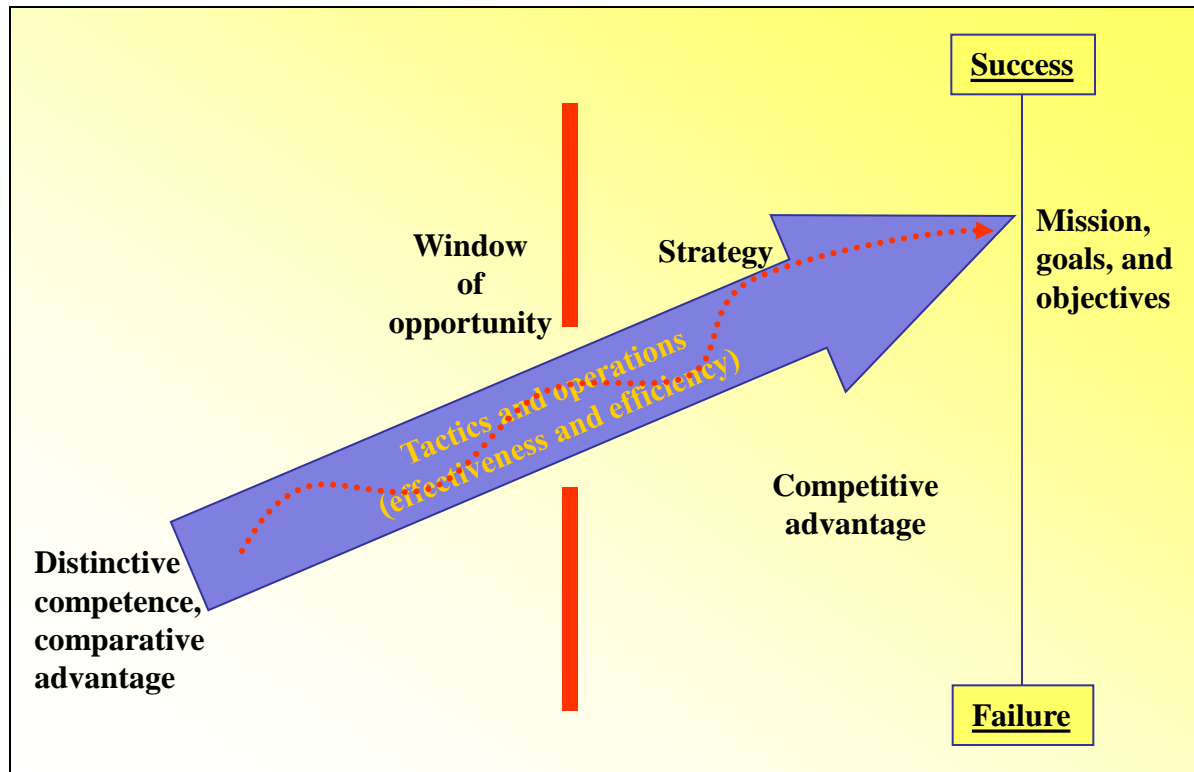
POTENTIAL COMPATIBILITY OF CHANGES WITH EXISTING CULTURE

		High	Low
CHANGES IN KEY ORGANIZATIONAL FACTORS THAT ARE NECESSARY TO IMPLEMENT THE NEW STRATEGY	Few	Synergistic – focus on reinforcing culture 2	Manage around the culture 3
	Many	Link changes to basic mission and fundamental organizational norms 1	Reformulate strategy or prepare carefully for long-term, difficult change 4

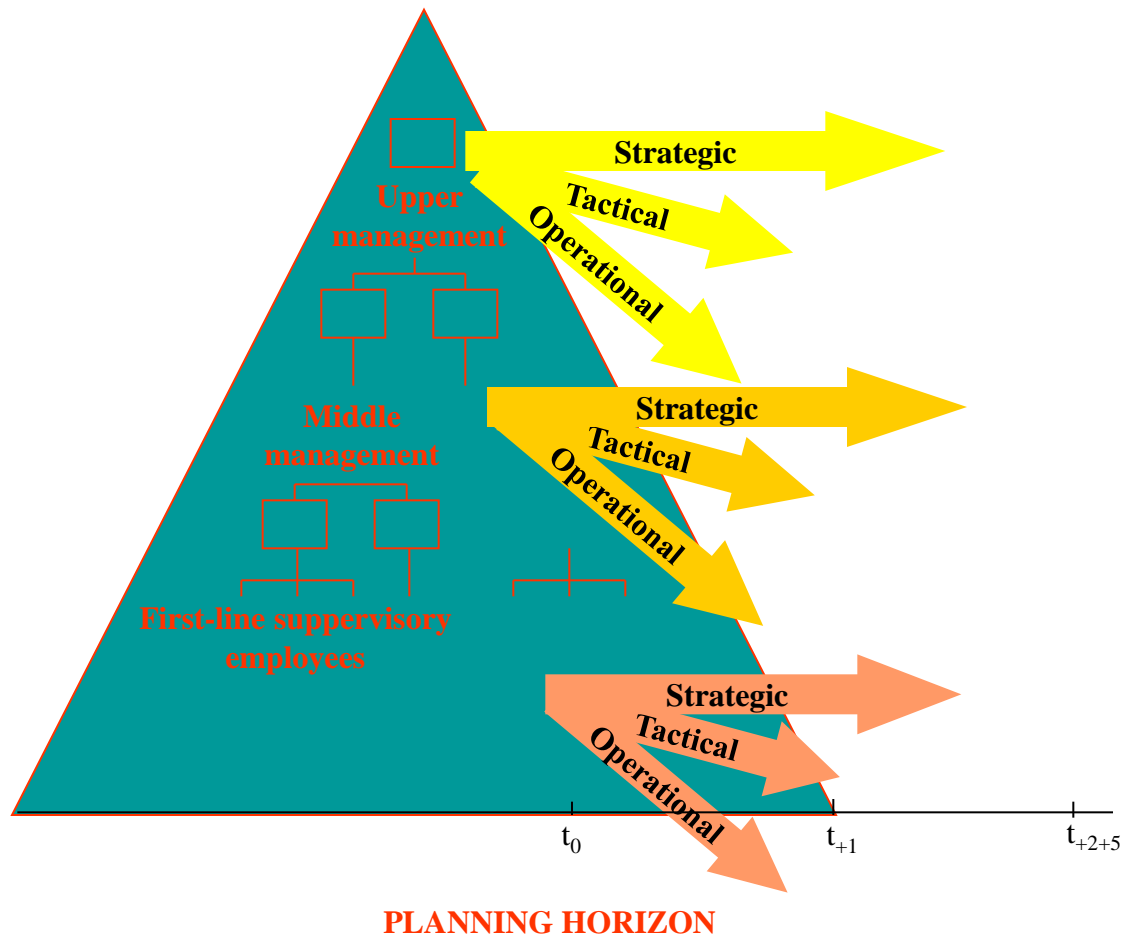
A Typical Budgeting System for Controlling Strategy Implementation



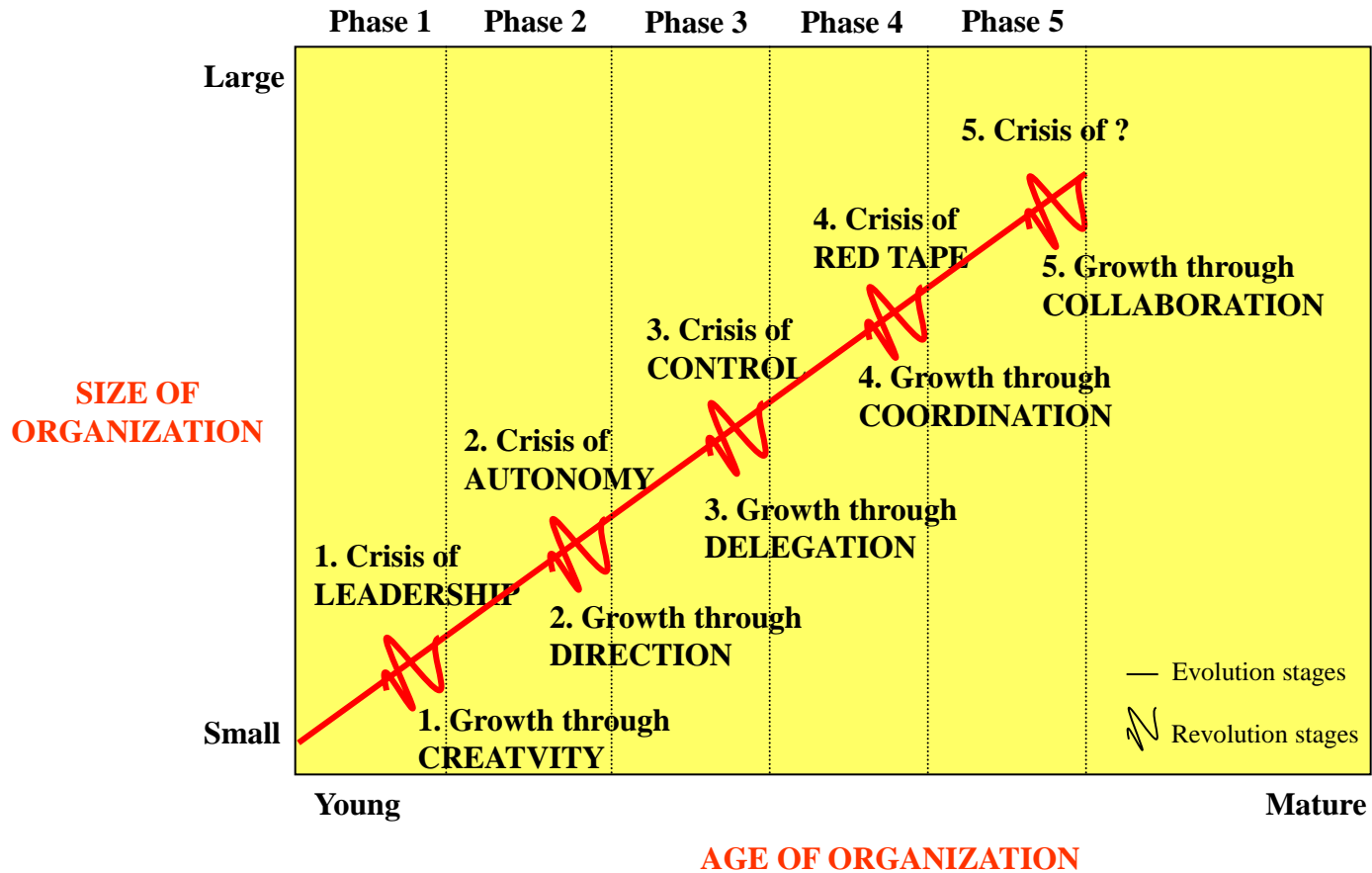
Strategy is the Primary Determinant of Success or Failure



Strategic, Tactical, and Operational Views at Various Organizational Levels



Greiner's Five-Phase Growth Model



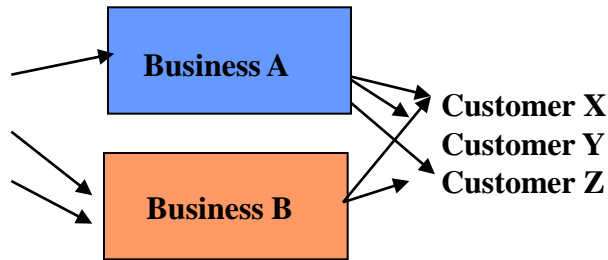
Firms Compete for Customers and Resources; Two Cases

Case 1

Little competition for resources



Resource K
Resource L
Resource M



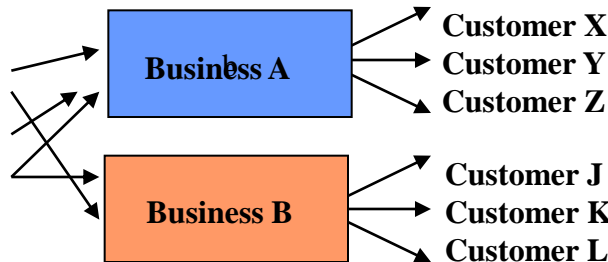
Intense competition for customers

Case 2

Intense competition for resources



Resource M
Resource N
Resource O



Little competition for customers

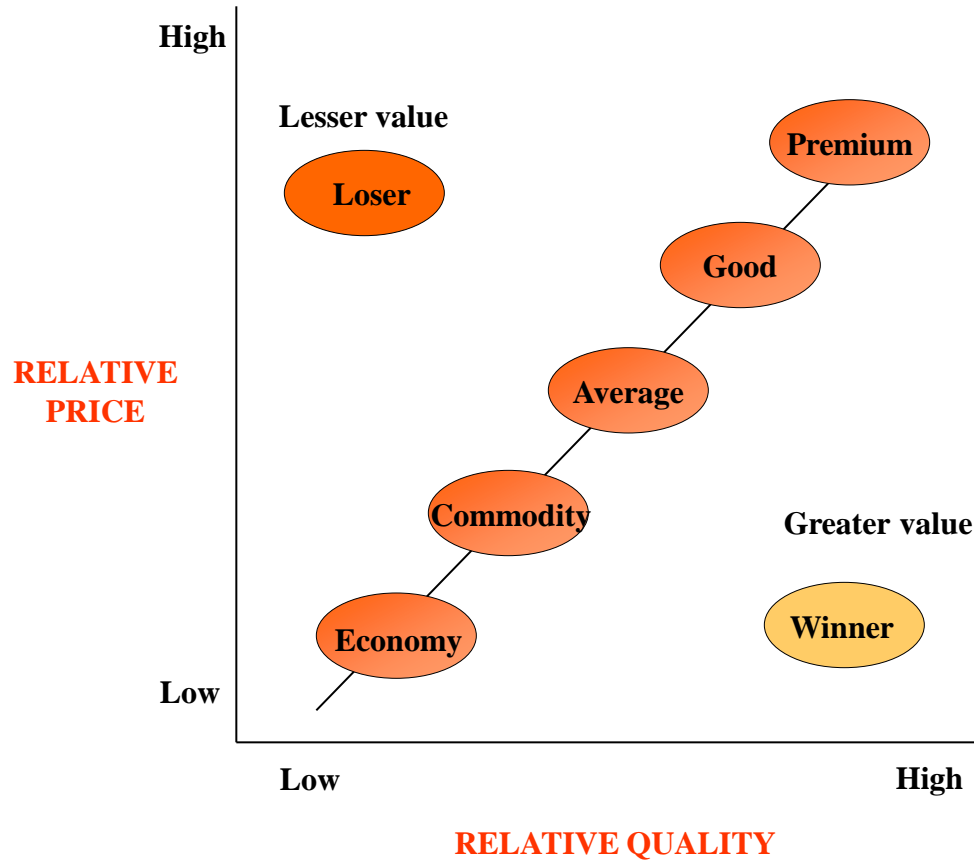
Intensity of Competition

COMPETITION FOR CUSTOMERS

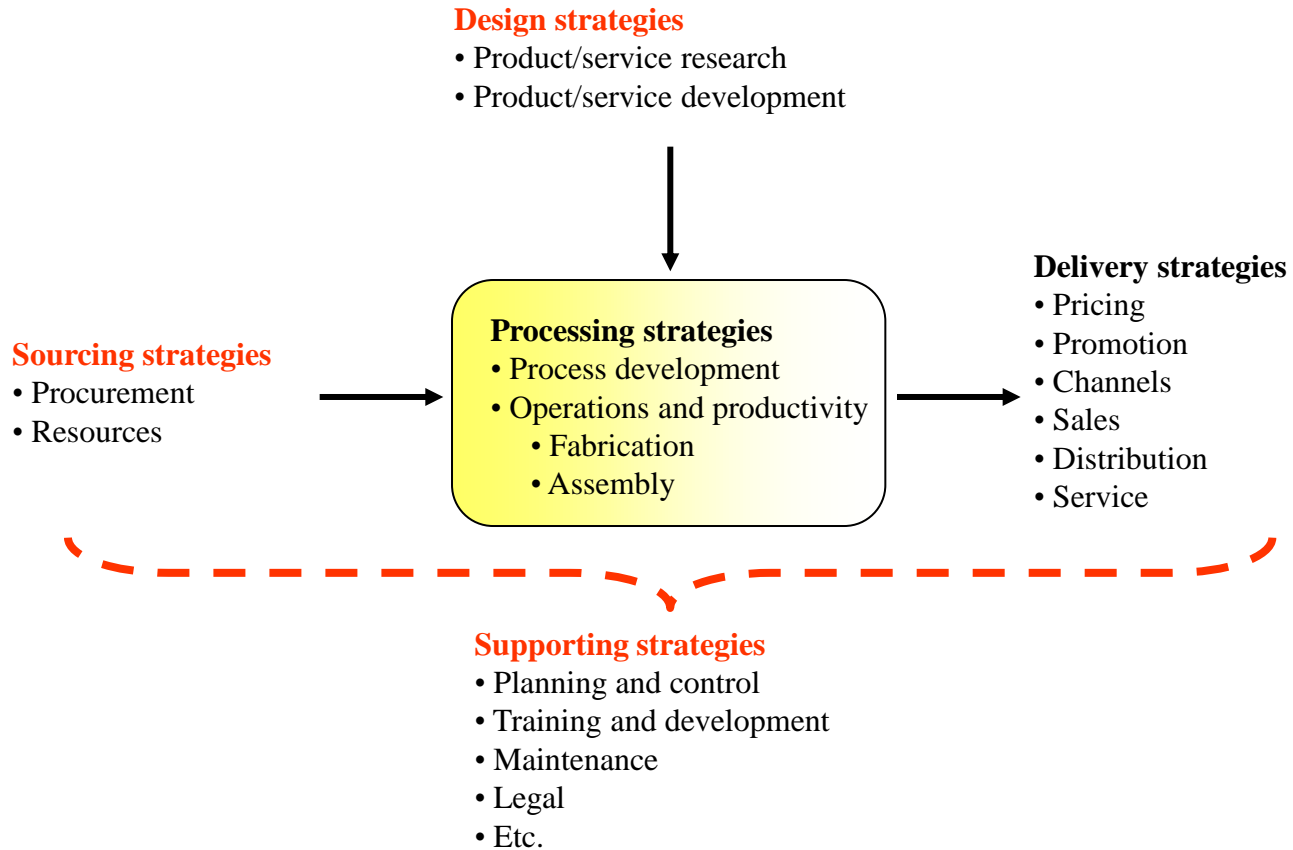
COMPETITION FOR RESOURCES

<i>Intense</i>	Intense competitive pressure	Moderate pressure (purchasing) Case 2
<i>Minimal</i>	Moderate pressure (marketing) Case 1	Little competitive pressure
	<i>Intense</i>	<i>Minimal</i>

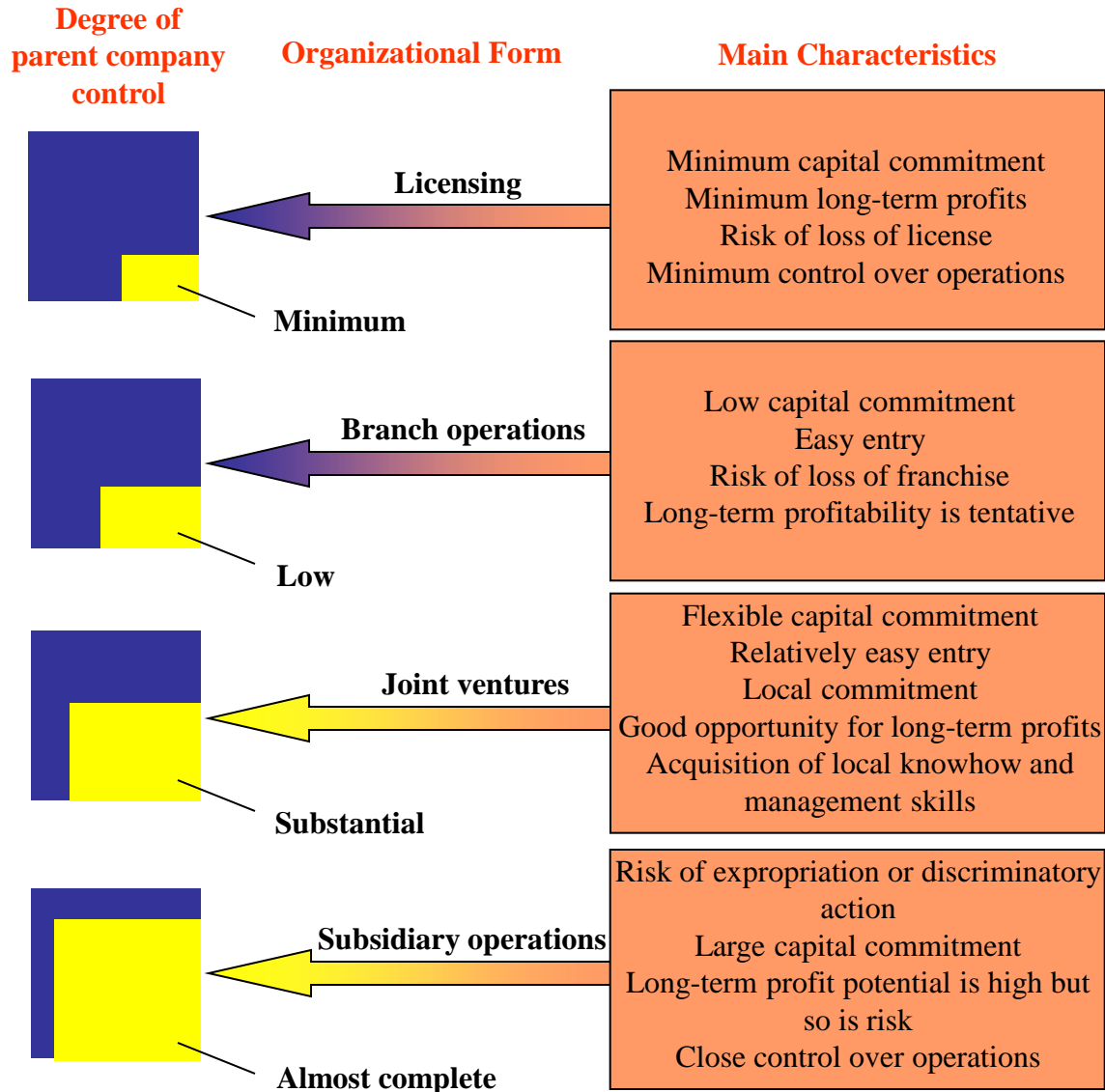
Value and the Price-Performance Curve



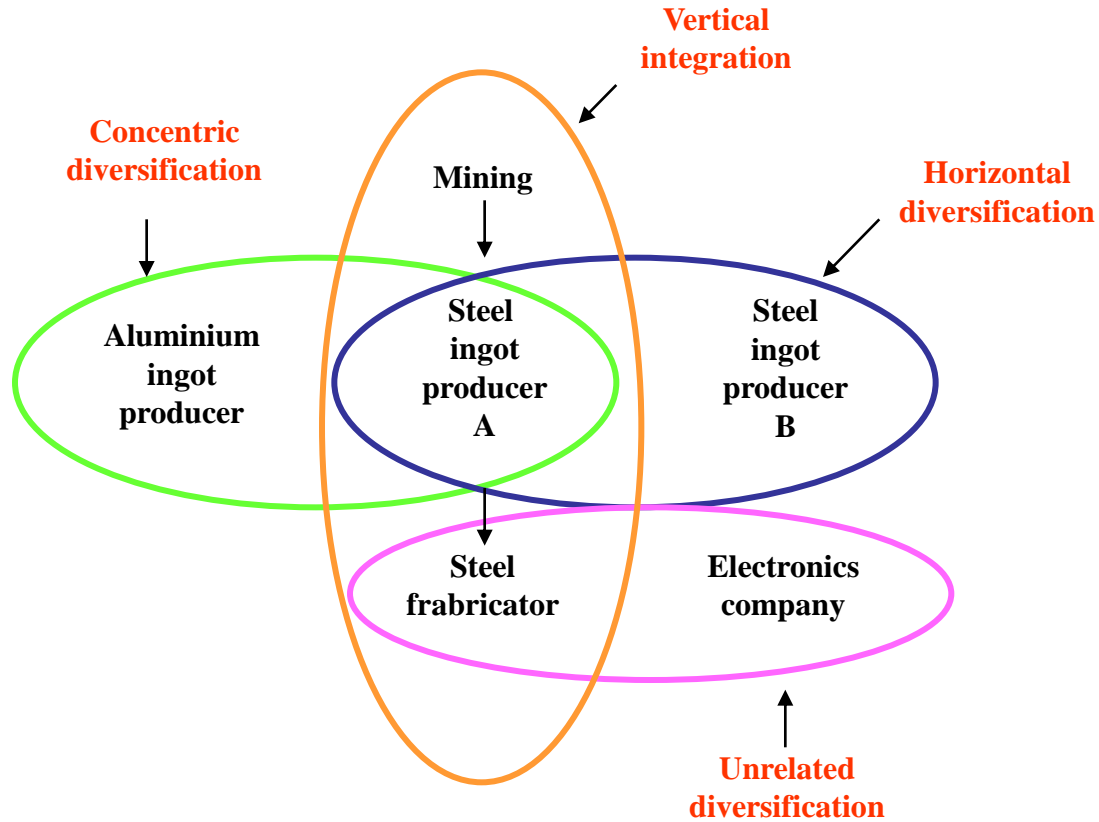
Functional Strategy Areas



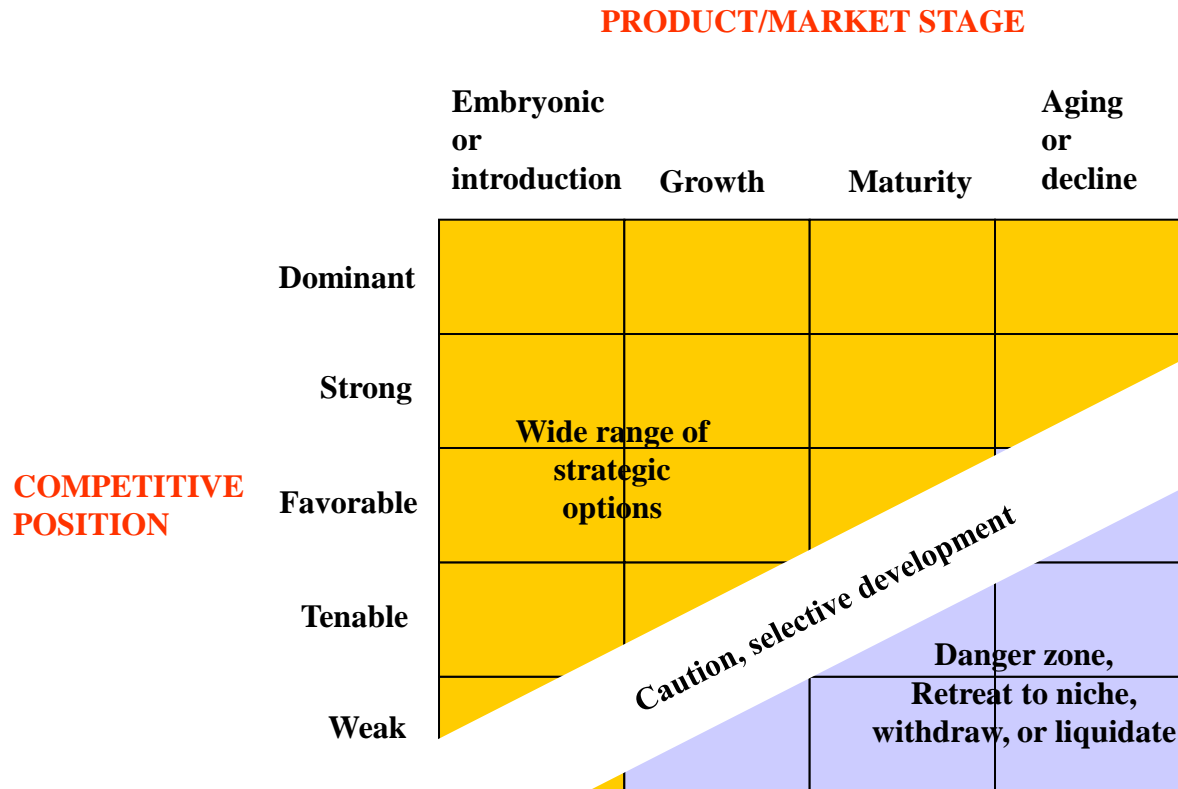
Basic Organizational Forms for Multinational Operations



Types of Acquisitions



Strategic Options and the Life Cycle



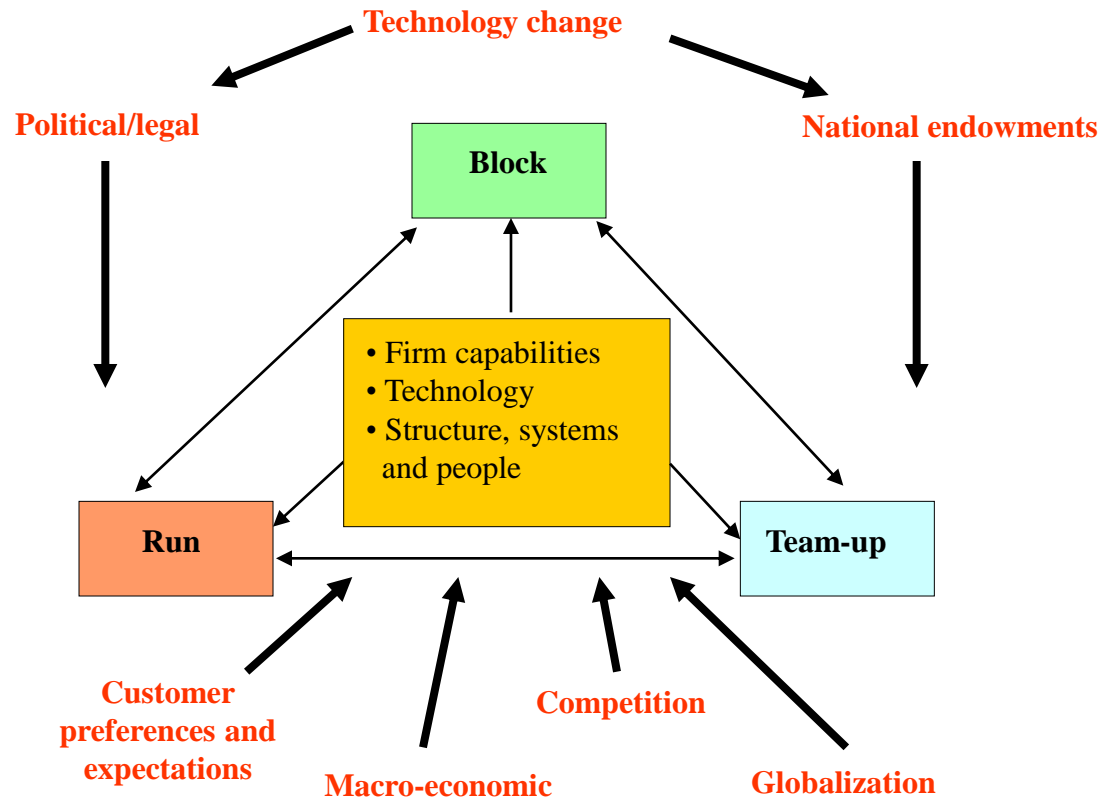
Attractiveness/Competitive Position Strategies

COMPETITIVE POSITION

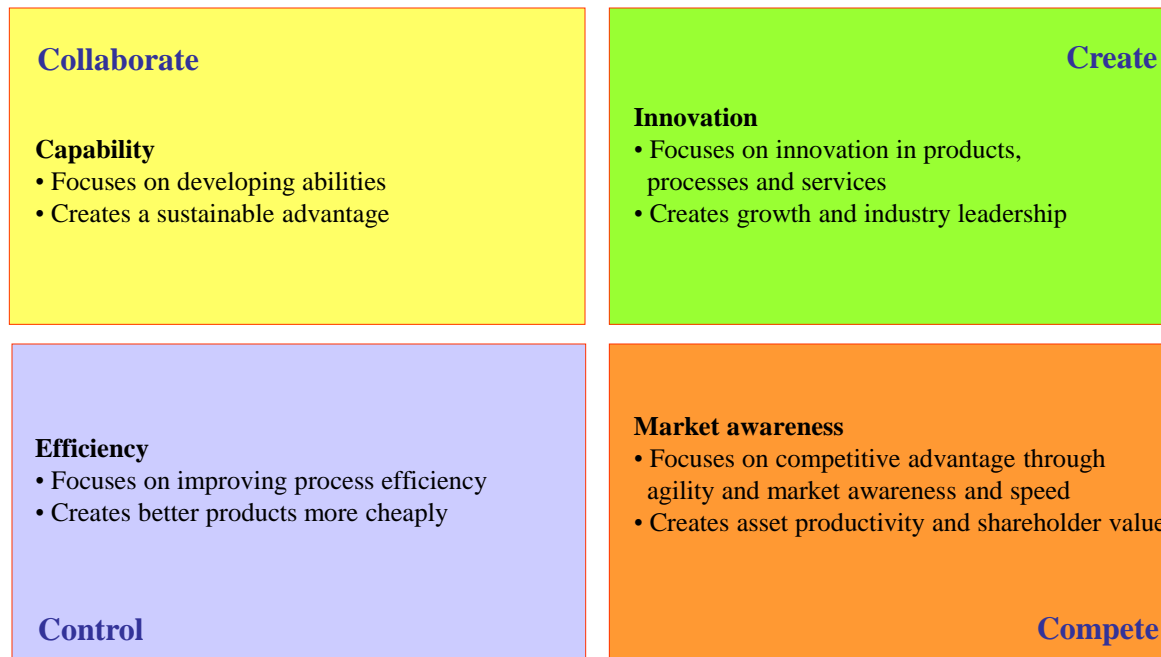
INDUSTRY ATTRACTIVENESS

	Strong	Average	Weak
High	<ul style="list-style-type: none"> • Grow • Seek dominance • Maximize investment 	<ul style="list-style-type: none"> • Evaluate potential for leadership via Segmentation • Identify weaknesses • Build strengths 	<ul style="list-style-type: none"> • Specialize • Seek niches • Consider acquisitions
Medium	<ul style="list-style-type: none"> • Identify growth segments • Invest strongly • Maintain position elsewhere 	<ul style="list-style-type: none"> • Identify growth segments • Specialize • Invest selectively 	<ul style="list-style-type: none"> • Specialize • Seek niches • Consider exit
Low	<ul style="list-style-type: none"> • Maintain overall position • Seek cash flow • Invest at maintenance levels 	<ul style="list-style-type: none"> • Prune lines • Minimize investment • Position to divest 	<ul style="list-style-type: none"> • Trust leader's statesmanship • Sic on competitor's cash generators • Time exit and divest

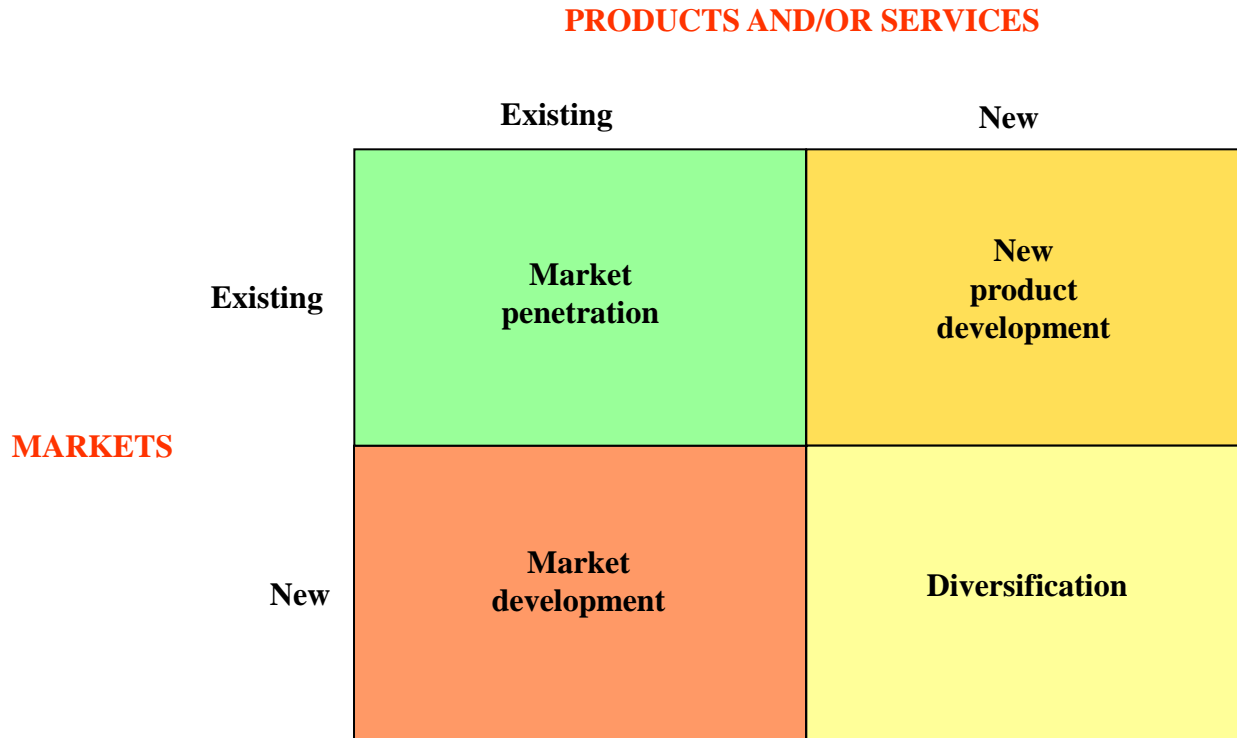
Technology Strategies for a Sustainable Competitive Advantage



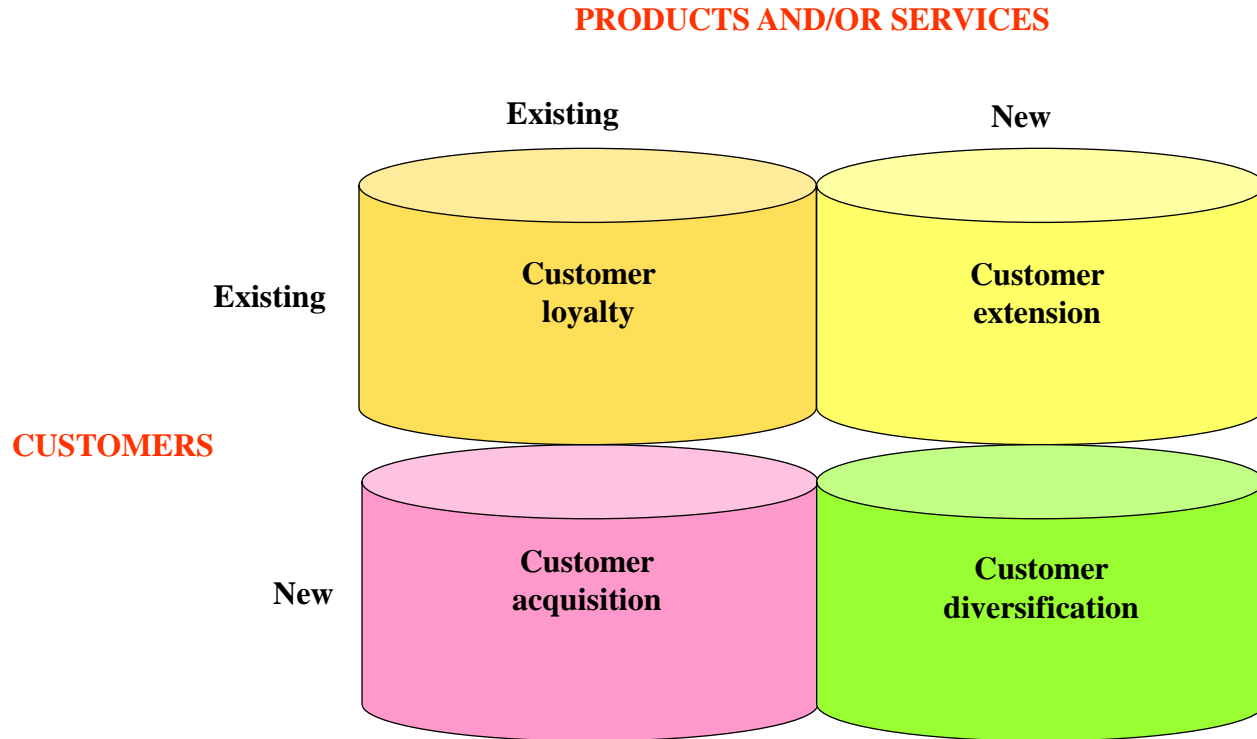
Value Propositions Across Four Quadrants



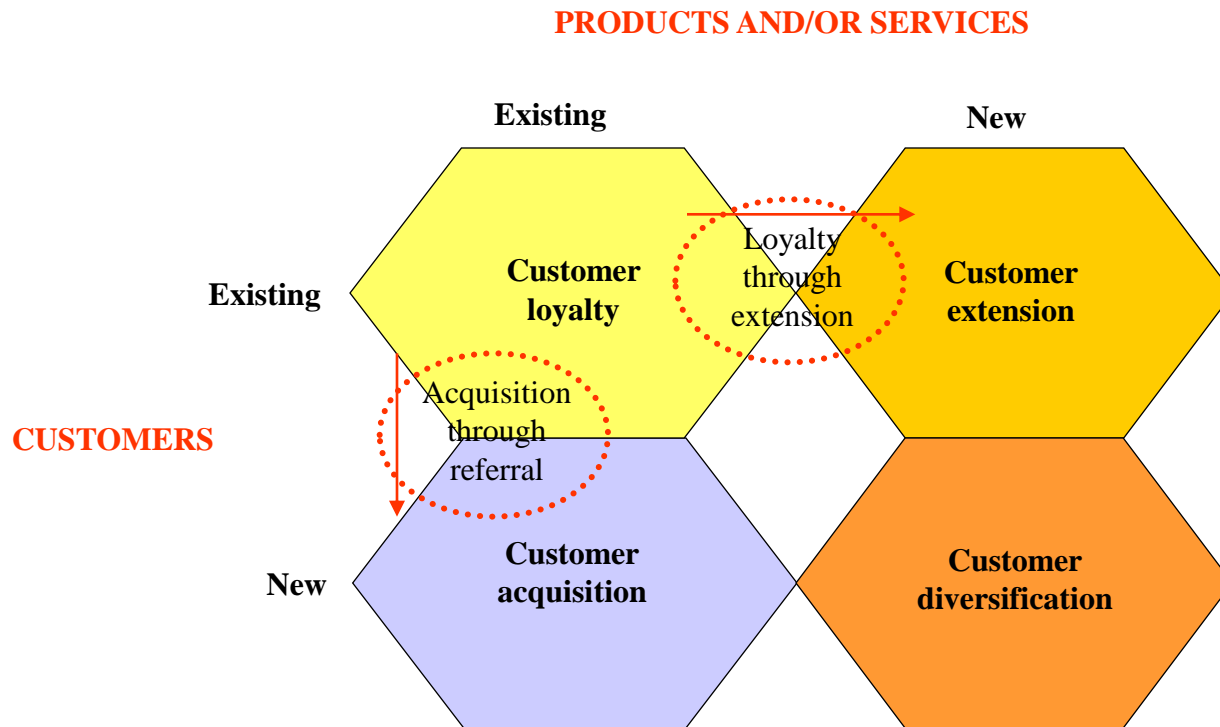
The Ansoff Matrix



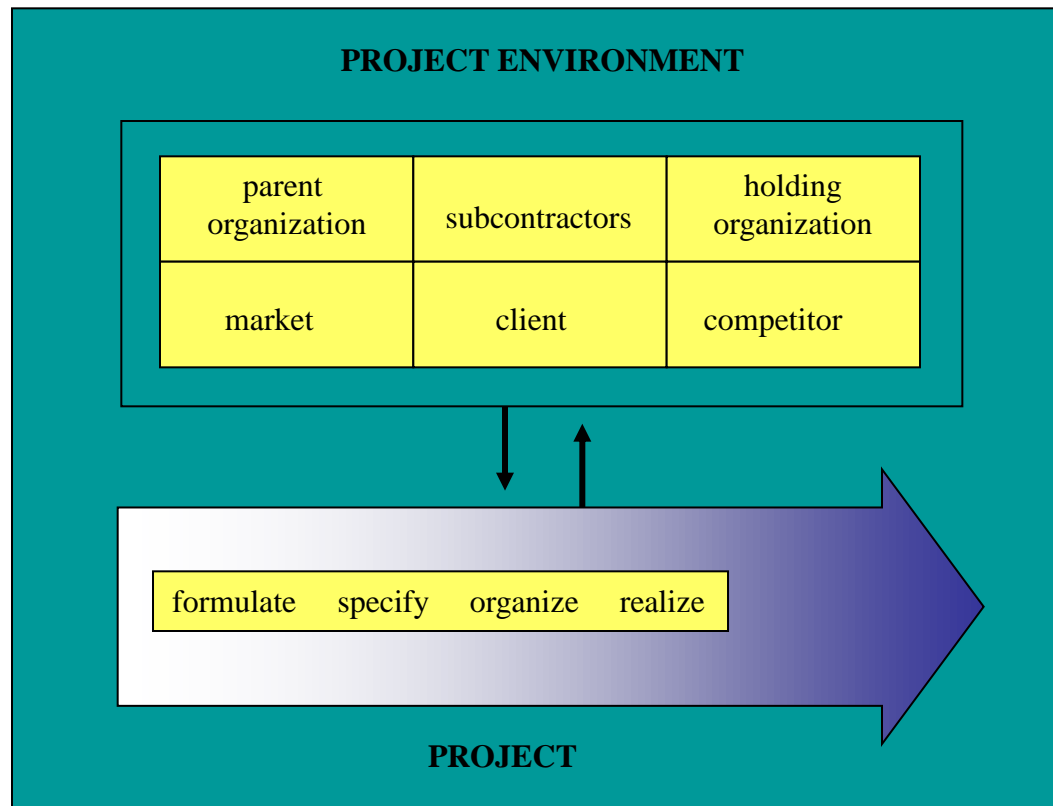
The Customer Growth Matrix



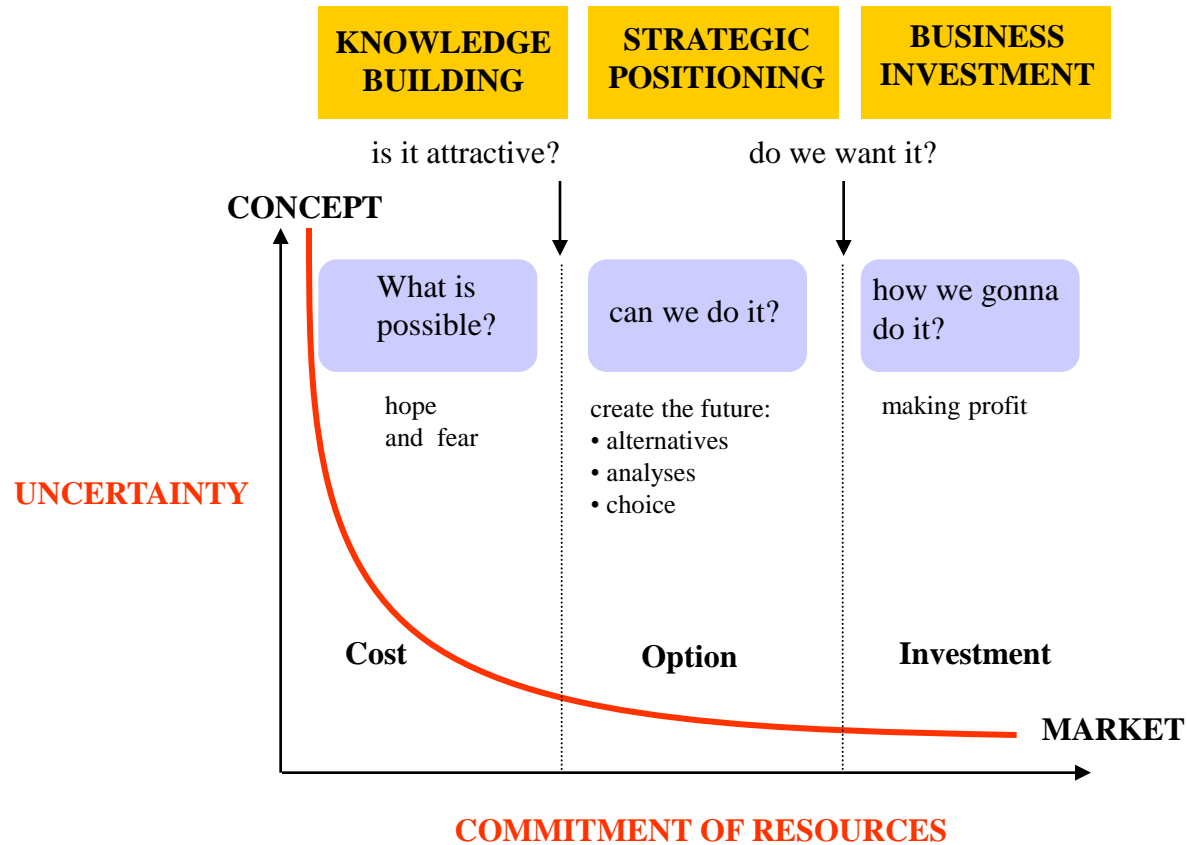
Combining Elements of the Customer Growth Matrix



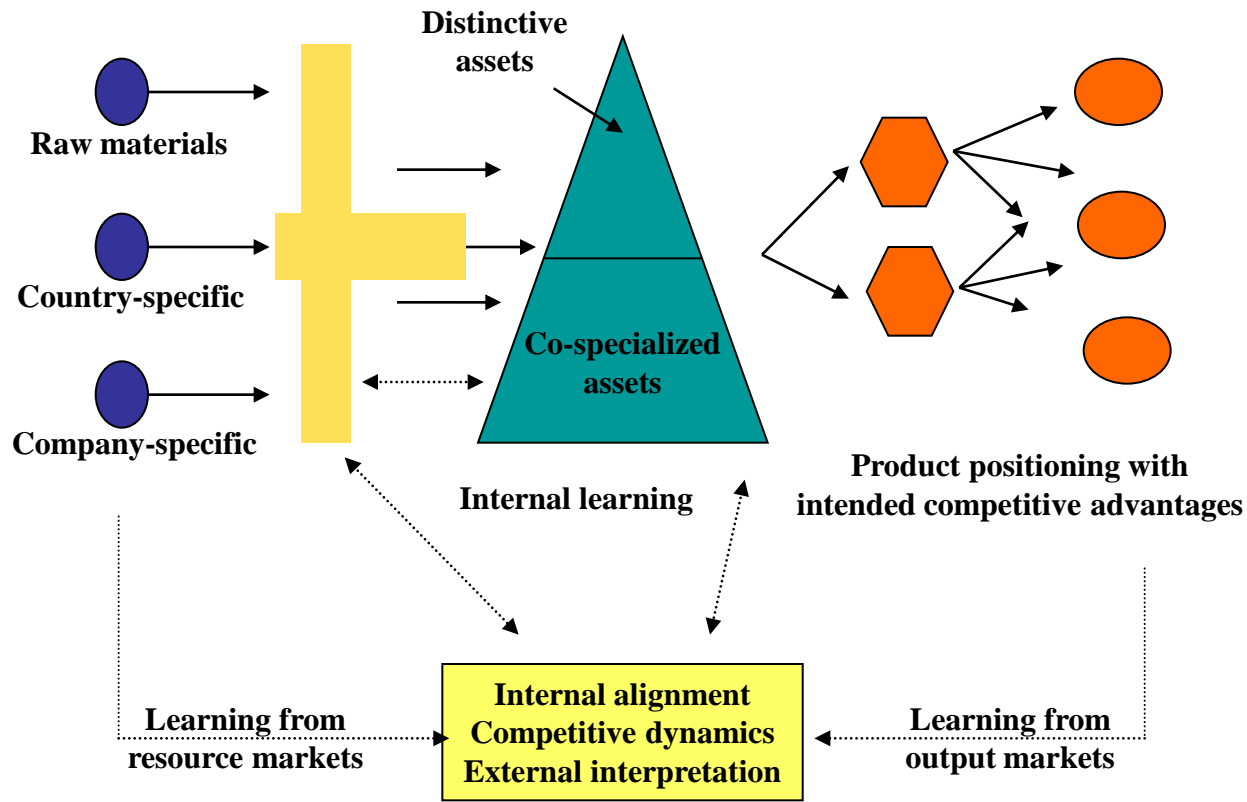
Conceptual Model for the Evaluation of Product Innovation Projects



Alternative Aims in Various Stadia of Product Development

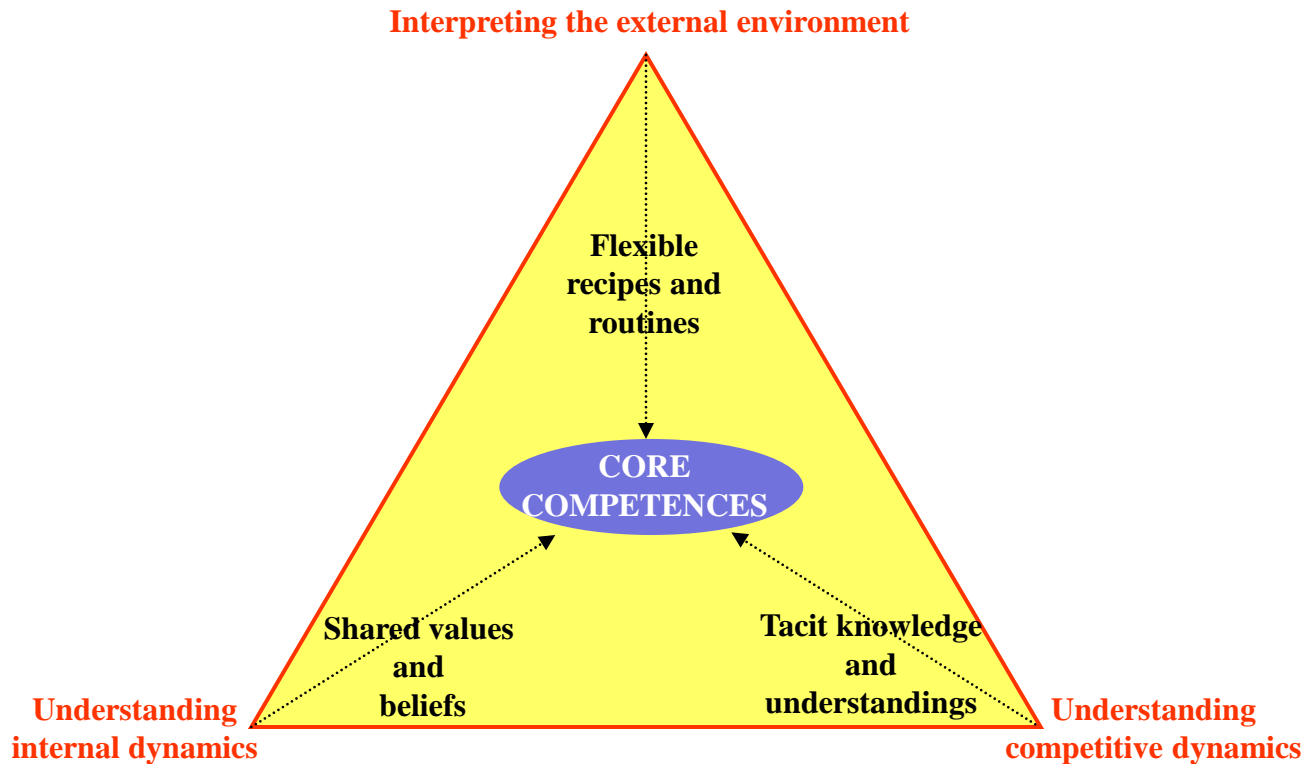


Core Competence Management Model

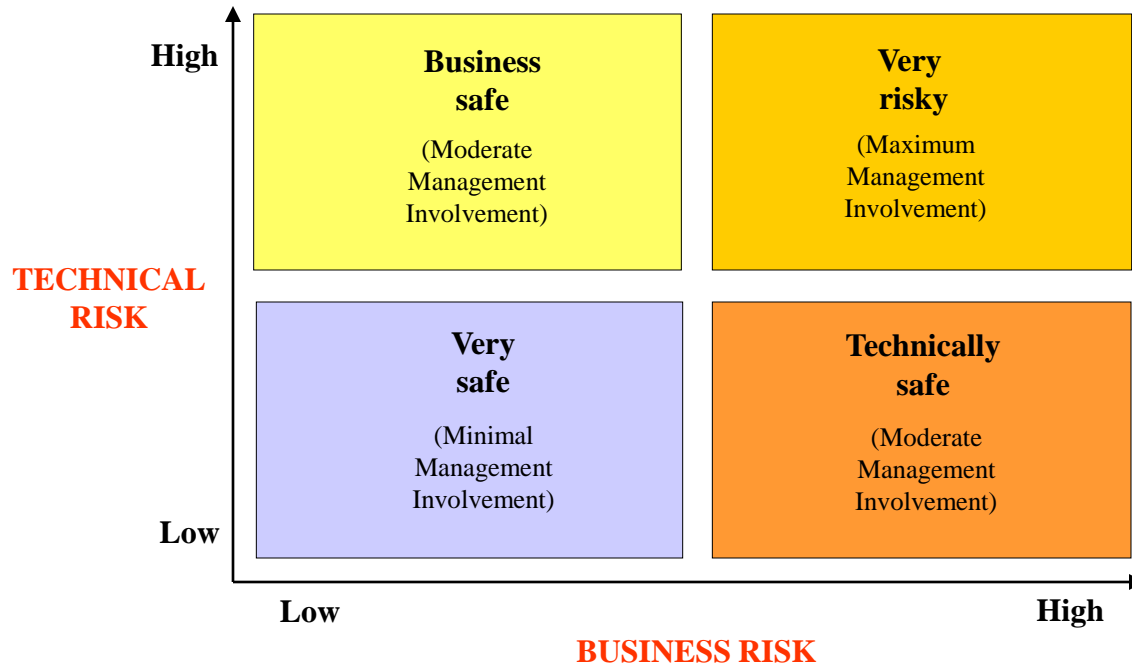


The „intelligent enterprise“

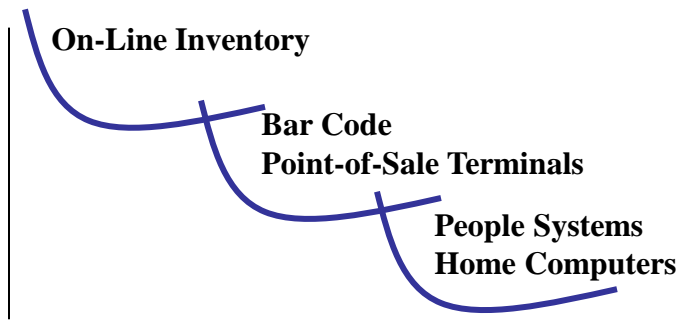
Core Competencies: The Link between the Economics of the Firm & Management Cognition



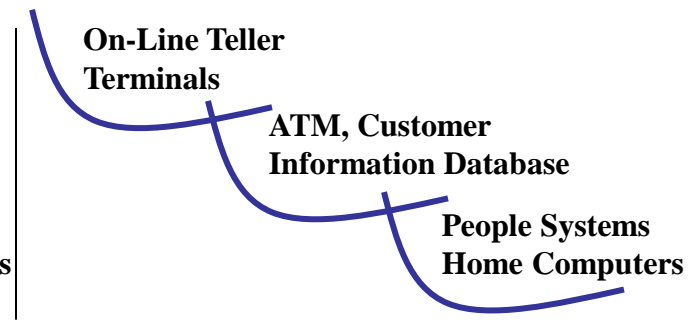
Technical Risk/Business Risk Model



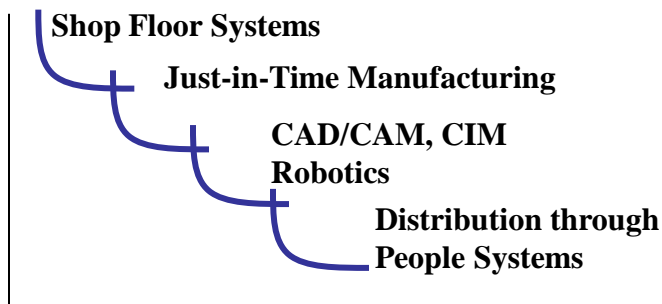
Typical Industry Experience Curve Strategies



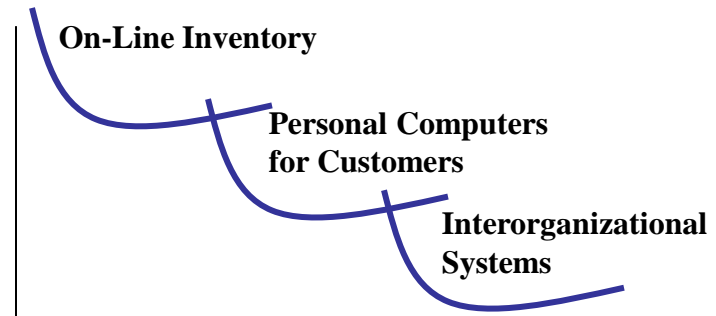
Retail



Banking

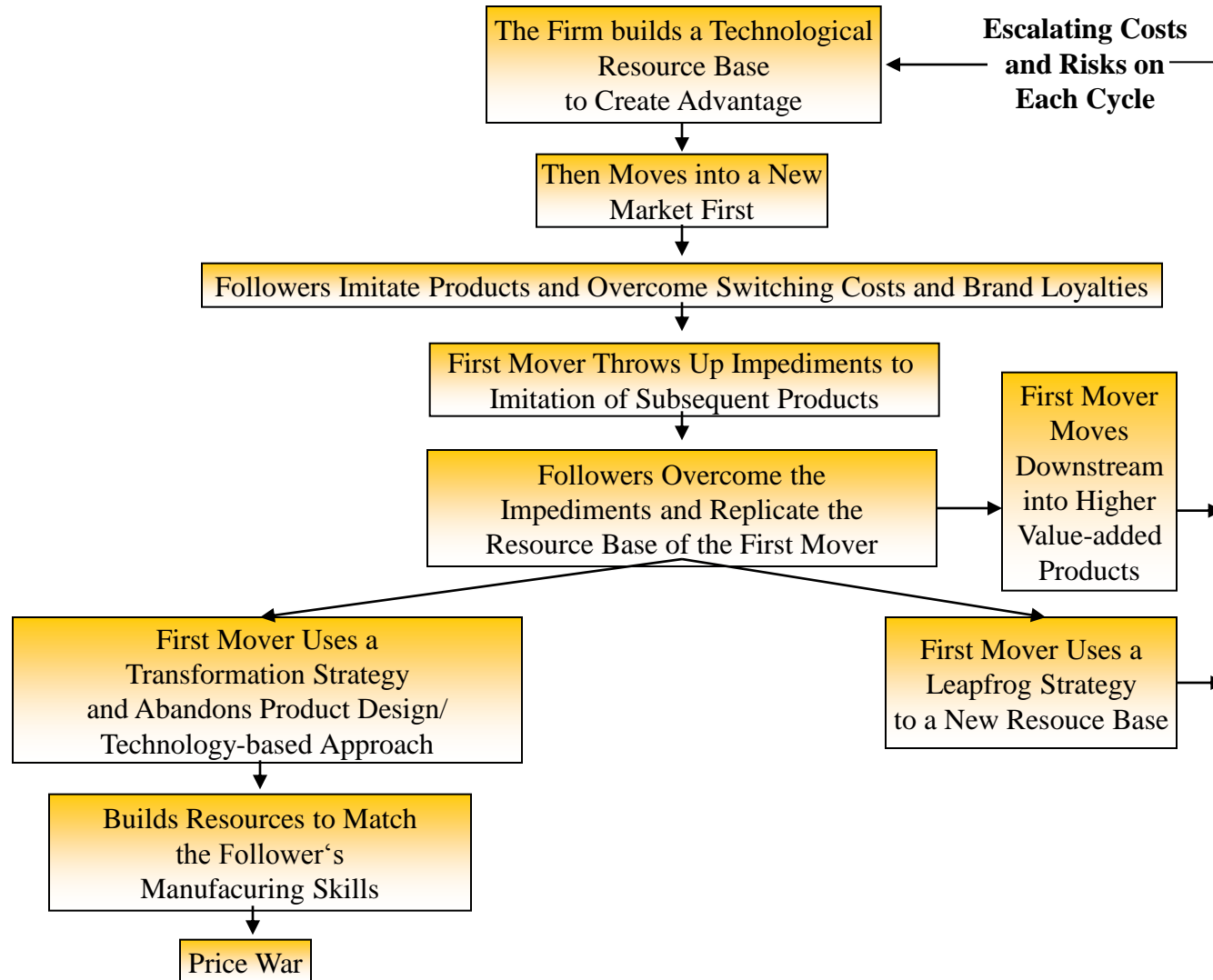


Manufacturing



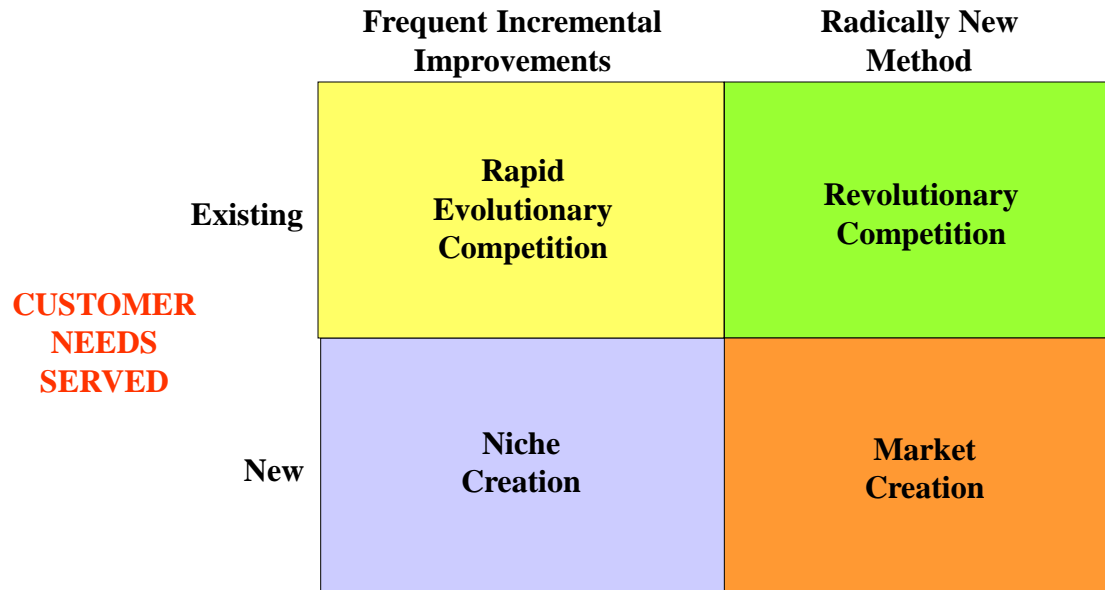
Distribution

The Cycle of Timing/Know-How Competition

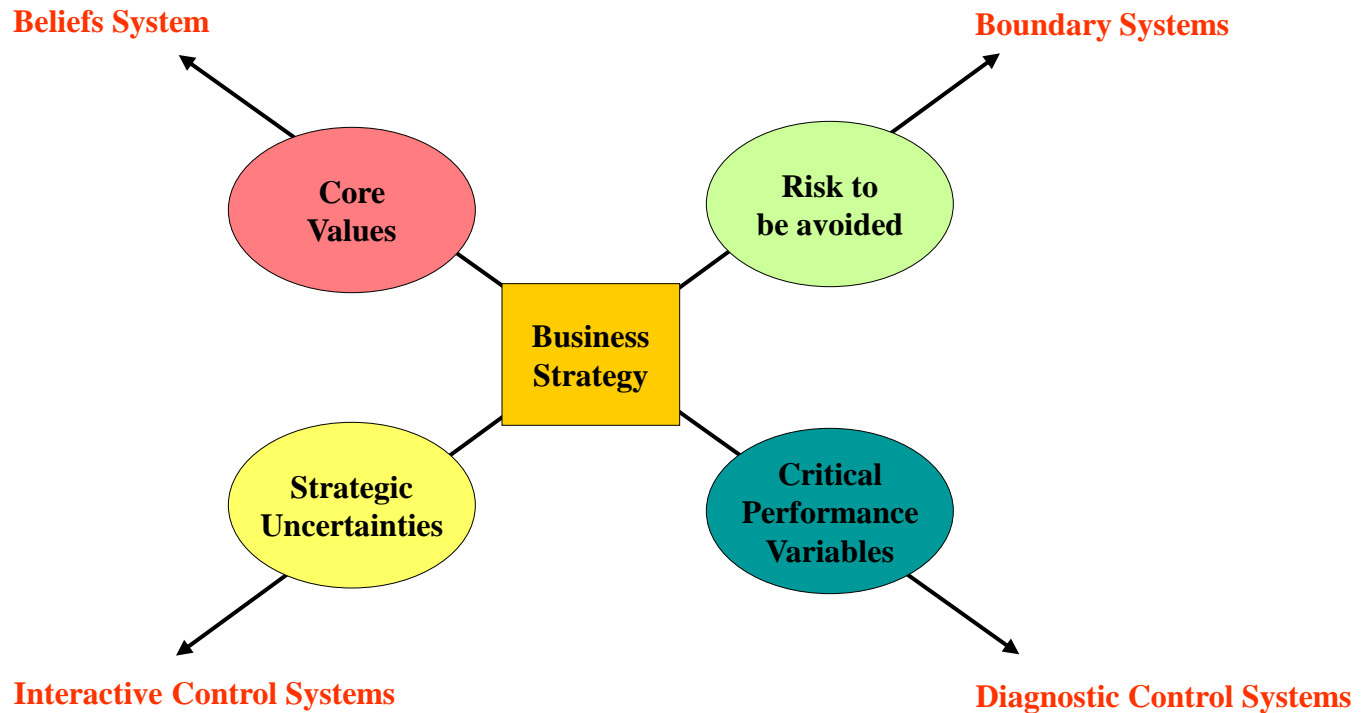


The Cycle Price-Quality Competition – Moving up an Escalation Ladder I

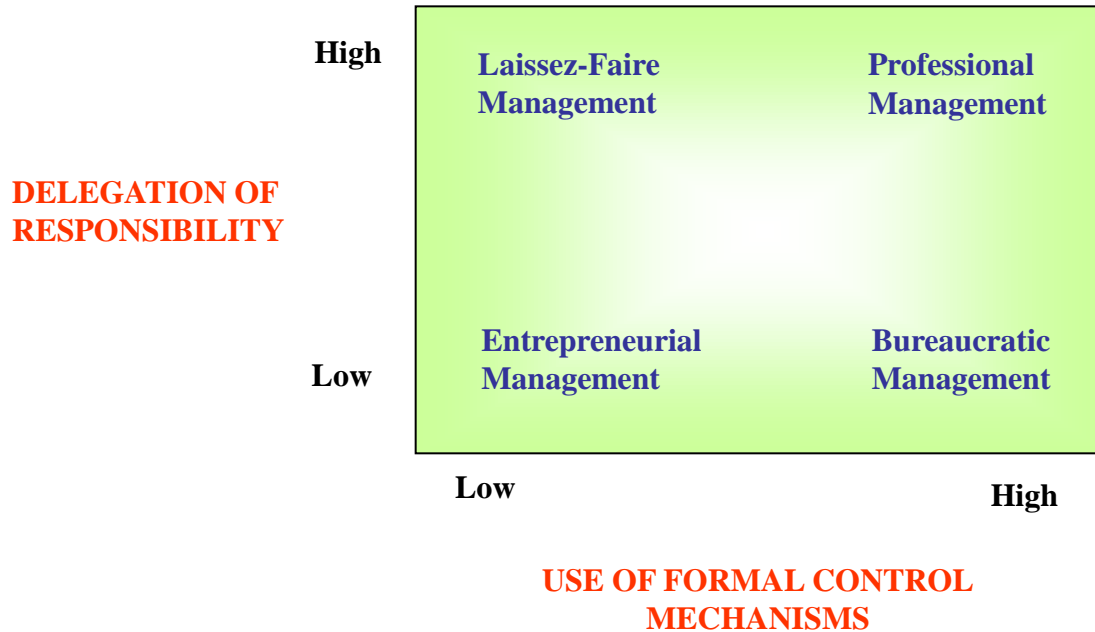
METHODS/TECHNOLOGIES USED TO SERVE CUSTOMERS



The Cycle Price-Quality Competition – Moving up an Escalation Ladder II



The Cycle Price-Quality Competition – Moving up an Escalation Ladder III



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