

MGMT 3340-Managing People and Work

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Chapter 6-Organizational Strategy Notes

Strategic Management-Overview

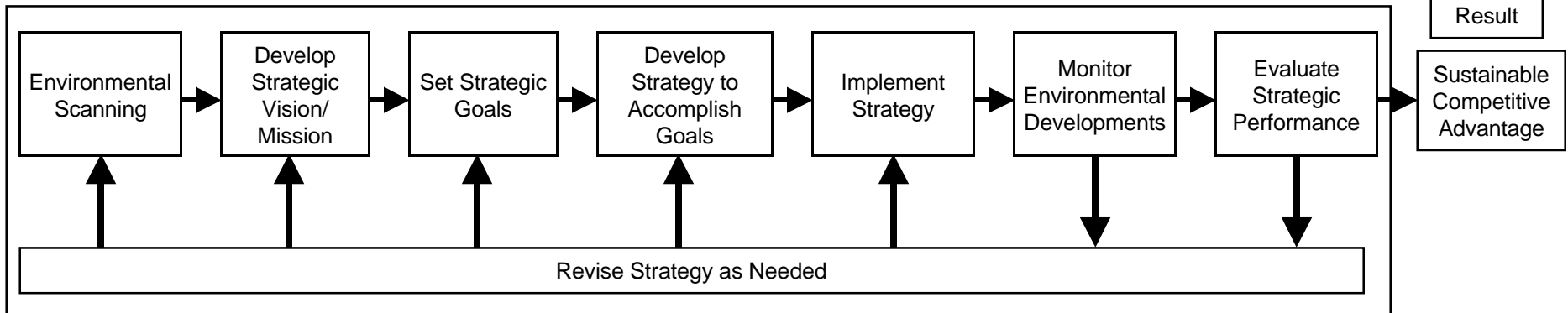
The Nature of Strategic Management
 The Strategic Management Process
 The Levels of Strategy

The Nature of Strategic Management

The process of developing, implementing, and improving a comprehensive, unified plan so that an organization can compete effectively in its markets and conduct its operations efficiently.

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The Strategic Management Process



Sustainable Competitive Advantage

A proficiency which rivals have:

- (1) Attempted/failed to duplicate
- (2) Temporarily stopped trying to duplicate

Prerequisites--Resources which are:

Valuable	Imperfectly Imitable
Rare	Nonsubstitutable

The Levels of Strategy


Level	Emphasis
Corporate	What business(es) are we in/ should we be in?
Industry/ Division	How do we compete in this line of business (industry)?
Firm	How do we compete against a particular rival?

The Levels of Strategy--Corporate-Level

Grand Strategies	
Growth	External mergers/acquisitions Internal expansion/creation
Stability	Improved execution of current strategy
Retrenchment/ Recovery	Reverse poor performance/ Return to growth strategy

The Levels of Strategy--Corporate-Level

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Growth through Integration										
Type	Illustration									
Horizontal										
Vertical	<table border="1"> <tr> <td rowspan="5">Extensive versus Limited?</td> <td>Consume</td> <td>Forward</td> </tr> <tr> <td>Distribute</td> <td rowspan="2">Direction?</td> </tr> <tr> <td>Fabricate</td> </tr> <tr> <td>Synthesize</td> <td>Backward</td> </tr> <tr> <td>Extract</td> </tr> </table>	Extensive versus Limited?	Consume	Forward	Distribute	Direction?	Fabricate	Synthesize	Backward	Extract
	Extensive versus Limited?		Consume	Forward						
			Distribute	Direction?						
			Fabricate							
			Synthesize	Backward						
Extract										

Corporate-Level Grand Strategies-Growth

Growth through Diversification	
Type	Degree of Diversification
Single Business (Concentration)	None
Related (Concentric)	Moderate
Unrelated (Conglomerate)	High

Levels of Strategy--Industry

Issue: How to compete in an industry?

Considerations:

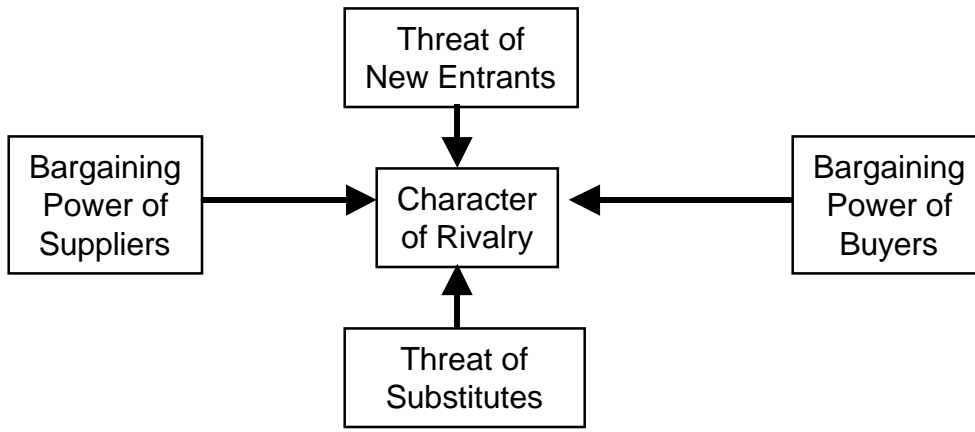
Which competitive forces affect the industry?

How to cope with competitive forces?

Positioning Strategies

Adaptive Strategies

Which competitive forces affect the industry?



How to cope with competitive forces?

Positioning Options	Nature
Cost Leadership	Reduce costs/Maintain quality/Reduce price
Differentiation	Distinguish product from rivals Charge premium price
Focus/Niche	Identify limited market overlooked or underserved by rivals Offer specialized/lower-cost product

Adaptive Options

Defenders	Analyzers	Prospectors
Moderate/Steady Growth through Market Retention	Mix of Moderate/Rapid Growth through Imitation of Market Leaders	Rapid Growth through Innovative Offerings to New Markets
Reactors		
“Reactive” versus “Proactive” approach (Inconsistent strategy/Poor performance)		

The Levels of Strategy--Firm-Level

Issue:

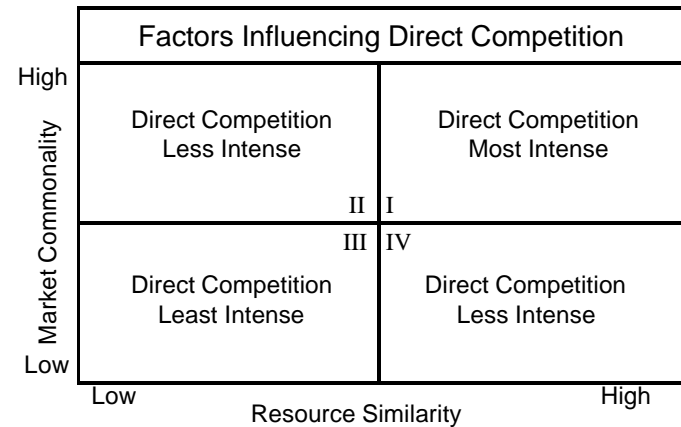
How to compete against a given firm?

Identify direct rivals

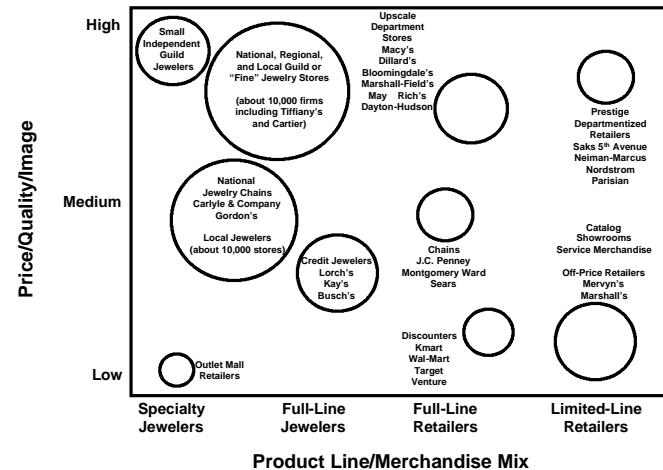
Anticipate direct rivals' moves

Utilize entrepreneurial orientation

Identify Direct Rivals



Retail Jewelry Industry Strategic Group Map

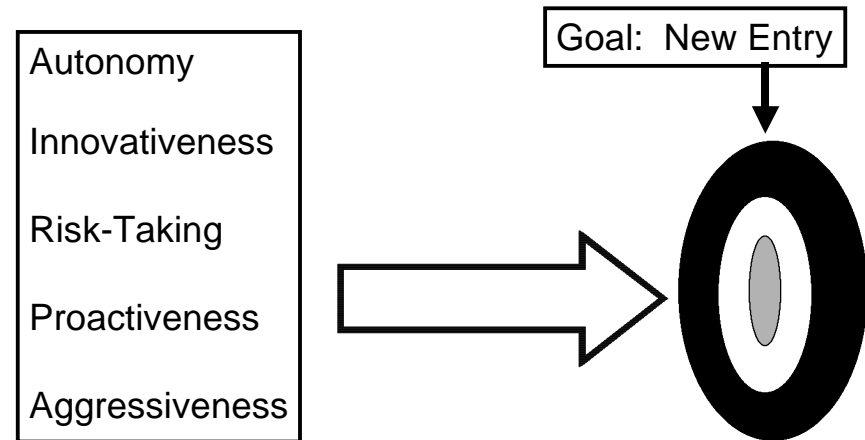


Anticipating Rival's Moves

		Likelihood of Strategic Moves	
		Low	High
Market Commonality	High	Attack Less Likely Response Less Likely II	Attack Less Likely Response More Likely I
	Low	Attack More Likely Response Less Likely III	Attack More Likely Response More Likely IV
		Low	High
		Resource Similarity	

Applying Entrepreneurial Orientation

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Strategy Evaluation/Modification

