

MANAGEMENT STRATEGY

Achieving Sustained Competitive Advantage

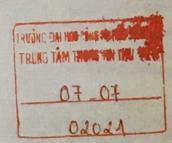
second edition

ALFRED A. MARCUS

Management Strategy

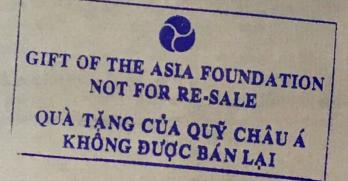
Achieving Sustained Competitive Advantage

Second Edition



Alfred A. Marcus

Carlson School of Management
University of Minnesota—Minneapolis





Brief Contents

ווט	CI	CU	111	CII	15

PART	ONE	

Managing Strategically 1

- 1 Strategy Basics 2
- 2 External Analysis 25
- 3 Internal Analysis 53

PART TWO

Preface ix

Making Moves 77

- 4 Timing and Positioning 78
- Mergers, Acquisitions, and Divestitures 103

- 6 Globalization 127
- 7 Innovation and Entrepreneurship 151

PART THREE

Repositioning 179

- 8 Continuous Reinvention 180
- 9 Implementation 197

GLOSSARY 214

INDEX 221

Contents

Uncertainty 46

Preface ix	An Enacted Environment: The Industry and Its Boundaries 47		
PART ONE MANAGING STRATEGICALLY 1	Cooperation or Competition? 48 Stakeholder Analysis 49 Stakeholder Theory 49 Agency Theory 49		
Chapter 1 Strategy Basics 2	Summary 50 Endnotes 51		
Introduction 2 Sustained Competitive Advantage 4 Winning Moves 7	Chapter 3 Internal Analysis 53 Introduction 53		
Analysis 7 Moves 7 Understanding Management Strategy 9 Chess 9 War 13	Management Theory 55 The Human Relations Approach 56 Contingency Theory 56 The Seven-S Framework 58 Value Chain Analysis 60 Value Chain Linkages 61 Benefits of Value Chain Linkages:		
Sports 17 Keeping Score: Performance Measurement 19 The Balanced Scorecard 19 Measures of Overall Dominance 20			
Industry Boundaries 21 Summary 22 Endnotes 23	An Example 62 The Resource-Based View 62 RBV versus IO Economics 63 Resources, Capabilities, and Competencies 64		
Chapter 2	From Resources to Capabilities 66		
External Analysis 25 Introduction 25 Industry Analysis 26 Industrial Organization Economics 27 The Five Forces 27	Examples of Company Capabilities 69 From Capabilities to Competencies 71 The Process of Acquisition 74 Summary 74 Endnotes 75		
Industry Differences: Examples of Five-Force Analysis 28 The Strategist's Role in Industry Analysis 32 Long-Term Industry Attractiveness 34 Macroenvironmental Analysis 35	PART TWO MAKING MOVES 77		
Components of the External Environment 35 Systems and Scenarios 45	Chapter 4 Timing and Positioning 78		

Introduction 78

Timing 79 The Value of Rapid Adjustment 81 Obstacles to Quick Action 82 Game Theory 83	Global Analysis 131 Where to Invest 132 An Example: Soft Drinks 132 Does Globalization Pay? 134
Learning from Game Theory 87	Which Regions in the World? 135
Positioning 89 Are Low Cost and Differentiation Incompatible? 92 The New Alternative: Best Value 93	The Comparative Development of Nations Labor, Capital, and Technology 136 Open Economies 138
Repositioning 95 Strategic Groups: Company Segmentation 97 Segmentation by Product or Service 99	Parallels Between Global and Domestic Moves Business Strategy 141 Corporate Strategy 143
Summary 100	Globalization's Challenges 145
Endnotes 101	Economic Imbalances 145
	Insecurity 145
Chapter 5	Youth Violence 147
	Government Incapacity 148
Mergers, Acquisitions, and	Summary 149
Divestitures 103	Endnotes 149
Introduction 103	
Different Forms a Firm Can Take 104	Chapter 7
Mergers, Acquisitions, and Divestitures: The	Innovation and Entrepreneurship 151
Record Thus Far 105	
A Poor Record of Past Performance 106	Introduction 151
A Shifting Landscape 107	Challenges of Succeeding in New
Motivations Behind M&As 107	Business Ventures 152
The Role of Deregulation 108	Success Stages 152
Examples of Good Deal Making 111	Commitment 153
M&As and the Global Economic Meltdown 112	Overcoming Barriers 153
Pharmaceuticals 112	Technological Opportunities 159
Why Do M&As Fail? 114	Trends 159
Why Do Mergers Succeed? 116	Experts 160
Mergers of Equals 116	Alternative Scenarios 160
Effective Management 117	Leading-Edge Industries 160
Breaking Down the Corporate Hierarchy 120	Postindustrialism 161
Is Vertical Integration the Answer? 121	Biotechnology 162
The Entertainment Industry 122	The Environment as a Business Opportunity 164
Summary 124	Environmental Innovation 165
Endnotes 125	Low-Emissions Vehicles 167
Endiotes 123	Obstacles to Exploiting New Technologies 168
Chapter 6	Risk 169
Globalization 127	Uncertainty 169
Giovanzation 127	Technology Push and Market Pull 173
Introduction 127	Difficulties of Successful Innovation 173
Reasons for Globalization 128	Understanding the Innovation Process 174
Product Maturity: Soft Drinks 129	Summary 176
Industry Evolution 130	Endnotes 176

PART THREE REPOSITIONING 179

Chapter 8

Continuous Reinvention 180

Introduction 180 Judo Strategy 182

Rapid Movement and Agility: An Example 182 Defense and Exploitation 183

Sweet Spots and SCA: Company Analysis 183

Reinvention 185

The Dilemma of Change 186

A Strategic Approach to the Dilemma 187

Innovations in Strategy 189

An Example: Retail Food Industry 189 Competing via Strategic Innovation 190

Summary 195 Endnotes 196

Chapter 9 Implementation 197

Introduction 197

The Probability and Anatomy of Failure 198

Home Depot: Performance-Enhancing Moves versus

an Engrained Culture 198

Circuit City: "Me Too" Moves versus Faster, More

Savvy Foes 199

United Airlines: A Low-Cost Segmentation Move versus Lack of Internal Commitment 199 Swissair: Empire-Building Moves versus Resource

Limitations and EU Law 200

The Root Causes of Failure 200

A Comprehensive Implementation Framework 201

Assess Change Readiness 202
Install Integrative Leadership 203

Create a Consistent Message 204

Appoint Cross-Functional Program Teams 204

Solicit Change Program Proposals 205

Select and Prioritize Proposed Change

Programs 205

Assign Process Owners and Align Resources 206 Secure Funding, Formalize Operational Objectives,

and Design Incentives 208

Advance and Continually Monitor Initiatives 209

Fortify Gains and Refine the Implementation

Process 211

Summary 211

Endnotes 212

Glossary 214

Index 221