

Goal

A desired future state  
that the organization  
attempts to realize.

Plan

A blueprint specifying  
the resource allocations,  
schedules, and other  
actions necessary for  
attaining goals.

Planning

The act of determining the  
organization's goals and the  
means for achieving them.

Mission

The organization's reason  
for existence.

## Mission statement

A broadly stated definition of the organization's basic business scope and operations that distinguishes it from similar types of organizations.

## Strategic goals

Broad statements of where the organization wants to be in the future; pertain to the organization as a whole rather than to specific divisions or departments.

## Strategic plans

The action steps by which an organization intends to attain strategic goals.

## Tactical goals

Goals that define the outcomes that major divisions and departments must achieve for the organization to reach its overall goals.

## Tactical plans

Plans designed to help execute major strategic plans and to accomplish a specific part of the company's strategy.

## Operational goals

Specific, measurable results expected from departments, work groups, and individuals within the organization.

## Operational plans

Plans developed at the organization's lower levels that specify action steps toward achieving operational goals and that support tactical planning activities.

## Strategy map

A visual representation of the key drivers of an organization's success, showing the cause-and-effect relationships among goals and plans.

## Management by objectives (MBO)

A method of management whereby managers and employees define goals for every department, project, and person and use them to monitor subsequent performance.

## Single-use plans

Plans that are developed to achieve a set of goals that are unlikely to be repeated in the future.

## Standing plans

Ongoing plans that are used to provide guidance for tasks performed repeatedly within the organization

## Contingency plans

Plans that define company responses to specific situations, such as emergencies, setbacks or unexpected conditions.

## Scenario building

Looking at trends and discontinuities and imagining possible alternative futures to build a framework within which unexpected future events can be managed.

## Central planning department

A group of planning specialists who develop plans for the organization as a whole and its major divisions and departments and typically report directly to the president or CEO.

## Decentralized planning

Managers work with planning experts to develop their own goals and plans.

## Stretch goal

A reasonable yet highly ambitious, compelling goal that energizes people and inspires excellence.

Intelligence team

A cross-functional group of managers and employees who work together to gain a deep understanding of a specific competitive issue and offer insight and recommendations for planning.

Blue ocean strategy

is a creative battle where the players of a particular segment don't compete with each other remaining in the same market space; instead explore, create and acquire new market spaces by dealing with new demand.

Strategic management

The set of decisions and actions used to formulate and implement strategies that will provide a competitively superior fit between the organization and its environment so as to achieve organizational goals.

Strategy

The plan of action that prescribes resource allocation and other activities for dealing with the environment, achieving a competitive advantage and attaining organizational goals.

## Competitive advantage

What sets the organization apart from others and provides it with a distinctive edge in the marketplace.

## Core competence

A business activity that an organization does particularly well in comparison to competitors.

## Corporate-level strategy

The level of strategy concerned with the question 'What business are we in?' Pertains to the organization as a whole and the combination of business units and product lines that make it up.

## Business-level strategy

The level of strategy concerned with the question 'How do we compete?' Pertains to each business unit or product line within the organization.

## Functional-level strategy

The level of strategy concerned with the question ‘How do we support the business-level strategy?’ Pertains to all of the organization’s major departments.

## Strategy formulation

The stage of strategic management that involves the planning and decision making that lead to the establishment of the organization’s goals and of a specific strategic plan.

## Strategy execution

The stage of strategic management that involves the use of managerial and organizational tools to direct resources toward achieving strategic outcomes.

## Swot analysis

Analysis of the strengths, weaknesses, opportunities, and threats (SWOT) that affect organizational performance.



## Strategic business unit (SBU)

A division of the organization that has a unique business mission, product line, competitors and markets relative to other SBUs in the same corporation.

## Portfolio strategy

The organization's mix of strategic business units and product lines that fit together in such a way as to provide the corporation with synergy and competitive advantage.

## BCG matrix

A concept developed by the Boston Consulting Group that evaluates strategic business units with respect to the dimensions of business growth rate and market share.

## Diversification

A strategy of moving into new lines of business.

## Related diversification

Moving into a new business that is related to the company's existing business activities.

## Unrelated diversification

Expanding into a totally new line of business.

## Vertical integration

Expanding into businesses that either produce the supplies needed to make products or that distribute and sell those products.

## Differentiation

A type of competitive strategy with which the organization seeks to distinguish its products or services from that of competitors.

Cost leadership

A type of competitive strategy with which the organization aggressively seeks efficient facilities, cuts costs and employs tight cost controls to be more efficient than competitors.

Focus

A type of competitive strategy that emphasizes concentration on a specific regional market or buyer group.

Dynamic capabilities

Leveraging and developing more from the firm's existing assets, capabilities, and core competencies in a way that will provide a sustained competitive advantage.

Globalization

The standardization of product design and advertising strategies throughout the world.

## Multidomestic strategy

The modification of product design and advertising strategies to suit the specific needs of individual countries.

## Transnational strategy

A strategy that combines global coordination to attain efficiency with flexibility to meet specific needs in various countries.

## Decision

A choice made from available alternatives.

## Decision-making

The process of identifying problems and opportunities and then resolving them.

## Programmed decision

A decision made in response to a situation that has occurred often enough to enable decision rules to be developed and applied in the future.

## Non-programmed decision

A decision made in response to a situation that is unique, is poorly defined and largely unstructured, and has important consequences for the organization.

## Certainty

The situation in which all the information the decision- maker needs is fully available.

## Risk

A situation in which a decision has clear-cut goals and good information is available, but the future outcomes associated with each alternative are subject to chance.

Uncertainty

The situation that occurs when managers know which goals they wish to achieve, but information about alternatives and future events is incomplete.

Ambiguity

A condition in which the goals to be achieved or the problem to be solved is unclear, alternatives are difficult to define and information about outcomes is unavailable.

Classical model

A decision-making model based on the assumption that managers should make logical decisions that will be in the organization's best economic interests

Normative

An approach that defines how a decision-maker should make decisions and provides guidelines for reaching an ideal outcome for the organization.

## Administrative model

A decision-making model that describes how managers actually make decisions in situations characterized by non-programmed decisions, uncertainty, and ambiguity.

## Descriptive

An approach that describes how managers actually make decisions rather than how they should make decisions according to a theoretical ideal.

## Bounded rationality

The concept that people have the time and cognitive ability to process only a limited amount of information on which to base decisions.

## Satisficing

To choose the first solution alternative that satisfies minimal decision criteria, regardless of whether better solutions are presumed to exist.

## Intuition

The immediate comprehension of a decision situation based on past experience but without conscious thought.

## Coalition

An informal alliance among managers who support a specific goal.

## Problem

A situation in which organizational accomplishments have failed to meet established goals.

## Opportunity

A situation in which managers see potential organizational accomplishments that exceed current goals.



## Diagnosis

The step in the decision-making process in which managers analyze underlying causal factors associated with the decision situation.

## Risk propensity

The willingness to undertake risk with the opportunity of gaining an increased payoff.

## Implementation

The step in the decision-making process that involves using managerial, administrative and persuasive abilities to translate the chosen alternative into action.

## Decision styles

Differences among people with respect to how they perceive problems and make decisions.

## Brainstorming

A technique that uses a face-to-face group to spontaneously suggest a broad range of alternatives for decision-making.

## Electronic brainstorming

Bringing people together in an interactive group over a computer network to suggest alternatives; sometimes called brainwriting.

## Devil's advocate

A decision-making technique in which an individual is assigned the role of challenging the assumptions and assertions made by the group to prevent premature consensus.

## Point-counterpoint

A decision-making technique in which people are assigned to express competing points of view.

## Groupthink

The tendency of people  
in groups to suppress  
contrary opinions.

## Escalating commitment

Continuing to invest  
time and resources in  
a failing decision