Mini Chapter Overviews

Chapter 1 – Introducing the Strategy Process

Chapter 1 introduces the concept of strategy and outlines the key characteristics of strategic management. It identifies the different levels at which strategy operates within the organisation and the key stages of the strategic management process, from the basic goals of the organisation through to the implementation of strategies. It discusses the evolution of strategy and appreciates that strategy can be developed or approached in different ways by different organisations. The key strategic focus/issues facing firms in different contexts are also discussed. It is an important chapter as it sets the scene for the remainder of the book in terms of structure and content and as such gives the reader a flavour for what strategic management is all about and who some of the key authors in this field are.

Chapter 2 – The Business Model: The Organisational Mission and Objectives

This chapter focuses on the first part of the strategic management process: setting direction for the business. It does this by examining the business objectives and distinguishing between these and organisation's mission and vision. It is necessary to appreciate the importance of objectives to an organisation, not only to provide direction but as a means of motivation for employees and as a benchmark against which the organisation can be measured. The implications of stakeholder influences and the increasing role of corporate and social responsibility and business ethics are also discussed in the context of their implications for the development and achievement of mission, vision and objectives. These are growing areas of importance to organisations in today's business environment. Difficulties arise in how to align mission and objectives with different stakeholder values and requirements. Consideration today also needs to be given to what extent the organisation wants to be seen as a socially responsible organisation and how this fits with its mission and objectives and the translation of these into strategy.

Chapter 3 – Strategic Thinking, Environmental Influences and Synergy

Chapter three is a short chapter which provides a more elaborate discussion of one of the key debates in strategic management. This debate was first highlighted in chapter one and looks at the differences between the positioning approach to strategy in terms of identifying opportunities, as opposed to the resourced based view of strategy which starts from an analysis of the internal environment and core competences. It is imperative in this subject area that strategic thinking is paramount as, "the effective organisation will synthesise this learning into insightful strategies for dealing with future uncertainties". Information from the past and present needs to be

considered in order to form a view of the future and such information comes from both inside and outside the organisation. In this context, the chapter sets the scene for the models, concepts and frameworks to be discussed in chapters four and five, which look at both the external and internal environments.

Chapter 4 – Environmental Analysis and Strategic Positioning

This chapter depicts the environment in which firms have to manage as turbulent, dynamic and increasingly complex. Managers must be able to forecast future changes to their environment and therefore need to develop skills and be able to apply tools of analysis to help them do this. Many external factors affect an organisation: government competition, changes in the structure of the age and size of the population, relationships with suppliers and new entrants into an industry, to name but a few. Models and frameworks such as PEST analysis, Porter's five force analysis and scenario planning are presented. These are universally accepted tools that are commonly used to help managers understand and analyse the turbulent environments in which their firms compete. By applying these tools, the firm should be able to identify the key opportunities to be exploited and the key threats it will need to overcome when thinking about what type of strategies to develop. However, the ability to seize opportunities and deal positively with threats will be dependant upon the firm's access to the resources requires. These resource issues, and how resources are deployed within the organisation, are discussed in the following chapter.

Chapter 5 – Resource-Led Strategy

Prior to reading this chapter, it might be useful to reread the supplement in part one of this book to remind you of the rationale for developing this approach to strategy development. This chapter outlines the opposing model of strategy to the positioning approach, in that competitive advantage is derived from the way the organisation adds value to its products and services internally. This is a relatively new theoretical strand in strategic management, having only emerged in the 1980s and early 1990s. To understand this approach to strategy development you need to appreciate how to analyse the organisation from an internal perspective. Key models and concepts such as resource audit, core competences and strategic architecture will help you to do this and are presented in this chapter. It also introduces the link between the positioning approach and resource-based approach through the concept of competitive advantage and the value chain model. Having addressed the issues in this and the last chapter, you are now in a position to establish the links between these ideas and begin to understand how an organisation can develop and sustain a competitive advantage.

Chapter 6 – The Dynamics of Competition

This chapter helps to pull the two preceding chapters together by looking at how a firm's resources and the external influences are exploited to create a competitive advantage. It begins by looking at the nature of competition generally and then progresses to evaluate a key framework of competitive strategy developed by Michael Porter. Problems of sustaining a competitive advantage are clearly identified. Few companies will operate in an environment where there is no competition and many firms are operating in such dynamic and turbulent environments that sustaining any advantage is problematic. Competition can come from totally unexpected sources such as new entrants who, by breaking into the market, find new ways of adding value for the customer, making the old rules of the game obsolete. Firms must therefore appreciate the importance of changing their competitive strategies continually and innovatively to sustain any advantage they may possess.

Chapter 7 – Success, Culture and Values

Having identified different competitive strategies in chapter six, this chapter seeks to establish how, or what benchmarks can be used, to assess the performance of a company in relation to the outcomes of the strategies it is pursuing. Typically this is done through financial ratios and other quantitative measures. Whilst a special supplement is included on financial measures at the end of the chapter, this chapter argues that much wider measures of success should also be included when measuring performance. As such, culture and values are explained, as is their contribution to the success and failure of strategic choice and implementation.

Chapter 8 – An Introduction to Strategy Creation

A recap is given in this chapter of the key themes introduced in chapter one, which looked at the emergent approach to strategy, the intended model of strategy and an incremental approach. The approach adopted will depend upon the individual company. Whilst these are options for organisations to consider, they are not necessarily mutually exclusive as new and visionary ideas often require careful planning in their implementation and are often tinkered with as implementation takes shape. It is therefore necessary to appreciate the importance of these different perspectives on strategy and maybe look at different organisations and what elements of each perspective they exhibit in their approach to strategy development. This can be done by looking at the mini cases on easyGroup and Eclipse Aviation. By way of extending this discussion, chapter nine focuses specifically on the role of planning in organisations.

Chapter 9 – Strategic Planning

This chapter focuses on the role that planning plays in the strategic management process. Whilst it recognises the relative demise of strategic planning per se, it appreciates the importance of planning to strategy making

and development generally. The importance of planning cannot be underestimated in strategic management activity from planning an analysis of the external environment to resource allocation, making strategic choices and implementing those choices. It highlights some of the key issues for consideration when undertaking planning within the organisation. It also presents different planning techniques such as portfolio analysis, Boston Consulting Group (BCG) growth share matrix.

Chapter 10 – Entrepreneurship and Intrapreneurship

Developing and implementing strategy requires an individual to set direction, make decisions, make things happen and ultimately ensure successful implementation of strategies developed. In this sense, effective leadership has a role to play in every part of the strategic management process, which makes the content of this chapter relevant to many of the others in this book. It looks at the different roles a leader fulfils in an organisation and the qualities and skills required. It discusses the growing importance of entrepreneurship and intrapreneurship within the organisation and the requirements for an effective leader to foster such spirit and develop a culture in which they can flourish. The following chapters look at different strategies an organisation can pursue both in search of growth and when experiencing difficulties in its associated markets. It should now be clear from the material in this chapter just how important an effective leader is to helping the organisation to develop and implement appropriate strategies effectively and efficiently.

Chapter 11 – Strategic Alternatives, Strategy Evaluation and Strategy Selection

This is the first chapter in part four of the book that concentrates on corporate strategy. Having undertaken a strategic analysis of the organisation in order to determine the firm's current position, chapter eleven outlines the various strategic choices available to an organisation when determining where it wants to go. The objectives of the organisation can be seen as a statement of where the organisation wants to be in the future, whilst strategic alternatives are the means for getting it there. They are directly related to preceding chapters as their appropriateness is always determined by the environment, values and resources congruently.

This chapter groups alternative directions into three main clusters: limited growth, substantive growth and retrenchment. The importance of innovation to remain competitive when pursuing these directions is also discussed. Many factors will affect and influence the choice of strategies and these might depend upon the various stages of a firm's development. It is likely that there may be more than one strategy suitable for the firm to pursue. However, reasonable options will need to be evaluated against some set criteria. This chapter discusses the key issues involved in deciding upon the best strategy through a framework of appropriateness, feasibility and desirability.

Chapter 12 – Strategic Growth

Having made choices about the best strategy the firm can follow it must then think of how it will develop that strategy. Diversification and the development method of acquisition are given much coverage, as the pattern of diversification across countries has changed considerably in recent years. The research on whether to diversify or focus on specific industries and markets appears to be inconclusive but there are established pros and cons of both. Whilst acquisition is an important method for pursuing growth, joint ventures, strategic alliances, franchising and licensing are feasible alternatives which need to be considered and evaluated. There are, however, important differences between these development methods and the advantages and disadvantages must be evaluated in line with the environment, resources, strategic direction pursued and the objectives of the organisation.

When identifying appropriate growth strategies it is also important to think of how these might be implemented and some of the issues involved. Not to do so might result in totally inappropriate growth methods due to issues such as: clashing of cultures in mergers or strategic alliances; lack of expected synergies arising from acquisitions or loss of key personnel; and problems of sharing information between partners in joint ventures or strategic alliances. These are all relevant issues for an organisation pursuing growth and given that many now operate across national boundaries, thinking about these issues in an international context is paramount for many firms. This discussion links into the following chapter on International strategy.

Chapter 13 – International Strategy

The issues discussed in chapters eleven and twelve are applied here, in an international context. Internationalisation can not be underestimated. Many industries are becoming dominated by a handful of large international players who seek to sell their product and services around the globe. However, the operating environment in these countries is varied, requiring different resources and entry strategies such as merger, acquisition, franchising and licensing as discussed in the previous chapter. It is also important when looking at expanding internationally that issues such as marketing, finance, organisation structure and culture are all thought through in an international context. Many changes might need to be made in these operational areas. The difficulties in defining internationalisation are outlined and the key reasons why firms pursue this strategy are discussed. Internationalisation is described as a process with different stages and different implementation options. The chapter concludes by looking to the future and the various influences that affect internationalisation.

Chapter 14 – Failure, Consolidation and Recovery Strategies

The previous two chapters have really concentrated on strategies for growth, but what happens when a company is facing difficulties in its current markets? How can it improve on its current situation and performance and in some instances manage a complete turnaround of the company? It is necessary for managers within the organisation to be aware of the symptoms of decline before it is too late. These might include falling profitability, high turnover of staff or increasing debt, to name but a few. Managers must be able to identify the underlying causes of these symptoms before any action can be taken. These factors and the causes of decline are discussed in this chapter, including: inadequate strategic leadership, dishonesty, poor financial management, varying competitive forces, resource problems and inadequate or poorly orchestrated marketing activity. Different strategies might need to be deployed depending upon the nature of the problem. Retrenchment, turnaround and divestment strategies are discussed at length, whilst issues affecting implementation of all the strategies outlined previously are dealt with in the following chapter.

Chapter 15 – Strategy Implementation

The previous chapters have dealt with strategic choice at different stages of a firm's development and the difficulties associated with failure. When the firm selects a strategy(ies), it must then turn its attention to the implementation. Implementing strategy is probably the most difficult part of the strategic management process and the likelihood of success is in part dependent upon the appropriateness, feasibility and desirability of the strategy (as discussed in chapter eleven). In this context, the structure of the organisation is very important as it is through this structure that tasks are broken down and, ultimately, strategy implemented and objectives achieved. It is intended that by reading this chapter you will have an appreciation of the importance of strategy implementation and its relationship to an organisation's structure.

Key problems encountered when implementing strategy include: managing systems such as communication and computer systems, lack of leadership and poor time management, to name but a few. Organisations need to fully consider the management of these issues before implementation takes place, so as to minimise the risk of the strategy failing in the market place. The debate of centralisation versus decentralisation is also outlined. Following on from this debate, different organisational structures and their appropriateness are discussed at length. By the end of this chapter you should have a solid appreciation of the importance of organisation structure and how it might vary in different organisational contexts from the global to the public sector organisation as well as other key influences on strategy implementation.

Chapter 16 – Managing Strategy in the Organisation

This chapter examines how strategy is managed and controlled within the organisation. It follows on from chapter fifteen by continuing to concentrate on implementation but from the point of view of the corporate whole, rather than

the operational aspects of implementation. Whilst issues such as structure, culture, leadership etc. are all important, so too is the relationship of the corporate parent to the individual strategic business units within it. By this we mean the style of corporate management that prevails from corporate headquarters, for example, financial control companies, strategic planning companies and strategic control companies. There are important differences between these approaches and one or other might be more appropriate for different kinds of businesses. Whilst there are no clear cut answers as to which is the best approach, the advantages and disadvantages of each are outlined. Corporate organisations also differ in their approach to taking and managing risk. This links back to discussions in chapter four that demonstrated how managers can understand emerging trends and opportunities. The more informed they are about these trends and opportunities, the more informed, and hence less risky, their decisions should be. This should also place them in a strong position when crises do emerge as they will be prepared to deal effectively with any fallout.

Returning to chapter five, resources also need to be considered in risk avoidance and crises management plans. Managers dealing with strategy constantly face risk, as the outcomes of their decisions will always carry some element of uncertainty. It is important though that a manager's attitude to risk falls in line with the requirements of the industry, so as not to miss out on valuable opportunities in the marketplace. Whilst managing risk is clearly important, having plans in place to deal with crises is also vital to an organisation and can have a big impact upon its reputation. Therefore, a crises management framework is outlined and the question of how crises can be avoided in organisations is also discussed.

Chapter 17 – Leading Change

Chapter seventeen presents change as a continuing phenomenon and, as such, suggests that for an organisation to be effective in its environment it must constantly be able to manage change. Change occurs because of external factors which might create a threat to the organisation that it has to deal with or because the organisation can see an opportunity to be seized upon. It is also important, as identified in chapter six, that in order to remain competitive and have any chance of sustaining a competitive advantage, the organisation must constantly seek to be innovative. This implies it must always be ready to embrace and implement change. This puts responsibility on the leader of the organisation to both lead and foster the appropriate culture in which change can be readily managed effectively. The issues that need to be considered by the leader include forces for change, dynamics of change, levels of change, types of change, the change process and resistance to change. Different strategies for managing change are presented and the importance of power and politics in the change management process is also discussed.

Chapter 18 – Final Thoughts: The Purpose of Strategy

This chapter takes us full cycle to the beginning of the book where the questions "What is strategy?" and "What is its purpose?" are first discussed. It summarises the key elements and themes within the book into a ten point model illustrating the relationship between them. It is important for all those keen on pursuing a career in business to have an appreciation that effective strategy is not a linear process and there is no one established formula for "getting it right". There are many influences which impact on the development of strategy and any manager responsible for the strategy of an organisation needs to be aware of how these might affect that organisation. The chapter also summarises the key "paradoxes" or debates that currently prevail in strategic management literature today, such as intended and emergent strategies, resource-based or opportunity driven strategy development. To conclude, the chapter aims to summarise what the author sees as key parts of one rather big question: what is strategy?