

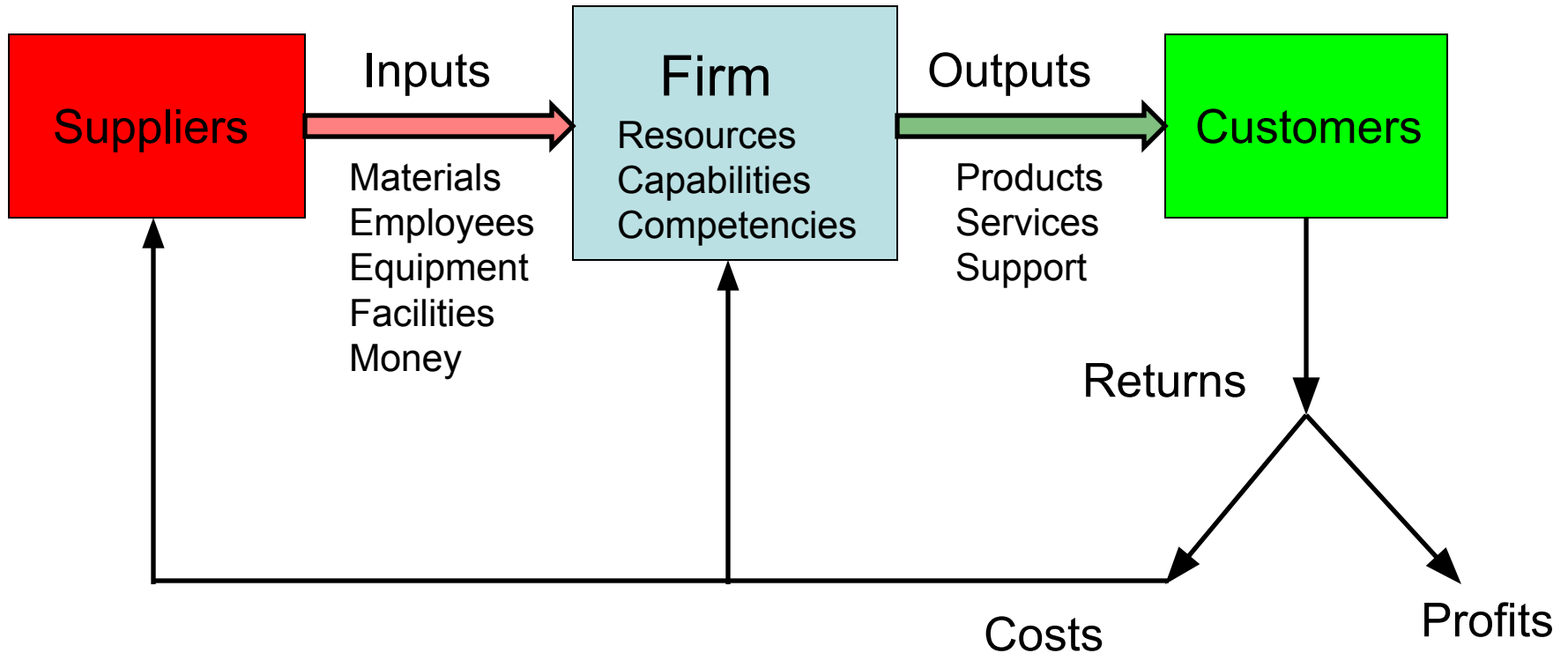
What Is Strategic Management?

Business strategy is the **analysis, decisions, and actions** taken by a firm in order to create sustainable competitive advantage

- Competitive advantage means in the minds of customers, our product/services **satisfy needs** better than the available alternatives
- **Core competencies** are the *source* of competitive advantage; they are things the firm does to create distinction in the minds of its customers
- Competitive advantage is *measured* by **superior profits**

Strategy is how the firm generates profits by creating value for the marketplace

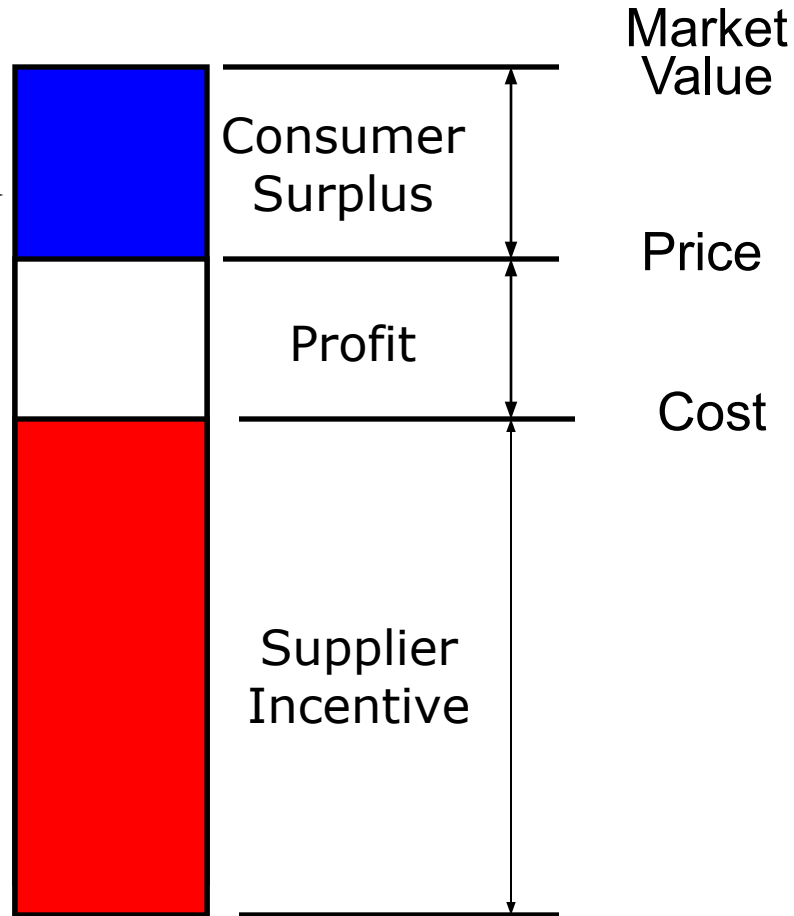
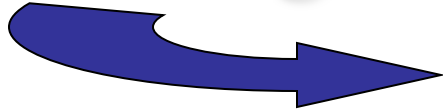
Systems Model of the Firm



Price, Cost, and Value

Price, Cost, and Value

Competitive
Advantage



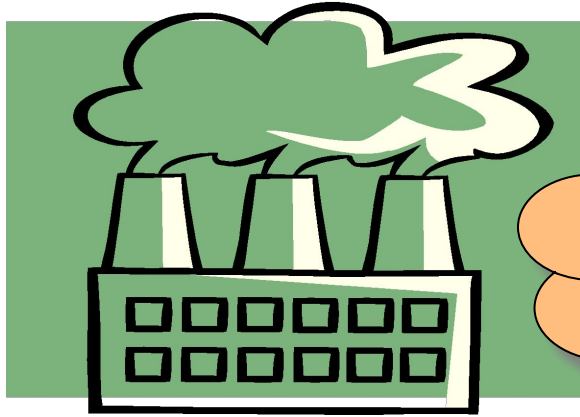
What Isn't Strategic Management?

- Business Model
- Operational Effectiveness
- Custodial Management

Two fundamental elements of strategy

- Strategy is about **distinction**: being different from rivals – performing different activities or performing similar activities in different ways.
- Strategy is about **change**: adapting to continual change in the external and internal environment

Strategy is an Integrating Process



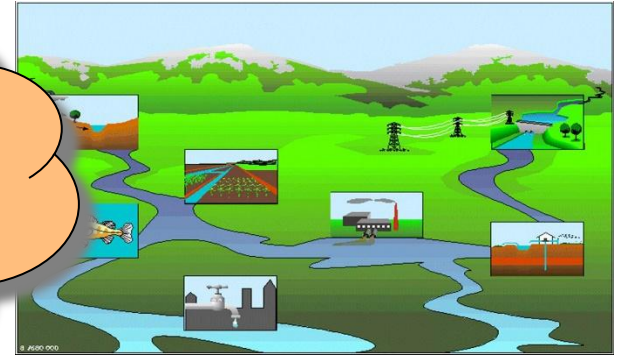
Firm:

- Resources
- Capabilities
- Competencies
- Experience
- Knowledge
- History



Stakeholders

- Shareholders
- Customers
- Employees
- Suppliers
- Community

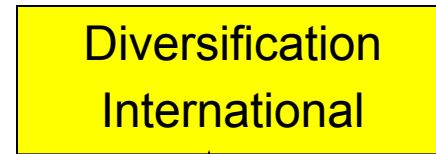


Environment

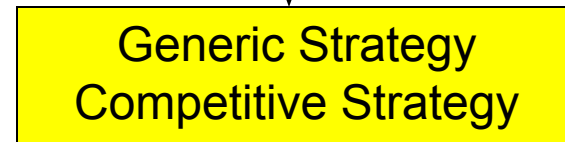
- Economy
- Community
- Laws/Regulations
- Culture/Tradition
- Technology
- Physical

Strategy is an Integrating Process

Corporate Level



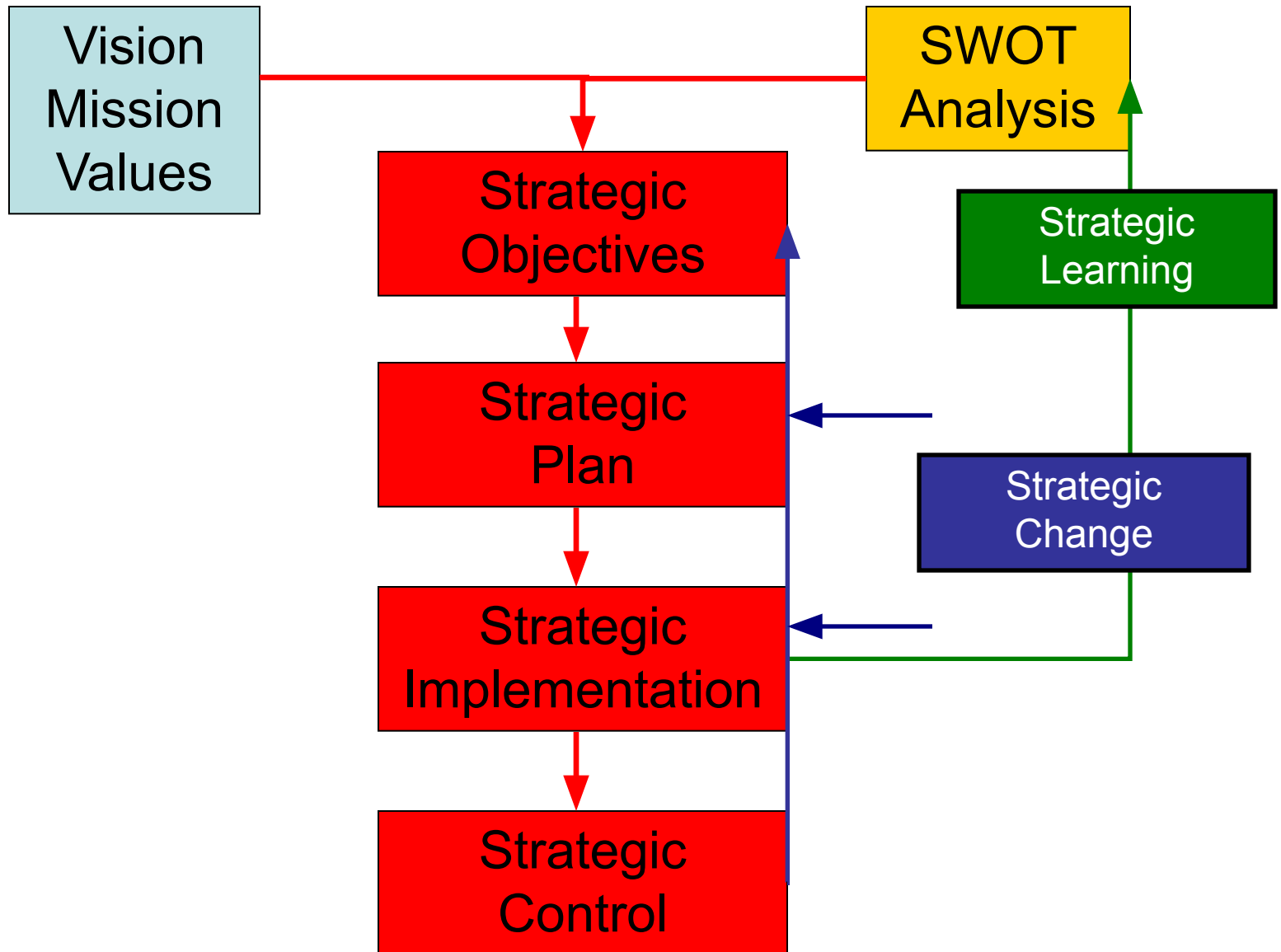
Business Level



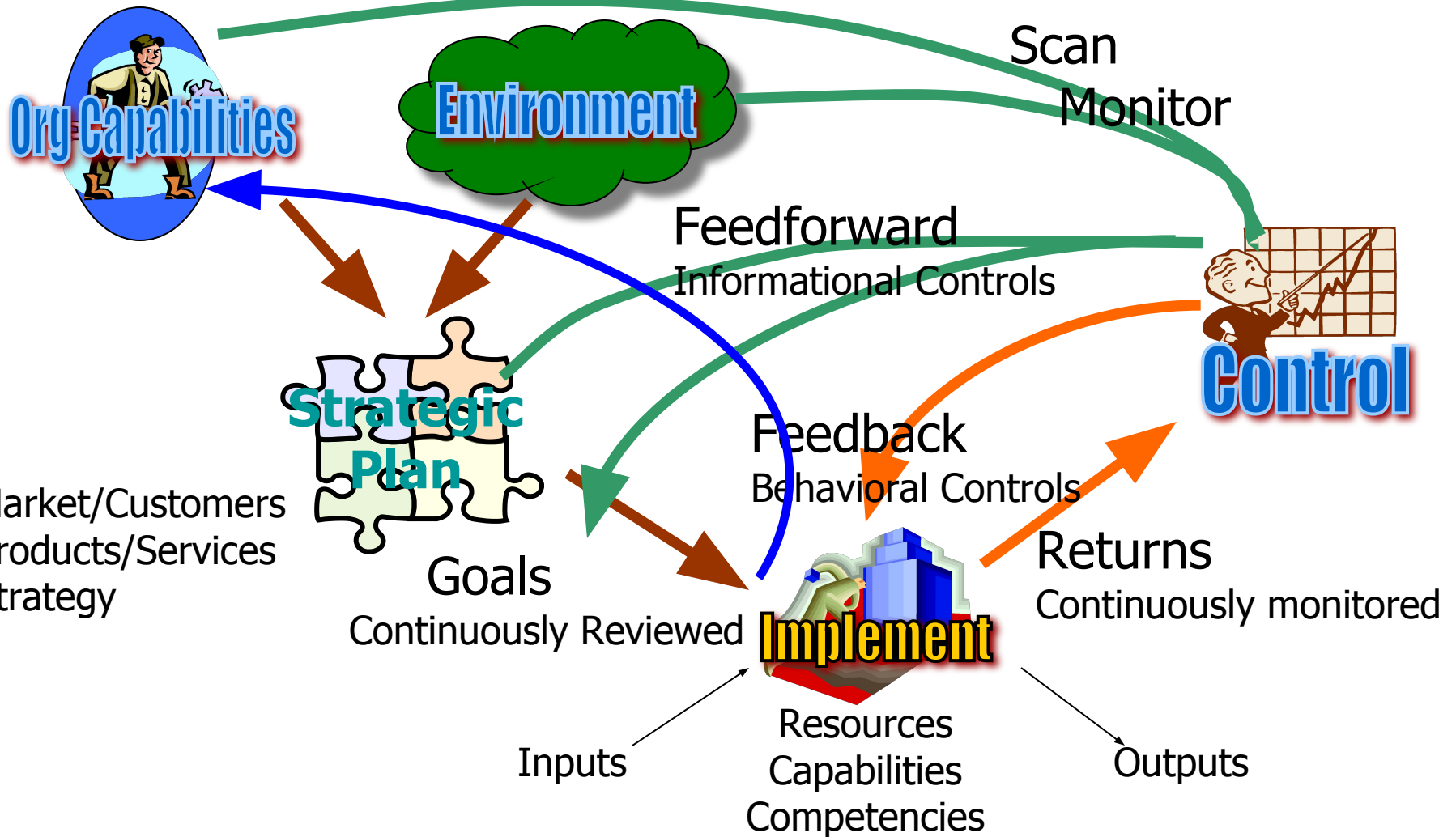
Functional Level



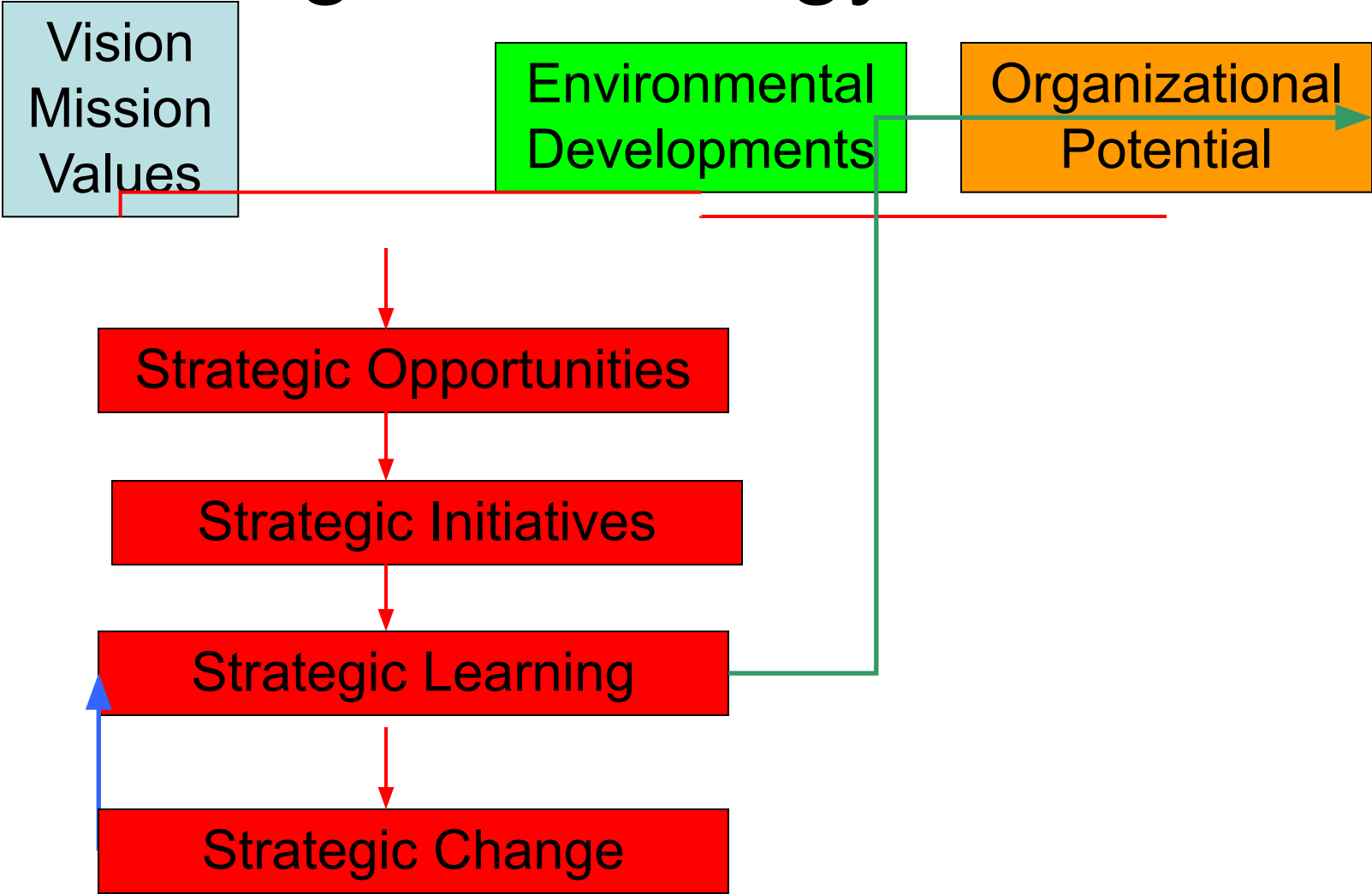
Deliberate Strategy Process



Strategy Process



Emergent Strategy Process

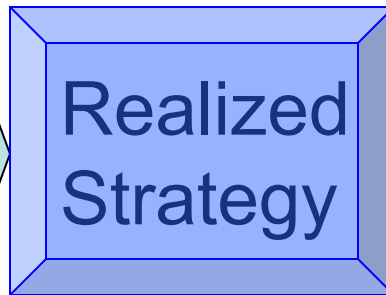


Deliberate
Strategy

Emergent
Strategy

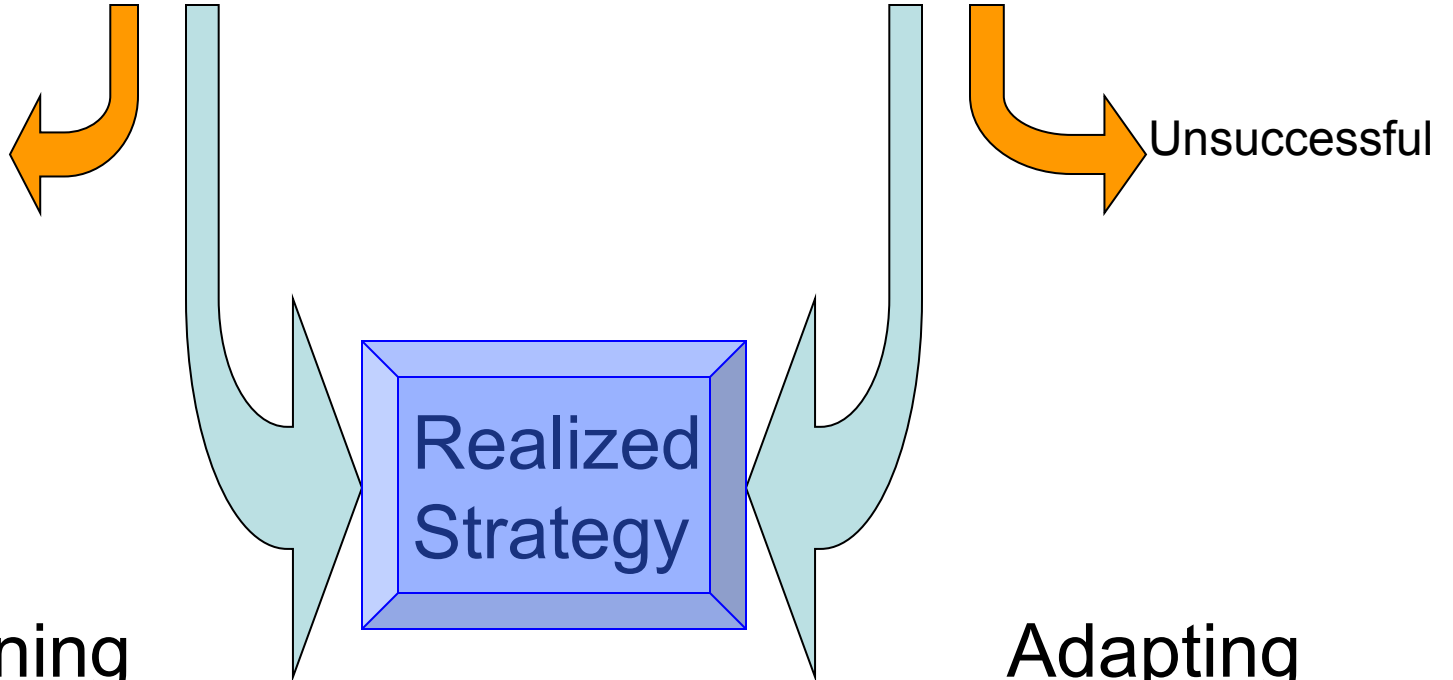
Unimplemented

Unsuccessful



Planning
Stability

Adapting
Flexibility



Vision Statements

- Massively inspiring
- Overarching
- Long-term
- Driven by and evokes passion
- Fundamental statement of the organization's
 - Values
 - Aspiration
 - Goals



Mission Statements

- Purpose of the company
- Basis of competition and competitive advantages
- More specific than vision
- Focused on the means by which the firm will compete



Values Statement

- Statement of ethical priorities
- Guidelines for norms and decision making
- Standards of behavior and practices
- Basis for *moral courage*



Strategic Objectives

- Operationalize the mission statement
- SMART(S)
- Indicates strategic intent – BHAG
- Strategic v Financial
- Long-term v short-term

S Specific,
M measurable
A attainable
R realistic
t time-framed
S stretch

Hierarchy of Goals

