

Principles of management

Week 5

Strategic Management

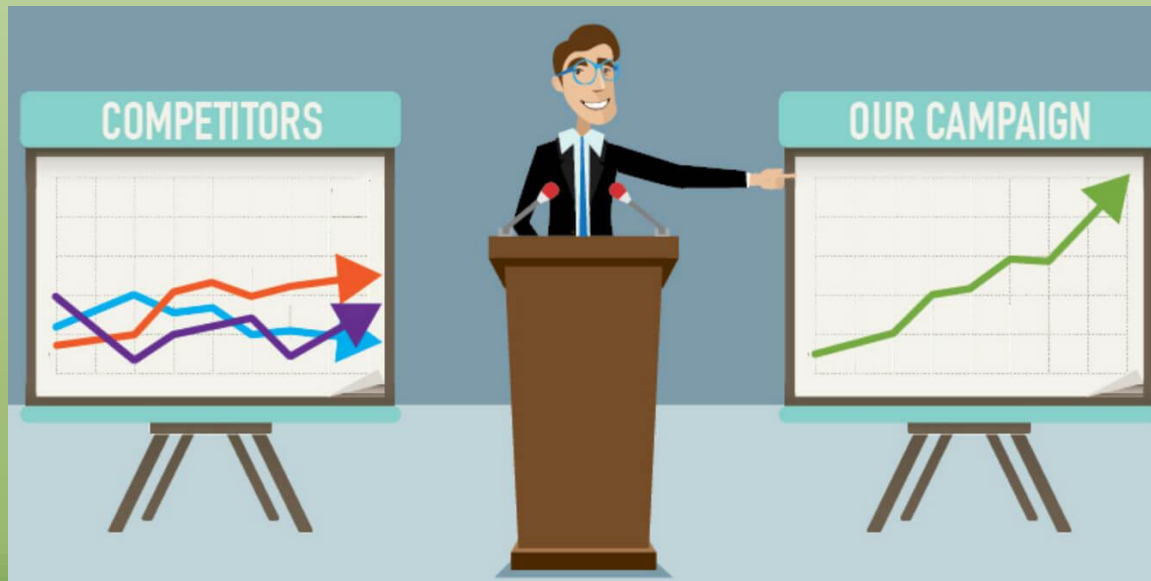
- Competition and advantage
- Strategic process
- Corporate-level Approaches:
 - Strategic reference point theory
 - Portfolio strategy
 - Boston
 - Grand strategy
- Industry-level Approaches
 - Porter
 - Positioning strategies
 - Adaptive
 - Industry type
- Firm-level Approaches
 - Direct competition



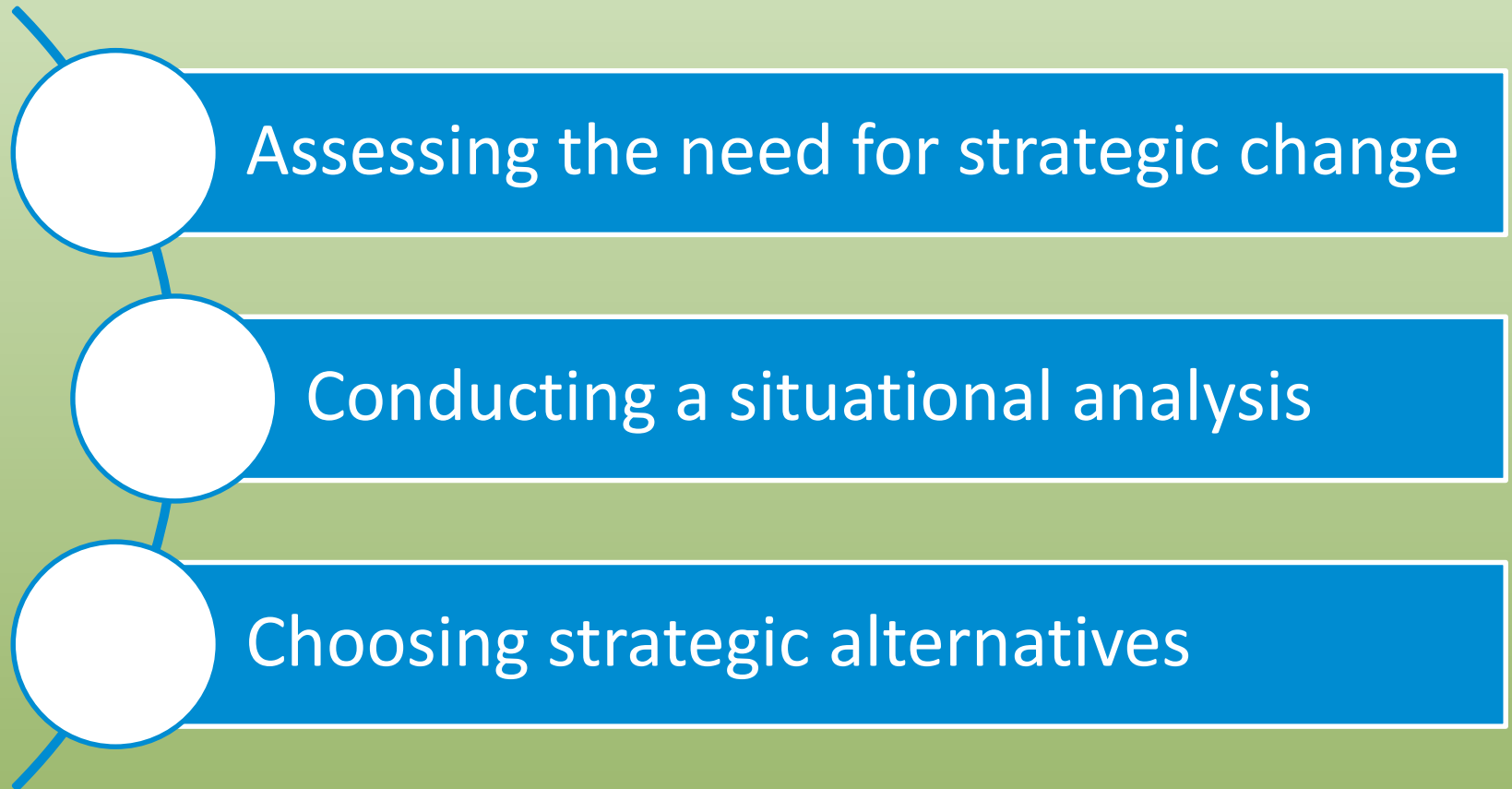
Planning Competition & Advantage

The act or process of gaining advantage:

- Competitive
- Comparative
- Sustainable

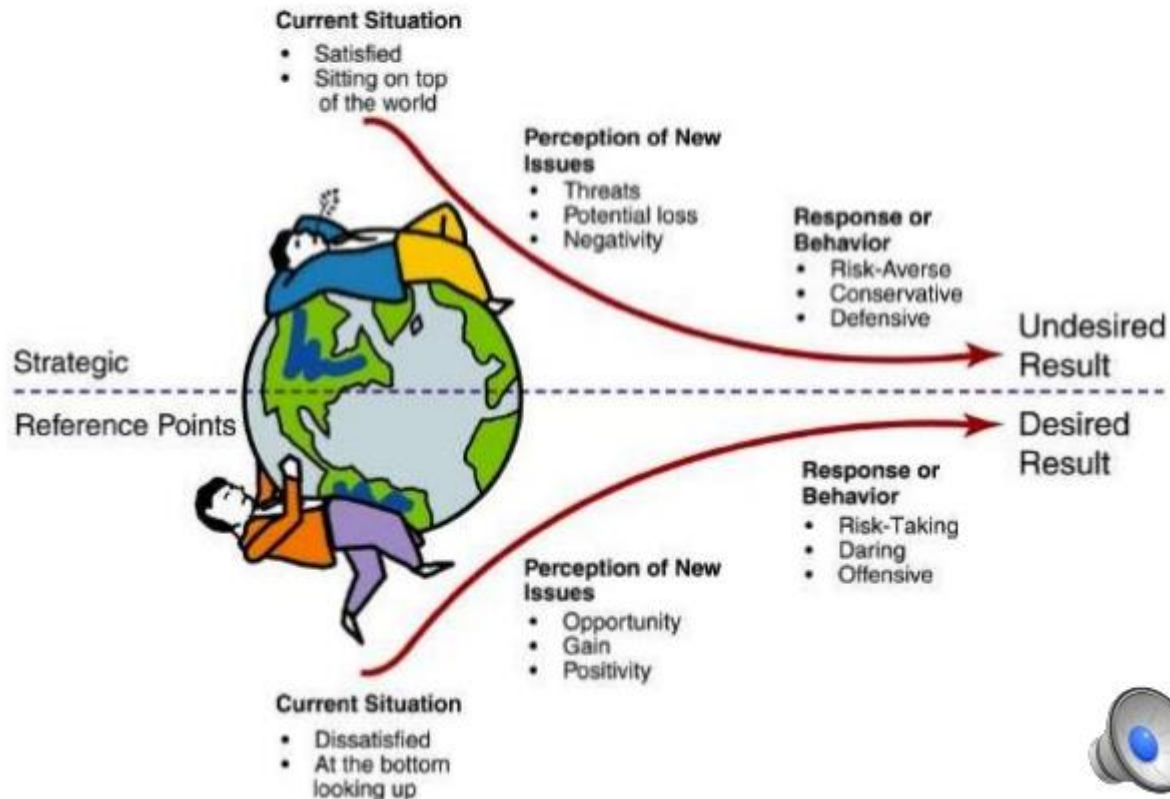


Planning Process



Planning
Corporate-level Approaches
Strategic reference point theory

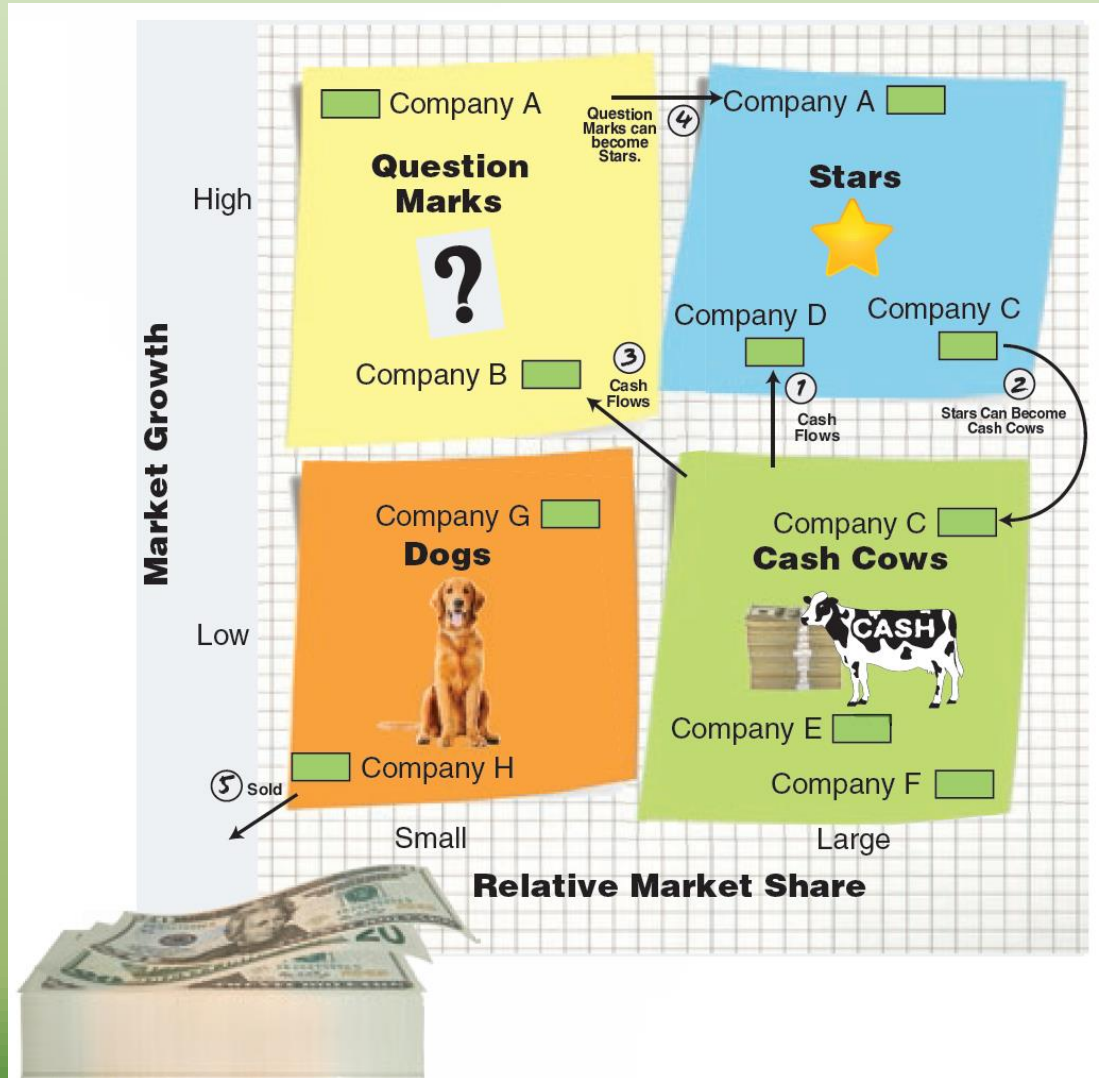
Strategic Reference Points



Planning
Corporate-level Approaches
Portfolio strategy



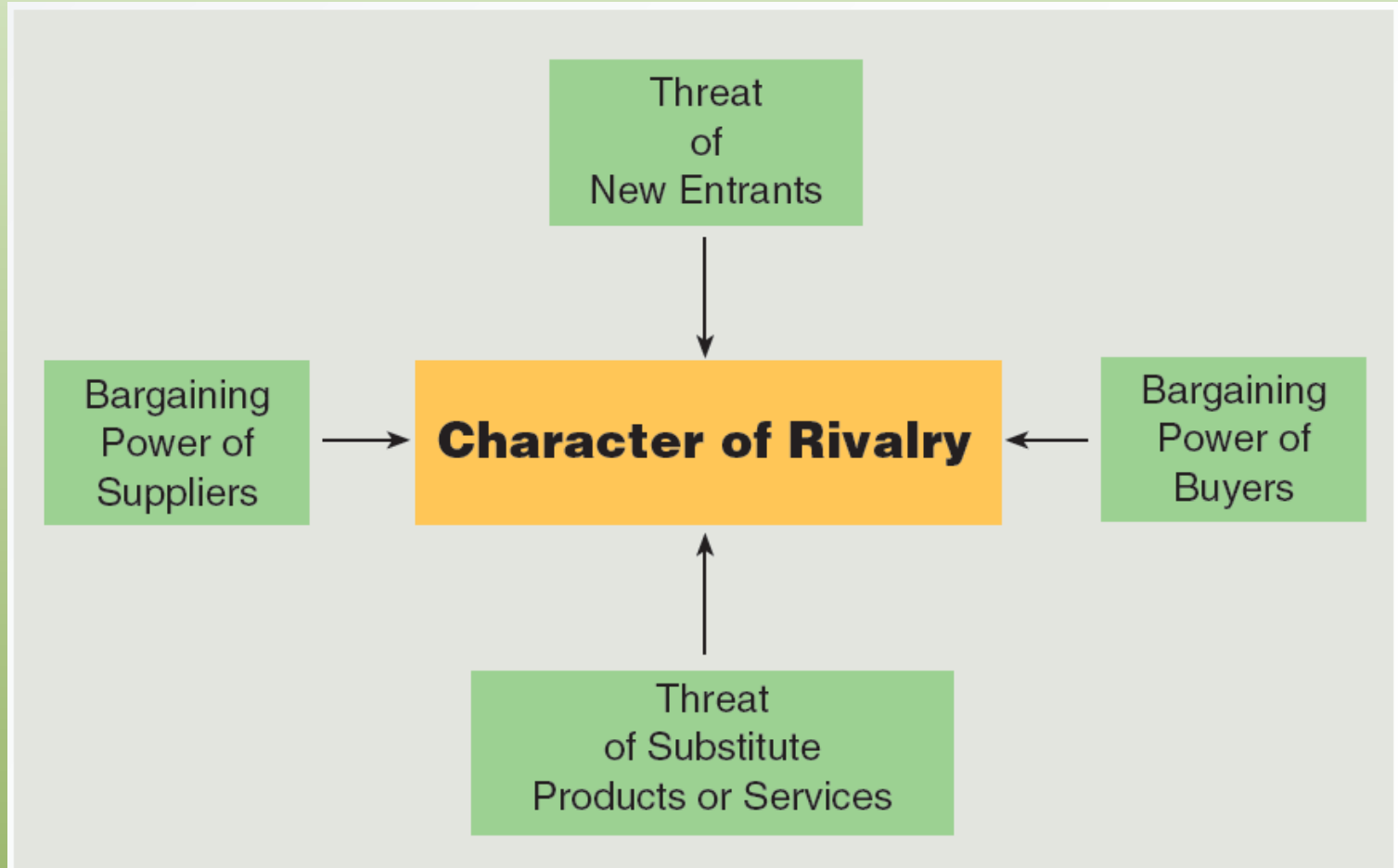
Planning Corporate-level Approaches Boston Matrix



Planning
Corporate-level Approaches
Grand strategies



Planning
Industry-level Approaches
Forces - Porter



Source: Based on the Simon & Schuster, Inc. Porter, M. E. *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press, 1980.

Planning
Industry-level Approaches
Positioning strategies

Cost leadership

- *Producing a product of acceptable quality at consistently lower production costs than competitors*

Differentiation

- *Providing a product or service that is different from competitors' offerings that customers are willing to pay a premium price for it*

Focus strategy

- *Using cost leadership or differentiation to produce a specialized product or service for a specially targeted group of customers*

Planning
Industry-level Approaches
Adaptive – Miles & Snow

Implementation of Miles & Snow Typology

Culture	Response Style
Prospector	Capitalize on Emerging Opportunities
Reactor	Maintain the Status Quo
Defender	Reduce Operating Costs
Analyzer	Defend Stable Market, Aggressively Enter Emerging Opportunities as "Second In"

Planning
Industry-level Approaches
Industry type - Zamaros

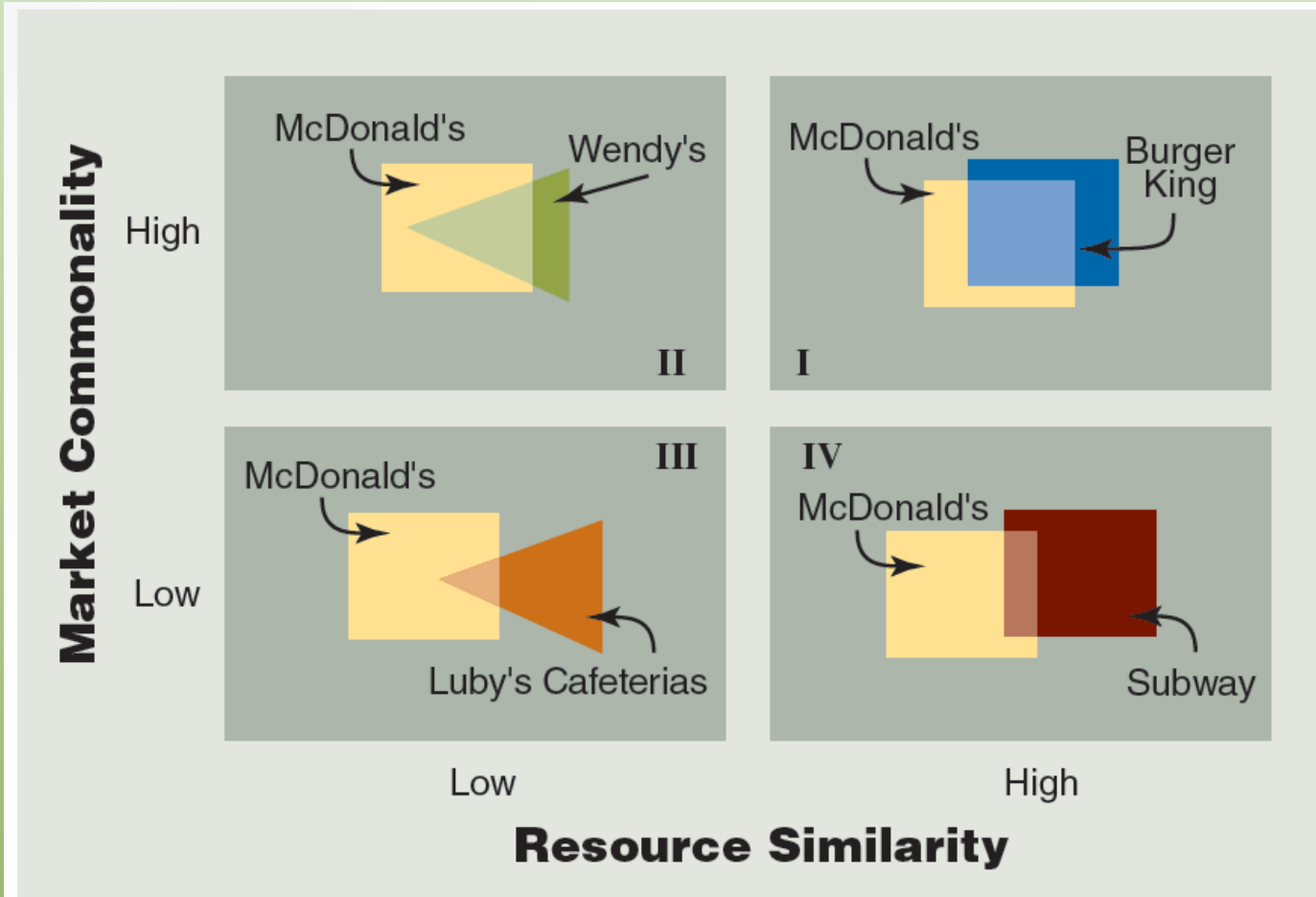
Passive

Dynamic

Non-competitive



Planning
Firm-level Approaches
Direct



Source: M. Chen, "Competitor Analysis and InterFirm Rivalry: Toward a Theoretical Integration," *Academy of Management Review* 21 (1996): 100–134.