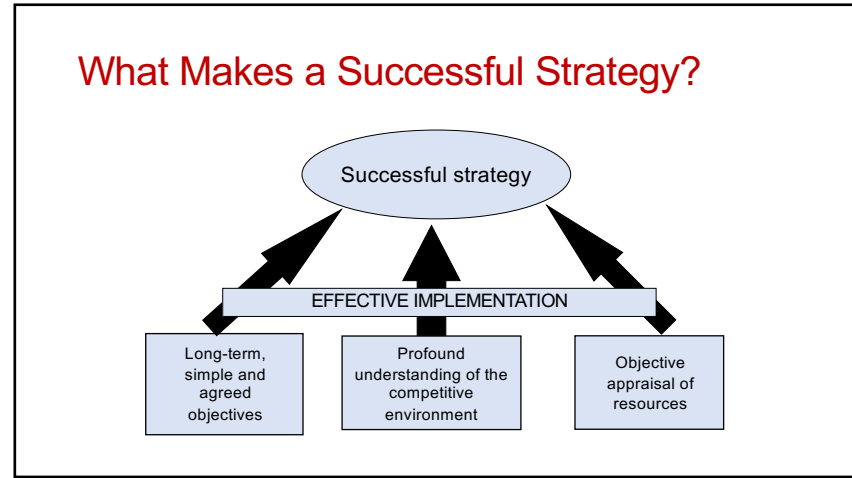
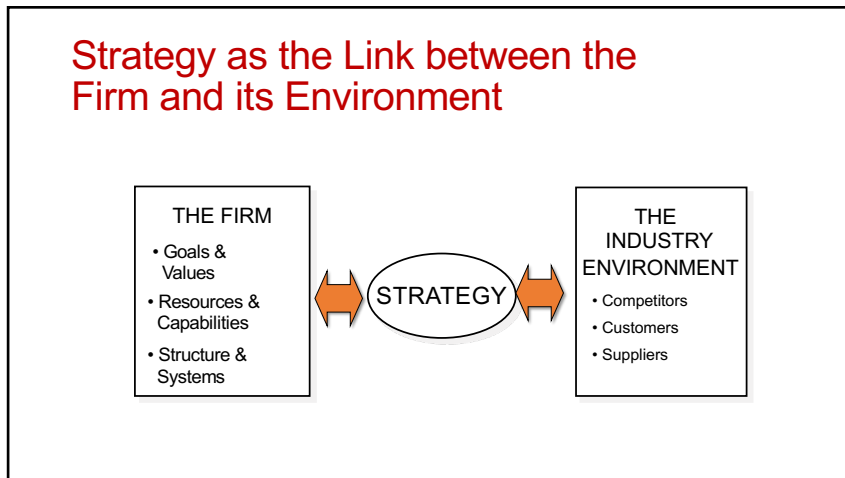




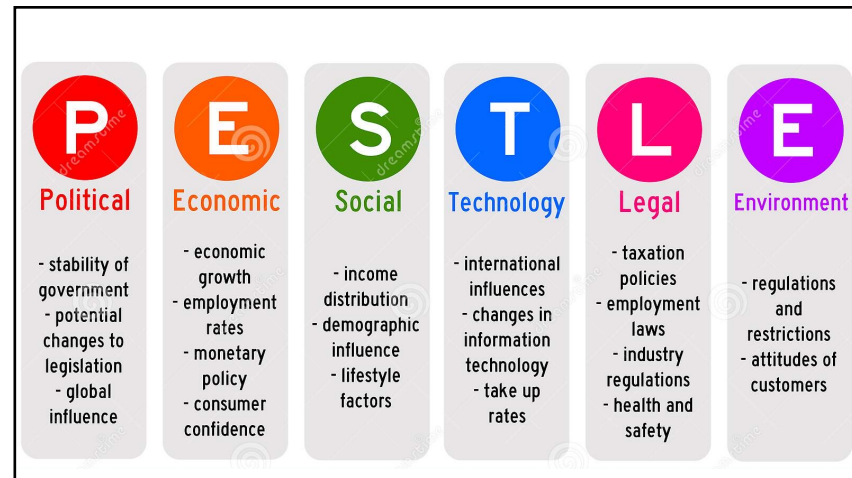
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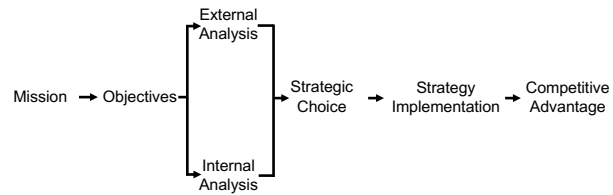


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The Strategic Management Process



5

History

- Traced back to Ancient Greeks
 - Strategy meant Chief Magistrate or a Military Commander-in-Chief
- The word “strategy” derives from the Athenian title, *strategos*, denoting a supreme commander of the Athenian armed forces (Cummings, 1993)
 - The term combines the words *stratos* (“army”) and *agein* (“to lead”)
- The Greek verb *stratego* means to “plan the destruction of one’s enemies through effective use of resources” (Bracker, 1980: 219)

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Industrial Revolutions

- First Industrial revolution – Adam Smith “Market forces as Invisible Hand”
 - Businesses were small and less international trade, so strategy did not enter into business.
- Adapted into business context during Second Industrial Revolution
 - Strategy as a way to shape market forces and affect the competitive environment
- In the USA, Construction of Key Railroads resulted in Mass markets
 - Mass markets encouraged large scale investment to exploit economies of scale and economies of scope
 - New type of firms emerged- Large vertically integrated company that invested heavily in manufacturing and marketing and in management hierarchy

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World War II – Stimulus to Strategic Thinking

- Allocating scarce resources across entire economy
- New operations research techniques (linear programming) – quantitative analysis in formal strategic planning
- Solving Zero sums games – John von Neumann
- Learning curves – important tool for planning

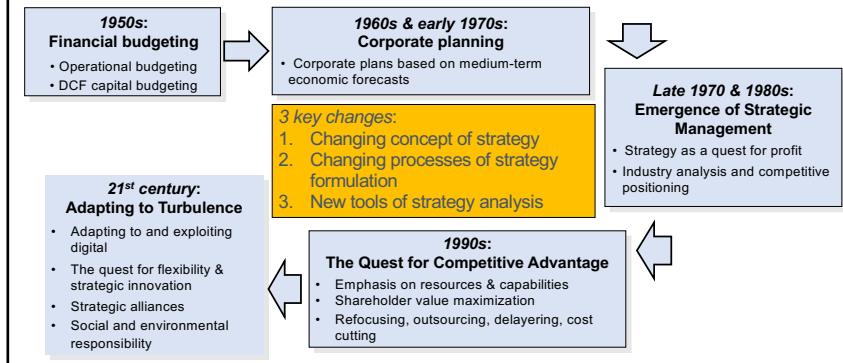
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Distinctive Competence

- Distinctive competence emerged when there was proposal to integrate Navy, Army, marines and Air Force
 - Each had different competencies
 - Navy – Machine centered organization
 - Army – Manpower organization
- To find distinctive competence, identify
 - Aspects of firm which are enduring and unchanging over relatively long periods of time
 - Aspects more responsive to changes the market place and the pressures of more environmental forces.

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A brief History of Strategy



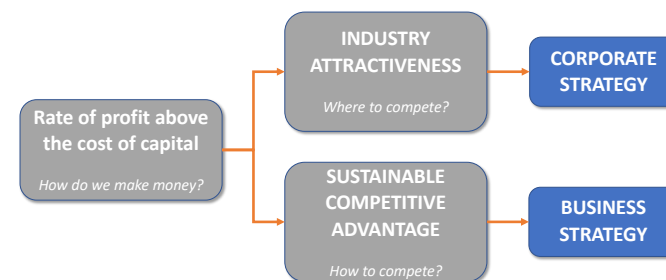
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What is Strategy?

- **Distinguishing strategy from tactics:**
 - Strategy is the overall plan for deploying resources to establish a favorable position.
 - Tactic is a scheme for a specific maneuver
- **Characteristics of strategic decisions:**
 - Important.
 - Involve a significant commitment of resources.
 - Not easily reversible

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What is strategy?



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