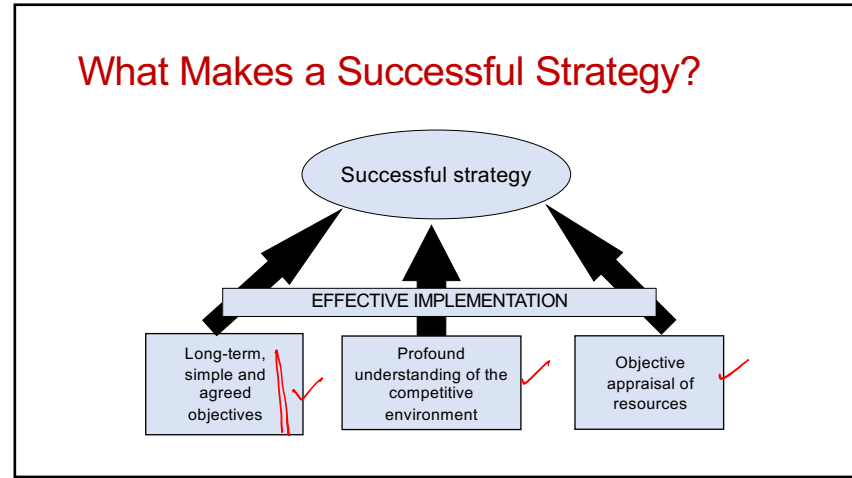
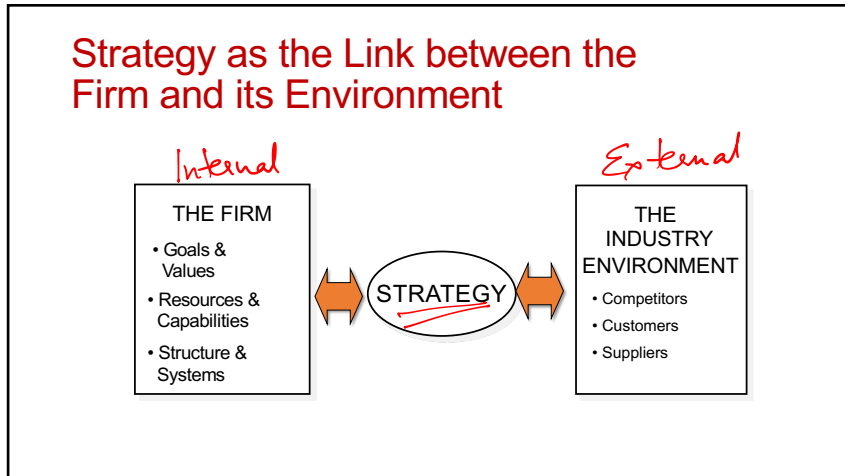




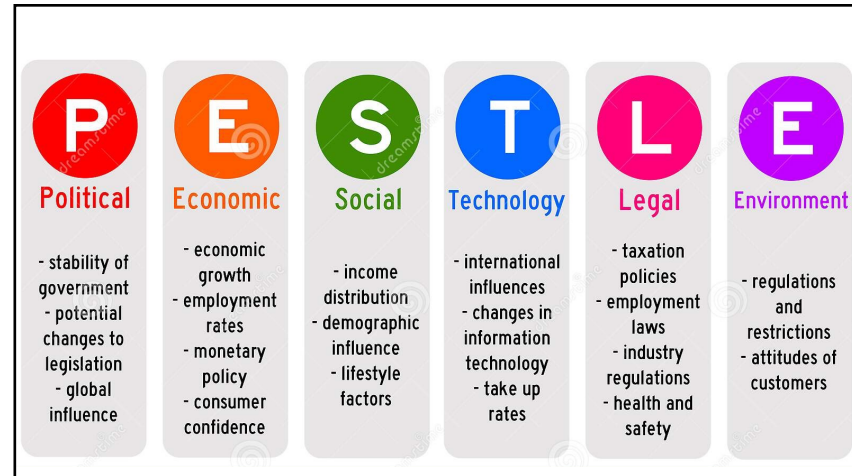
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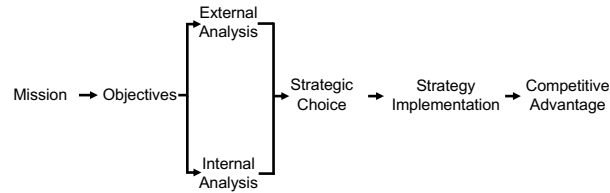


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## The Strategic Management Process



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## 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)

→ Collaboration  
Co-optation.

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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

Game Theory

A hand-drawn graph showing a learning curve. The vertical axis is labeled 'Game Theory'. The curve starts at a high point on the vertical axis and slopes downward, leveling off as it moves to the right, representing a decrease in cost or time as experience increases.

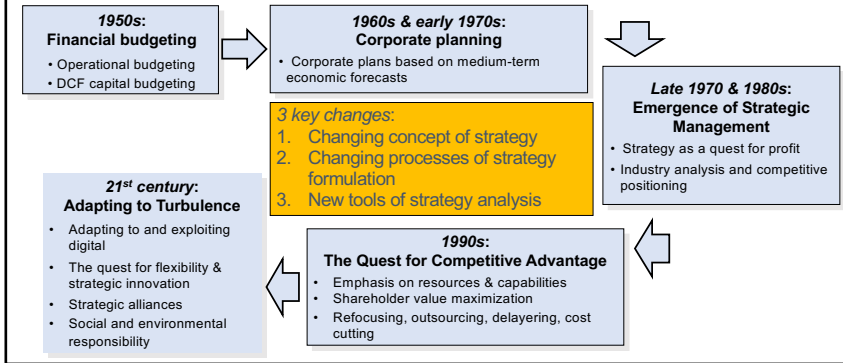
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## Distinctive Competence

- 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



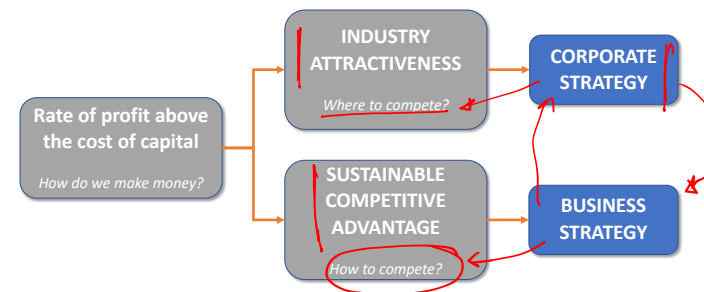
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## What is Strategy?

- **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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