

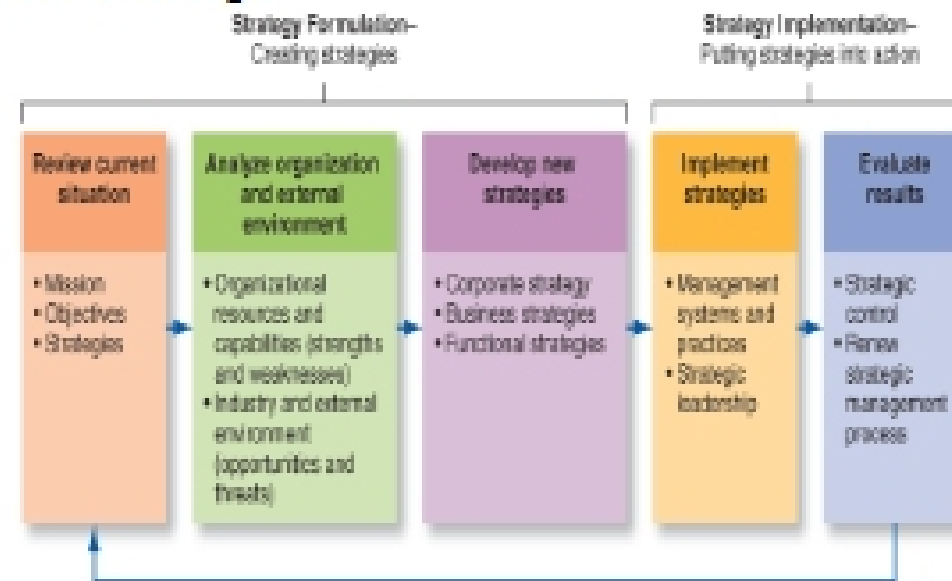
## Week 6 (Chapter 7 - Strategy and Strategic Management)

### Textbook 7.1 Learn these concepts:

- differentiate strategy, strategic intent, and competitive advantage
  - o **Strategy:** is a comprehensive action plan that identifies long-term direction for an organization and guides resource utilization to accomplish its goals
  - o **Strategic intent:** allocating and using resources (ex. Coke- "to put a coke within' arms reach of every consumer in the world")
  - o **Competitive advantage:** it is able to outperform rivals
- differentiate corporate, business, and functional levels of strategy
  - o **Corporate strategy:** provides direction and guides resource allocation for the organization as a whole
  - o **Business strategy:** focuses on the strategic intent for a single business unit or product line
  - o **Functional strategy:** guides activities to implement higher-level business and corporate strategies
- list and explain major types of growth and diversification strategies
  - o Growth strategies focus on expansion
    - o **Concentration:** seeks expansion within an existing business area
    - o **Diversification:** where expansion occurs by entering new business areas
      - **Vertical integration:** where a business acquires its suppliers
- list and explain restructuring and divestiture strategies
  - o Restructuring and divestiture strategies focus on consolidation bc of too much growth and diversification
    - o **Retrenchment strategy:** seeks to correct weakness by making radical changes to current way of operating
    - o **Liquidation:** where a business closes down and sells its assets to pay creditors
    - o **Restructuring:** making major changes to cut costs, gain short-term efficiencies and buy time to try new strategies to improve future success
    - o **Downsizing:** cuts the size of operations and reduces the workforce
    - o **Divestiture:** involves selling parts of the organization to refocus on core competencies, cut costs and improve operating efficiency
- explain alternative global strategies
  - o Firms pursuing a globalization strategy tend to view the world as one large market, they try to advertise and sell standard products everywhere
  - o Firms pursuing a multidomestic strategy customize products and advertising to fit local cultures and needs
  - o Transnational strategy where firms seek a balance between efficiencies in global operations and responsiveness to local markets
- differentiate B2B and B2C as e-business strategies
  - o B2B business strategies are business to business, they use the web to vertically link organization with members of their supply chains
  - o B2C business strategies are business to customer, they use the web to link businesses with customers

### Textbook 7.2 Learn these concepts:

- describe the **strategic management process**
  - o The process of formulating and implementing strategies to accomplish long-term goals and sustain competitive advantage



- explain Porter's five forces model
  - o Porter's five forces model examines industry attractiveness
    - Force 1: *Competitors*—intensity of rivalry among firms in the industry
    - Force 2: *New entrants*—threats of new competitors entering the market
    - Force 3: *Suppliers*—bargaining power of suppliers
    - Force 4: *Customers*—bargaining power of buyers
    - Force 5: *Substitutes*—threats of substitute products or services
- explain Porter's competitive strategies model
  - o Porter's competitive strategies model examines business or product strategies



- o **Differentiation**: seeks competitive advantage through uniqueness
  - o **Cost leadership**: seeks competitive advantage by operating with lower costs than competitors
  - o **Focused differentiation**: offers unique product to customers in a special market segment
  - o **Focused cost leadership**: tries to be the low-cost provider for a special market segment
- describe the purpose and use of the **BCG Matrix**
    - o BCG Matrix is a strategic framework that asks managers to analyze business and product strategies based on market growth rate and market share
    - o The BCG Matrix is useful in situations where managers must make strategic decisions that allocate scarce organizational resources among multiple and competing uses. This is a typical situation for organizations that have a range of businesses or products. The BCG Matrix sorts businesses or products into four strategic types (dogs, stars, question marks, and cash cows), based on market shares held and market growth rates. Specific master strategies are recommended for each strategic type.

- explain the responsibilities of strategic leadership
  - o **Strategic leadership** is the capability to inspire ppl to successfully engage in a process of continuous change, performance, enhancement as well as implementation and control of organizational strategies

### Week 7 (Chapter 8 - Organizational Structure and Design)

#### Textbook 8.1 Learn these concepts:

- explain what you can learn from an organization chart
  - o You can learn who is to do what, who is in charge of whom, how diff ppl and work units are supposed to cooperate
  - o It's a formal arrangement that links the various parts of an org to one another
- differentiate formal and informal structures
  - o Formal: the "official" structure, or the way things are supposed to operate
  - o Informal: shadow of formal, org made up of unofficial relationships between members, you find relationships cutting across levels and moving from side to side
- discuss potential good and bad points about informal structures
  - o Good: can be helpful in getting work accomplished, the relationships available are important in helping ppl learn their jobs and solve problems while doing them, give ppl access to friendships conversations and advice that can help, make normal workday pleasant, helpful in times of change, fill gaps missing in formal structure
  - o Bad: shadow structures, susceptible to rumor, carry inaccurate info, breed resistance to change, distract members from their work, can be an outsider.

#### Textbook 8.1 Understand these terms:

Division of labor: ppl and groups performing different jobs, ideally ones for which they are well skilled

Organization chart: diagram of positions and reporting relationships within an organizations

Organization structure: formal arrangement that links the various parts of an organization to one another

Social network analysis: one way to identify the informal structures and their embedded social relationships that are active in an organization

#### Textbook 8.2 Learn these concepts:

- compare the functional, divisional, and matrix structures
  - o Functional: where ppl having similar skills and performing similar tasks are grouped together into formal work units
  - o Divisional: it groups together ppl who work on the same product, serve similar customers and or are located in the same area or geographical region
  - o Matrix: combines the functional and divisional structures to try and gain the advantages of each