

CRAFTING AND EXECUTING STRATEGY

The Quest for Competitive Advantage

Concepts and Cases | 2024 RELEASE

Arthur A. Thompson

The University of Alabama

Margaret A. Peteraf

Dartmouth College

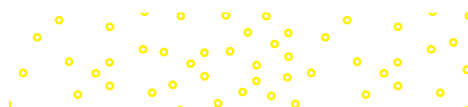
John E. Gamble

Texas A&M University–Corpus Christi

A.J. Strickland III

The University of Alabama

**Mc
Graw
Hill**





CRAFTING & EXECUTING STRATEGY: THE QUEST FOR COMPETITIVE ADVANTAGE, CONCEPTS AND CASES, 2024 RELEASE

Published by McGraw Hill LLC, 1325 Avenue of the Americas, New York, NY 10019. Copyright ©2024 by McGraw Hill LLC. All rights reserved. Printed in the United States of America. Previous editions ©2022, 2020, and 2018. No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written consent of McGraw Hill LLC, including, but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning.

Some ancillaries, including electronic and print components, may not be available to customers outside the United States.

This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 LWI 29 28 27 26 25 24

ISBN 978-1-265-80736-8 (bound)

MHID 1-265-80736-1 (bound)

ISBN 978-1-265-11033-8 (loose-leaf)

MHID 1-265-11033-6 (loose-leaf)

Portfolio Director: *Michael Ablassmeir*

Product Developer: *Anne Ehrenworth*

Marketing Manager: *Debbie Clare*

Content Project Managers: *Harvey Yep; Tammy Juran*

Manufacturing Project Manager: *Sandy Ludovissy*

Content Licensing Specialist: *Sarah Flynn*

Cover Image: *Image Source/Getty Images*

Compositor: *Straive*

All credits appearing on page or at the end of the book are considered to be an extension of the copyright page.

Library of Congress Cataloging-in-Publication Data

Names: Thompson, Arthur A., 1940- author.

Title: Crafting and executing strategy: the quest for competitive advantage: concepts and cases / Arthur A. Thompson, Jr., The University of Alabama, Margaret A. Peteraf, Dartmouth College, John E. Gamble, University of South Alabama, A.J. Strickland, III, The University of Alabama.

Description: 24th edition. | New York, NY : McGraw Hill, [2025] | Includes bibliographical references and index.

Identifiers: LCCN 2023050656 (print) | LCCN 2023050657 (ebook) | ISBN 9781265807368 (hardcover) | ISBN 9781265099268 (ebook)

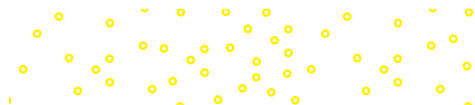
Subjects: LCSH: Strategic planning. | Strategic planning—Case studies.

Classification: LCC HD30.28 .T53 2025 (print) | LCC HD30.28 (ebook) | DDC 658.4/012—dc23/eng/20231026

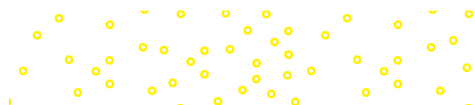
LC record available at <https://lccn.loc.gov/2023050656>

LC ebook record available at <https://lccn.loc.gov/2023050657>

The Internet addresses listed in the text were accurate at the time of publication. The inclusion of a website does not indicate an endorsement by the authors or McGraw Hill LLC, and McGraw Hill LLC does not guarantee the accuracy of the information presented at these sites.



●
●
● To our families and spouses
●



About the Authors



Courtesy of Arthur A. Thompson, Jr.

Arthur A. Thompson, Jr., (now retired) was John R. Miller Professor of Business Administration, on the faculty of the University of Alabama's College of Commerce and Business Administration for 24 years. He earned his BS and PhD degrees in economics from the University of Tennessee and spent three years on the business school faculty at Virginia Tech before joining the University of Alabama faculty. In 1974 and again in 1982, Dr. Thompson spent semester-long sabbaticals as a visiting scholar at the Harvard Business School.

His areas of specialization are business strategy, competition and market analysis, and the economics of business enterprises. In addition to publishing over 30 articles in some 25 different professional and trade publications, he has authored or co-authored five textbooks and six computer-based simulation exercises. His textbooks and strategy simulations have been used at well over 1,000 college and university campuses worldwide. Dr. Thompson now spends much of his time preparing new editions of his three strategy textbooks and helping operate a business simulation enterprise of which he is a major partner and president.

Dr. Thompson and his wife of 62 years have two married daughters, two grandchildren, and a male Havanese named Jalen.



Courtesy of Margaret A. Peteraf

Margaret A. Peteraf is the Leon E. Williams Professor of Management Emerita at the Tuck School of Business at Dartmouth College. She is an internationally recognized scholar of strategic management and has earned myriad honors and prizes for her scholarly contributions. Twice, she was awarded the Strategic Management Society Best Paper Prize recognizing the deep influence of her work on the field of Strategic Management. She was also a co-recipient of the first Academy of Management's STR Distinguished Scholarship Award (which has been characterized as the "Nobel Prize" of Strategic Management) for her work on the resource-based view of the firm. Professor Peteraf is a fellow of the Strategic Management Society and the Academy of Management. She served previously as a member of the Board of Governors of both the Society and the Academy of Management and as Chair of the Business Policy and Strategy Division of the Academy. She has also served on numerous editorial boards, including that of the *Strategic Management Journal*, the *Academy of Management Review*, and *Organization Science*. She has taught in Executive Education programs in various programs around the world and has won teaching awards at the MBA and Executive level.

Professor Peteraf earned her PhD, MA, and MPhil at Yale University and held previous faculty appointments at Northwestern University's Kellogg Graduate School of Management and at the University of Minnesota's Carlson School of Management.

John E. Gamble is the Mary & Jeff Bell Endowed Distinguished Professor and former Dean of the College of Business at Texas A&M University–Corpus Christi. His teaching and research have focused on strategic management and entrepreneurship at the undergraduate and graduate levels. He has conducted courses in strategic management in Germany since 2001, which have been sponsored by the University of Applied Sciences in Worms.

Dr. Gamble's research has been published in various scholarly journals and he is the author or co-author of more than 75 case studies published in an assortment of strategic management and strategic marketing texts. He has done consulting on industry and market analysis for clients in a diverse mix of industries.

Professor Gamble received his PhD, MA, and BS degrees from The University of Alabama and was a faculty member in the Mitchell College of Business at the University of South Alabama before his appointment to the faculty at Texas A&M University–Corpus Christi.



Courtesy of Leah Godfredson,
Ever After Photography

Dr. A. J. (Lonnie) Strickland is the Thomas R. Miller Professor of Strategic Management at the Culverhouse School of Business at The University of Alabama. He is a native of north Georgia, and attended the University of Georgia, where he received a BS degree in math and physics; Georgia Institute of Technology, where he received an MS in industrial management; and Georgia State University, where he received his PhD in business administration.

Lonnie's experience in consulting and executive development is in the strategic management arena, with a concentration in industry and competitive analysis. He has developed strategic planning systems for numerous firms all over the world. He served as Director of Marketing and Strategy at BellSouth, has taken two companies to the New York Stock Exchange, is one of the founders and directors of American Equity Investment Life Holding (AEL), and serves on numerous boards of directors. He is a very popular speaker in the area of strategic management.

Lonnie and his wife, Kitty, have been married for over 50 years. They have two children and two grandchildren. Each summer, Lonnie and his wife live on their private game reserve in South Africa where they enjoy taking their friends on safaris.



Courtesy of Dr. A. J. (Lonnie)
Strickland



Preface


By offering the most engaging, clearly articulated, and conceptually sound text on strategic management, *Crafting and Executing Strategy* has been able to maintain its position as the leading textbook in strategic management for over 40 years. With this latest edition, we build on this strong foundation, maintaining the attributes of the book that have long made it the most teachable text on the market, while updating the content, sharpening its presentation, and providing enlightening new illustrations, examples, and business cases.

The distinguishing mark of the 2024 Release is its enriched and enlivened presentation of the material in each of the 12 chapters, providing an as up-to-date and engrossing discussion of the core concepts and analytical tools as you will find anywhere. As with each of our new editions, there is an accompanying lineup of exciting new cases that bring the content to life and are sure to provoke interesting classroom discussions, deepening students' understanding of the material in the process.

While this 2024 Release retains the 12-chapter structure of the prior edition, every chapter—indeed every paragraph and every line—has been reexamined, refined, and refreshed. New content has been added to keep the material in line with the latest developments in the theory and practice of strategic management. In other areas, coverage has been trimmed to keep the book at a more manageable size. Scores of new examples have been added, along with many new Illustration Capsules, to enrich understanding of the content and to provide students with a ringside view of strategy in action. The result is a text that cuts straight to the chase in terms of what students really need to know and gives instructors a leg up on teaching that material effectively. The chapter content remains, as always, solidly mainstream and balanced, mirroring *both* the penetrating insight of academic thought and the pragmatism of real-world strategic management.

A standout feature of this text has always been the tight linkage between the content of the chapters and the cases. The lineup of cases that accompany the 2024 Release is outstanding in this respect—a truly appealing mix of strategically relevant and thoughtfully crafted cases, certain to engage students and sharpen their skills in applying the concepts and tools of strategic analysis. Most involve high-profile companies that the students will immediately recognize and relate to; all are framed around key strategic issues and serve to add depth and context to the topical content of the chapters. We are confident you will be impressed with how well these cases work in the classroom and the amount of student interest they will spark.

For some years now, growing numbers of strategy instructors at business schools worldwide have been transitioning from a purely text-case course structure to a more robust and energizing text-case-simulation course structure. Incorporating a competition-based strategy simulation has the strong appeal of providing class members with *an immediate and engaging opportunity to apply the concepts and analytical tools covered in the chapters and to become personally involved in crafting and executing a strategy for a virtual company that they have been assigned to manage and that competes head-to-head with companies run by other class members*. Two widely used and pedagogically effective online strategy

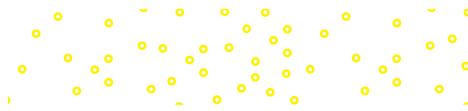


simulations, *The Business Strategy Game* and *GLO-BUS*, are optional companions for this text. Both simulations were created by Arthur Thompson, one of the text authors, and, like the cases, are closely linked to the content of each chapter in the text. The Exercises for Simulation Participants, found at the end of each chapter and integrated into the Connect package for the text, provide clear guidance to class members in applying the concepts and analytical tools covered in the chapters to the issues and decisions that they have to wrestle with in managing their simulation company.

Through our experiences as business school faculty members, we fully understand the assessment demands on faculty teaching strategic management and business policy courses. In many institutions, capstone courses have emerged as the logical home for assessing student achievement of program learning objectives. To assist instructors in assessing student achievement of these objectives, in line with AACSB requirements, the 2024 Release includes a set of Assurance of Learning Exercises at the end of each chapter that links to the specific learning objectives appearing at the beginning of each chapter and highlighted throughout the text. An important instructional feature of the 2024 Release is its more closely *integrated* linkage of selected chapter-end Assurance of Learning Exercises and cases to Connect™. Your students will be able to use Connect to (1) complete Assurance of Learning Exercises appearing at the end of each of the 12 chapters, (2) complete Exercises for Simulation Participants, (3) complete assignable application-based activities (mini-simulations), (4) complete chapter-end quizzes, and (5) complete case tutorials based upon the suggested assignment questions for all 27 cases in this edition. All of the Connect exercises are automatically graded, thereby enabling you to easily assess the learning that has occurred.

In addition, both of the companion strategy simulations have a built-in Learning Assurance Report that quantifies how well each member of your class performed on nine skills/learning measures *versus tens of thousands of other students worldwide* who completed the simulation in the past 12 months. We believe the chapter-end Assurance of Learning Exercises, the online and automatically graded Connect™ exercises, and the Learning Assurance Report generated at the conclusion of *The Business Strategy Game* and *GLO-BUS* simulations provide you with easy-to-use, empirical measures of student learning in your course. All can be used in conjunction with other instructor-developed or school-developed scoring rubrics and assessment tools to comprehensively evaluate course or program learning outcomes and measure compliance with AACSB accreditation standards.

Taken together, the various components of the 2024 Release package and the supporting set of instructor resources provide you with enormous course design flexibility and a powerful kit of teaching/learning tools. We've done our very best to ensure that the elements constituting the 2024 Release will work well for you in the classroom, help you economize on the time needed to be well prepared for each class, and cause students to conclude that your course is one of the very best they have ever taken—from the standpoint of both enjoyment and learning.



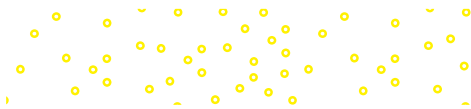
DIFFERENTIATING FEATURES OF THE 2024 RELEASE



Nine standout features strongly differentiate this text and the accompanying instructional package from others in the field:

1. *We provide the clearest discussion of business models to be found anywhere.* By introducing this often-misunderstood concept right in the first chapter, defining it precisely, and providing clear examples, we give students a leg up on grasping this important concept. Follow-on discussions in the next eight chapters drive the concept home. Illustration capsules and cases show how a new business model can enable a company to compete successfully even against well-established rivals. In some cases, a new business model can even be the agent for disrupting an existing industry.
2. *Our integrated coverage of the two most popular perspectives on strategic management—positioning theory and resource-based theory—is unsurpassed by any other leading strategy text.* Principles and concepts from both the positioning perspective and the resource-based perspective are prominently and comprehensively integrated into our coverage of crafting both single-business and multibusiness strategies. By highlighting the relationship between a firm's resources and capabilities to the activities it conducts along its value chain, we show explicitly how these two perspectives relate to one another. Moreover, in Chapters 3 through 8, it is emphasized repeatedly that a company's strategy must be matched *not only* to its external market circumstances *but also* to its internal resources and organizational capabilities.
3. *With this new edition, we provide the clearest, easiest to understand presentation of the value-price-cost framework.* In recent years, this framework has become an essential aid to teaching students how companies create economic value in the course of conducting business. We show how this simple framework informs the concept of the business model as well as the all-important concept of competitive advantage. In Chapter 5, we add further clarity by showing in pictorial fashion how the value-price-cost framework relates to the different sources of competitive advantage that underlie the five generic strategies.
4. *Our coverage of cooperative strategies and the role that interorganizational activity can play in the pursuit of competitive advantage is similarly distinguished.* The topics of the value net, ecosystems, strategic alliances, licensing, joint ventures, and other types of collaborative relationships are featured prominently in a number of chapters and are integrated into other material throughout the text. We show how strategies of this nature can contribute to the success of single-business companies as well as multibusiness enterprises, whether with respect to firms operating in domestic markets or those operating in the international realm.
5. *The attention we give to international strategies, in all their dimensions, make this textbook an indispensable aid to understanding strategy formulation and execution in an increasingly connected, global world.* Our treatment of this topic as one of the most critical elements of the *scope* of a company's activities brings home to students the connection between the topic of international strategy with other topics concerning firm scope, such as multibusiness (or corporate) strategy, outsourcing, insourcing, and vertical integration.
6. *With a standalone chapter devoted to these topics, our coverage of business ethics, social responsibility, and sustainability goes well beyond that offered by any other leading strategy text.* Chapter 9, "Ethics, Corporate Social Responsibility, Environmental





Sustainability, and Strategy,” fulfills the important functions of alerting students to the role and importance of ethical and socially responsible decision making and the value of sustainable business practices. Moreover, discussions of the roles of values and ethics are integrated into portions of other chapters, beginning with the first chapter, to further reinforce why and how considerations relating to ethics, values, social responsibility, and sustainability should figure prominently into the managerial task of crafting and executing company strategies. This material thereby fulfills the accreditation requirement of the AACSB International that business ethics be visibly and thoroughly embedded in the core curriculum.

7. *Long known as an important differentiator of this text, the case collection in the 2024 Release is truly unrivaled* from the standpoints of student appeal, teachability, and suitability for drilling students in the use of the concepts and analytical treatments in Chapters 1 through 12. The 27 cases included in this edition are the very latest, the best, and the most on target that we could find. The ample information about the cases in the Instructor’s Manual makes it effortless to select a set of cases each term that will capture the interest of students from start to finish.
8. *The text is now optimized for hybrid and online delivery through robust assignment and assessment content integrated into Connect™.* The *Connect* package for the 2024 Release allows instructors to assign auto-graded quizzes and select chapter-end Assurance of Learning Exercises to assess class members’ understanding of chapter concepts. The package also includes application-based activities (mini-simulations) and open-ended and auto-graded Exercises for Simulation Participants. In addition, our texts have pioneered the extension of *Connect* to case analyses. The auto-graded case exercises for the cases in this edition are robust and extensive and will better enable students to make meaningful contributions to class discussions. The auto-graded *Connect* case exercises may also be used as graded assignments in the course.
9. *Two cutting-edge and widely used strategy simulations—The Business Strategy Game and GLO-BUS—are optional companions to the 2024 Release.* These give you an unmatched capability to employ a text-case-simulation model of course delivery.

WHAT IS NEW IN THE 2024 RELEASE?

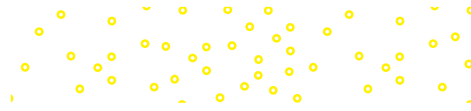
CHAPTER 1

- New introduction on the radical transformation of business in the past decade
- New Illustration Capsules: Amazon’s Strategy; Turo, Zipcars, and Enterprise: Three Contrasting Business Models

CHAPTER 2

- New content in the section “Linking the Vision and Mission with Company Values” on Samsung’s five core values
- New content in the section “Developing a Company Mission Statement” on Singapore Airlines
- New Illustration Capsule: IKEA’s Vision, Mission and Core Values
- Updated Illustration Capsules: Examples of Strategic Visions (General Motors); Examples of Company Objectives (YUM! Brands, Lululemon)



**CHAPTER 3**

- New content on The Six Components of the Macro-Environment
- New strategic group map example (Food Delivery Services)
- New Illustration Capsule: Macro-Environmental Changes Resulting from the COVID-19 Pandemic

CHAPTER 4

- New content on The Concept of a Company Value Chain
- New content on Improving Internally Performed Value Chain Analysis
- Updated Illustration Capsules: The Value Chain for Everlane; Benchmarking in the Solar Industry

CHAPTER 5

- New discussion of competitive strategy
- New example of intangible attributes (Tesla)

CHAPTER 6

- New content on Timing a Company's Strategic Moves
- New examples of Horizontal Merger and Acquisition Strategies (Coca-Cola, Airbnb)
- New content on Why M&As Fail to Produce Anticipated Results
- New discussion on nearsourcing
- New content on the business ecosystem

CHAPTER 7

- New coverage of multinational enterprises

CHAPTER 8

- New content on and new example of a Nine-Cell Industry Attractiveness-Competitive Strength Matrix
- Updated Illustration Capsules: Examples of Companies Pursuing Related AND Unrelated Diversification Strategies; The Kraft-Heinz Merger; Restructuring Strategically at VF Corporation

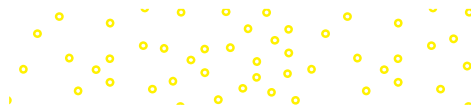
CHAPTER 9

- New content on The School of Ethical Relativism in the areas of underage labor and bribes and kickbacks
- New content on Diversity, Equity, and Inclusion (DEI)
- New content on Environmental, Social, and Governance (ESG)
- New content on corporate sustainability
- New Illustration Capsule: Ethical Violations at Cryptocurrency Exchange FTX
- Updated Illustration Capsules: Warby Parker; Unilever

CHAPTER 10

- New content in Recruiting, Training, and Retaining Capable Employees (Southwest Airlines example, best practices for staffing)
- New content on ecosystems





- New Illustration Capsule: Diversity and Inclusion at the Top Levels of Management
- Updated Illustration Capsules: Management Development at Deloitte Touche Tomatsu Limited; Zara's Strategy Execution Capabilities; Which Value Chain Activities Does Apple Outsource and Why?

CHAPTER 11

- New content on Six Sigma programs
- Updated Illustration Capsules: Charleston Area Medical Center's Six Sigma Program; How Wegman's Rewards and Motivates Employees

CHAPTER 12

- New content on Unhealthy Cultures that Impede Good Strategy Execution
- Updated Illustration Capsules: Puma's High-Performance Culture; Driving Cultural Change at Goldman Sachs

THE CASE COLLECTION

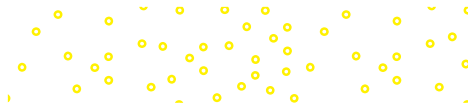
The 27-case lineup in this 2024 Release is flush with interesting companies and valuable lessons for students in the art and science of crafting and executing strategy. There's a good blend of cases from a length perspective—about two-thirds of the cases are under 15 pages yet offer plenty for students to chew on; and the remainder are detail-rich cases that call for more sweeping analysis.

At least 25 of the 27 cases involve companies, products, people, or activities that students will have heard of, know about from personal experience, or can easily identify with. The lineup includes at least 20 cases that will deepen student understanding of the special demands of competing in industry environments where product life cycles are short and competitive maneuvering among rivals is quite active. Twenty-three of the cases involve situations in which company resources and competitive capabilities play as large a role in the strategy-making, strategy executing scheme of things as industry and competitive conditions do. Scattered throughout the lineup are 20 cases concerning non-U.S. companies, globally competitive industries, and/or cross-cultural situations. These cases, in conjunction with the globalized content of the text chapters, provide abundant material for linking the study of strategic management tightly to the ongoing globalization of the world economy. You'll also find 8 cases dealing with the strategic problems of family-owned or relatively small entrepreneurial businesses and 24 cases involving public companies and situations where students can do further research on the Internet.

The "Guide to Case Analysis" follows the last case. It contains sections on what a case is, why cases are a standard part of courses in strategy, preparing a case for class discussion, doing a written case analysis, doing an oral presentation, and using financial ratio analysis to assess a company's financial condition. We suggest having students read this guide before the first class discussion of a case.

A number of cases have accompanying videos from various sources which are listed in Section 3 of the Instructor's Manual, in a separate Video Library within the Instructor's Resources, and in the Teaching Note for each case.





THE TWO STRATEGY SIMULATION SUPPLEMENTS: THE BUSINESS STRATEGY GAME AND GLO-BUS



The Business Strategy Game and *GLO-BUS: Developing Winning Competitive Strategies*—two competition-based strategy simulations that are delivered online and that feature automated processing and grading of performance—are being marketed by the publisher as companion supplements for use with the 2024 Release (and other texts in the field).

- *The Business Strategy Game* is the world's most popular strategy simulation, having been used by nearly 3,600 different instructors for courses involving over 1 million students at 1,375 university campuses in 77 countries. It features global competition in the athletic footwear industry, a product/market setting familiar to students everywhere and one whose managerial challenges are easily grasped. A freshly updated and much-enhanced version of *The Business Strategy Game* was introduced in August 2018.
- *GLO-BUS*, a newer and somewhat simpler strategy simulation first introduced in 2004 and freshly revamped in 2016 to center on competition in two exciting product categories—wearable miniature action cameras and unmanned camera-equipped drones suitable for multiple commercial purposes, has been used by 2,100 different instructors for courses involving nearly 450,000 students at 800+ university campuses in 53 countries. In 2023, this latest version of *GLO-BUS* was used in 1,230 classes for courses with enrollment of nearly 27,500 students on 240 campuses.

Arthur A. Thompson, a senior author of this text and the lead co-author of both *The Business Strategy Game* and *GLO-BUS*, designed both simulations to provide instructors with an appealing and proven means of:

- Getting class members personally engaged in thinking strategically and applying the chapter content.
- Giving students valuable practice in synthesizing a variety of functional and operating decisions into an overall strategy and competitive approach that produces good financial and strategic results in a globally competitive marketplace.

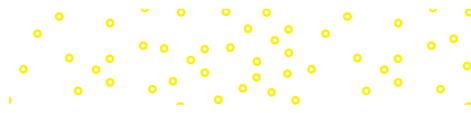
How the Strategy Simulations Work

In both *The Business Strategy Game (BSG)* and *GLO-BUS*, class members are divided into teams of one to five persons and assigned to run a company that competes head-to-head against companies run by other class members.

- In *BSG*, team members run athletic footwear companies that produce and market both branded and private-label footwear in a global market arena with four distinct geographic regions—Europe-Africa, North America, Asia-Pacific, and Latin America.
- In *GLO-BUS*, team members operate companies that design, assemble, and market professional quality action-capture video cameras and unmanned camera-equipped copter drones in a global market arena that also consists of four distinct geographic regions—Europe-Africa, North America, Asia-Pacific, and Latin America.

In both simulations, each management team is called upon to craft a strategy for their company and make decisions relating to production capacity, plant operations,





workforce compensation, pricing and marketing, social responsibility/citizenship, and finance.

Company co-managers are held accountable for their decision making. Each company's performance is scored on the basis of earnings per share, return-on-equity investment, stock price, credit rating, and image rating. Rankings of company performance, along with a wealth of industry and company statistics, are available to company co-managers after each decision round to use in making strategy adjustments and operating decisions for the next competitive round. You can be certain that the market environment, strategic issues, and operating challenges that company co-managers must contend with are *very tightly linked* to what your class members will be reading about in the text chapters. The circumstances that co-managers face in running their simulation company embrace the very concepts, analytical tools, and strategy options they encounter in the text chapters (this is something you can quickly confirm by skimming through some of the Exercises for Simulation Participants that appear at the end of each chapter).

We suggest that you schedule one or two practice rounds and anywhere from six to 10 regular (scored) decision rounds (more rounds are better than fewer rounds). Each decision round represents a year of company operations and will entail roughly two hours of time for company co-managers to complete. In traditional 13-week, semester-long courses, there is merit in scheduling one decision round per week. In courses that run five to 10 weeks, it is wise to schedule two decision rounds per week for the last several weeks of the term (sample course schedules are provided for courses of varying length and varying numbers of class meetings).

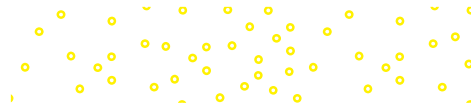
When the instructor-specified deadline for a decision round arrives, the simulation server automatically accesses the saved decision entries of each company, determines the competitiveness and buyer appeal of each company's product offering relative to the other companies being run by students in your class, and then awards sales and market shares to the competing companies, geographic region by geographic region. The unit sales volumes awarded to each company *are totally governed by*

- How its prices compare against the prices of rival brands.
- How its product quality compares against the quality of rival brands.
- How its product line breadth and selection compare.
- How its advertising effort compares.
- And so on, for each of the remaining competitive factors that determine unit sales and market shares.

The competitiveness and overall buyer appeal of each company's product offering *in comparison to the product offerings of rival companies* is all-decisive—this algorithmic feature is what makes *BSG* and *GLO-BUS* “competition-based” strategy simulations. Once each company's sales and market shares are awarded based on the competitiveness and buyer appeal of its respective overall product offering vis-à-vis those of rival companies, the various company and industry reports detailing the outcomes of the decision round are then generated. Company co-managers can access the results of the decision round 15 to 20 minutes after the decision deadline. Rest assured that both simulations were meticulously designed to be instructor-friendly. You'll be pleasantly surprised—and we think quite pleased—at how little time it takes to gear up for and to administer an automated online simulation like *The Business Strategy Game* or *GLO-BUS*.

Special Note: *Both simulations work especially well for online classes or in distance-learning situations where students are not on-campus. This is because team members*





running the same company who are logged-in simultaneously on different computers at different locations can easily have an online meeting by using two tremendously valuable built-in capabilities:

They can click a button to work collaboratively in viewing reports and making decision entries. When in “Collaboration Mode,” each team member sees the same screen at the same time as all other team members who are logged-in and have joined Collaboration Mode. If one team member chooses to view a particular decision screen, that same screen appears on the monitors for all team members engaged in collaboration. Each team member controls their own color-coded mouse pointer (with their first-name appearing in a color-coded box linked to their mouse pointer) and can make a decision entry or move the mouse to point to particular on-screen items.

They can click a second button to talk to one another (using the built-in real-time VOIP audio chat feature). Chat capability among team members working in Collaboration Mode enables team members to debate and discuss the merits of alternative decision entries and strategies. In effect, they can have an online meeting to conveniently and effectively collaborate in running their simulation company (as opposed to meeting face-to-face and gathering around a single computer).

Moreover, instructors have capability to use their own computers to join any company’s online meeting. They can not only talk online to the managers of a company but also utilize the Collaboration feature that enables all attendees to view the same screen. When in Collaboration Mode instructors have their own red-colored mouse pointer linked to a red box labeled Instructor. This instructor-friendly feature curtails having to schedule meetings with team members in your office should something arise that requires your participation.

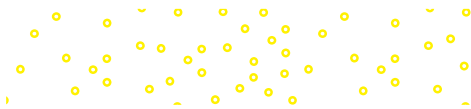
Even if you are teaching an in-person class rather than an online course, you will find that a big majority of class members will opt to take advantage of the built-in collaboration and voice chat features because the members of many company teams will like the convenience of having an online meeting to prepare their decision entries as opposed to having face-to-face meetings and gathering around a single computer either in the computer lab or at some other location of their choosing.

The Compelling Case for Incorporating Use of a Strategy Simulation

There are *three exceptionally important benefits* associated with using a competition-based simulation in strategy courses taken by seniors and MBA students:

- *A three-pronged text-case-simulation course model delivers significantly more teaching-learning power than the traditional text-case model.* Using both cases and a strategy simulation to drill students in thinking strategically and applying what they read in the text chapters is a stronger, more effective means of helping them connect theory with practice and develop better business judgment. What cases do that a simulation cannot is give class members broad exposure to a variety of companies and industry situations and insight into the kinds of strategy-related problems managers face. But what a competition-based strategy simulation does far better than case analysis is thrust class members squarely into *an active, hands-on managerial role* where they are totally responsible for assessing market conditions, determining how to respond to the actions of competitors, forging a long-term direction and strategy for their company, and making all kinds of operating decisions. Because they are held fully accountable for their decisions and their company’s performance,





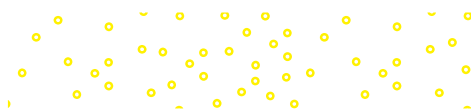
co-managers are strongly motivated to dig deeply into company operations, probe for ways to be more cost-efficient and competitive, and ferret out strategic moves and decisions calculated to boost company performance. Consequently, incorporating both case assignments and a strategy simulation to develop the skills of class members in thinking strategically and applying the concepts and tools of strategic analysis turns out to be more pedagogically powerful than relying solely on case assignments—there's stronger retention of the lessons learned and better achievement of course learning objectives.

To provide you with quantitative evidence of the learning that occurs with using *The Business Strategy Game* or *GLO-BUS*, there is a built-in Learning Assurance Report showing how well each class member performs on nine skills/learning measures versus tens of thousands of students worldwide who have completed the simulation in the past 12 months.

- *The competitive nature of a strategy simulation arouses positive energy and steps up the whole tempo of the course by a notch or two.* Nothing sparks class excitement quicker or better than the concerted efforts on the part of class members at each decision round to achieve a high industry ranking and avoid the perilous consequences of being outcompeted by other class members. Students really enjoy taking on the role of a manager, running their own company, crafting strategies, making all kinds of operating decisions, trying to outcompete rival companies, and getting immediate feedback on the resulting company performance. Lots of back-and-forth chatter occurs when the results of the latest simulation round become available and co-managers renew their quest for strategic moves and actions that will strengthen company performance. Co-managers become *emotionally invested* in running their company and figuring out what strategic moves to make to boost their company's performance. Interest levels climb. All this stimulates learning and causes students to see the practical relevance of the subject matter and the benefits of taking your course.

As soon as your students start to say, "Wow! Not only is this fun but I am learning a lot," *which they will*, you have won the battle of engaging students in the subject matter and moved the value of taking your course to a much higher plateau in the business school curriculum. This translates into *a livelier, richer learning experience from a student perspective and better instructor-course evaluations.*

- *Use of a fully automated online simulation reduces the time instructors spend on course preparation, course administration, and grading.* Since the simulation exercise involves a 20- to 30-hour workload for student teams (roughly two hours per decision round times 10 to 12 rounds, plus optional assignments), simulation adopters often compensate by trimming the number of assigned cases from, say, 10 to 12 to perhaps 4 to 6. This significantly reduces the time instructors spend reading cases, studying teaching notes, and otherwise getting ready to lead class discussion of a case or grade oral team presentations. Course preparation time is further cut because you can use several class days to have students bring their laptops to class or meet in a computer lab to work on upcoming decision rounds or a three-year strategic plan (in lieu of lecturing on a chapter or covering an additional assigned case). Not only does use of a simulation permit assigning fewer cases, but it also permits you to eliminate at least one assignment that entails considerable grading on your part. Grading one less written case or essay exam or other written assignment saves enormous time. With *BSG* and *GLO-BUS*, grading is effortless and takes only minutes; once you enter percentage weights for each assignment in



your online grade book, a suggested overall grade is calculated for you. You'll be pleasantly surprised—and quite pleased—at how little time it takes to gear up for and administer *The Business Strategy Game* or *GLO-BUS*.

In sum, incorporating use of a strategy simulation turns out to be *a win-win proposition for both students and instructors*. Moreover, a very convincing argument can be made that a competition-based strategy simulation is *the single most effective teaching/learning tool that instructors can employ to teach the discipline of business and competitive strategy, to make learning more enjoyable, and to promote better achievement of course learning objectives*.

A Bird's-Eye View of *The Business Strategy Game*

The setting for *The Business Strategy Game* (BSG) is the global athletic footwear industry (there can be little doubt in today's world that a globally competitive strategy simulation is *vastly superior* to a simulation with a domestic-only setting). Global market demand for footwear grows at the rate of seven to nine percent annually for the first five years and five to seven percent annually for the second five years. However, market growth rates vary by geographic region—North America, Latin America, Europe-Africa, and Asia-Pacific.

Companies begin the simulation producing branded and private-label footwear in two plants, one in North America and one in Asia. They have the option to establish production facilities in Latin America and Europe-Africa. Company co-managers exercise control over production costs on the basis of the styling and quality they opt to manufacture, plant location (wages and incentive compensation vary from region to region), the use of best practices and Six Sigma programs to reduce the production of defective footwear and to boost worker productivity, and compensation practices.

All newly produced footwear is shipped in bulk containers to one of four geographic distribution centers. All sales in a geographic region are made from footwear inventories in that region's distribution center. Costs at the four regional distribution centers are a function of inventory storage costs, packing and shipping fees, import tariffs paid on incoming pairs shipped from foreign plants, and exchange rate impacts. At the start of the simulation, import tariffs average \$4 per pair in North America, \$6 in Europe-Africa, \$8 per pair in Latin America, and \$10 in the Asia-Pacific region. Instructors have the option to alter tariffs as the game progresses.

Companies market their brand of athletic footwear to footwear retailers worldwide and to individuals buying online at the company's website. Each company's sales and market share in the branded footwear segments hinge on its competitiveness on 13 factors: attractive pricing, footwear styling and quality, product line breadth, advertising, use of mail-in rebates, appeal of celebrities endorsing a company's brand, success in convincing footwear retailers to carry its brand, number of weeks it takes to fill retailer orders, effectiveness of a company's online sales effort at its website, and brand reputation. Sales of private-label footwear hinge solely on being the low-price bidder.

All told, company co-managers make as many as 57 types of decisions each period that cut across production operations (up to 11 decisions per plant, with a maximum of four plants), the addition of facility space, equipment, and production improvement options (up to eight decisions per plant), worker compensation and training (up to six decisions per plant), shipping and distribution center operations (five decisions per geographic region), pricing and marketing (up to nine decisions in four geographic regions), bids to sign celebrities (two decision entries per bid), financing of company

operations (up to eight decisions), and corporate social responsibility and environmental sustainability (up to eight decisions). Plus, there are 10 entries for each region pertaining to assumptions about the upcoming-year actions and competitive efforts of rival companies that factor directly into the forecasts of a company's unit sales, revenues, and market share in each of the four geographic regions.

Each time company co-managers make a decision entry, an assortment of on-screen calculations instantly shows the projected effects on unit sales, revenues, market shares, unit costs, profit, earnings per share, ROE, and other operating statistics. The on-screen calculations help team members evaluate the relative merits of one decision entry versus another and put together a promising strategy.

Companies can employ any of the five generic competitive strategy options in selling branded footwear—low-cost leadership, differentiation, best-cost provider, focused low cost, and focused differentiation. They can pursue essentially the same strategy worldwide or craft slightly or very different strategies for the Europe-Africa, Asia-Pacific, Latin America, and North America markets. They can strive for competitive advantage based on more advertising, a wider selection of models, more appealing styling/quality, bigger rebates, and so on.

Any well-conceived, well-executed competitive approach is capable of succeeding, provided it is not overpowered by the strategies of competitors or defeated by the presence of too many copycat strategies that dilute its effectiveness. The challenge for each company's management team is to craft and execute a competitive strategy that produces good performance on five measures: earnings per share, return on equity investment, stock price appreciation, credit rating, and brand image.

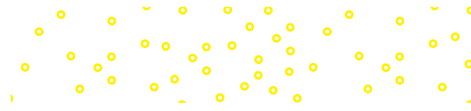
All activity for *The Business Strategy Game* takes place at www.bsg-online.com.

A Bird's-Eye View of GLO-BUS

In *GLO-BUS*, class members run companies that are in a neck-and-neck race for global market leadership in two product categories: (1) wearable video cameras smaller than a teacup that deliver stunning video quality and have powerful photo capture capabilities (comparable to those designed and marketed by global industry leader GoPro and numerous others) and (2) sophisticated camera-equipped copter drones that incorporate a company designed and assembled action-capture camera and that are sold to commercial enterprises for prices in the \$850 to 2,000+ range. Global market demand for action cameras grows at the rate of six to eight percent annually for the first five years and four to six percent annually for the second five years. Global market demand for commercial drones grows briskly at rates averaging 18 percent for the first two years, then gradually slows over eight years to a rate of four to six percent.

Companies assemble action cameras and drones of varying designs and performance capabilities at a Taiwan facility and ship finished goods directly to buyers in North America, Asia-Pacific, Europe-Africa, and Latin America. Both products are assembled usually within two weeks of being received and are then shipped to buyers no later than two to three days after assembly. Companies maintain no finished goods inventories and all parts and components are delivered by suppliers on a just-in-time basis (which eliminates the need to track inventories and simplifies the accounting for plant operations and costs).

Company co-managers determine the quality and performance features of the cameras and drones being assembled. They impact production costs by raising/lowering specifications for parts/components and expenditures for product R&D, adjusting work force compensation, spending more/less on worker training and productivity



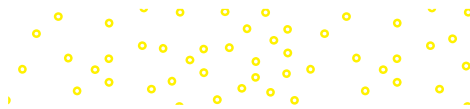
improvement, lengthening/shortening warranties offered (which affects warranty costs), and how cost-efficiently they manage assembly operations. They have options to manage/control selling and certain other costs as well.

In each decision round, company co-managers make some 50 types of decisions relating to the design and performance of the company's two products (21 decisions, 10 for cameras and 11 for drones), assembly operations and workforce compensation (up to eight decision entries for each product), pricing and marketing (seven decisions for cameras and five for drones), corporate social responsibility and citizenship (up to six decisions), and the financing of company operations (up to eight decisions). In addition, there are 10 entries for cameras and seven entries for drones involving assumptions about the competitive actions of rivals; these entries help company co-managers to make more accurate forecasts of their company's unit sales (so they have a good idea of how many cameras and drones will need to be assembled each year to fill customer orders). Each time co-managers make a decision entry, an assortment of on-screen calculations instantly shows the projected effects on unit sales, revenues, market shares, total profit, earnings per share, ROE, costs, and other operating outcomes. All of these on-screen calculations help co-managers evaluate the relative merits of one decision entry versus another. Company managers can try out as many different decision combinations as they wish in stitching the separate decision entries into a cohesive whole that is projected to produce good company performance.

Competition in action cameras revolves around 11 factors that determine each company's unit sales/market share:

1. How each company's average wholesale price to retailers compares against the all-company average wholesale prices being charged in each geographic region.
2. How each company's camera performance and quality compares against industry-wide camera performance/quality.
3. How the number of week-long sales promotion campaigns a company has in each region compares against the regional average number of weekly promotions.
4. How the size of each company's discounts off the regular wholesale prices during sales promotion campaigns compares against the regional average promotional discount.
5. How each company's annual advertising expenditures compare against regional average advertising expenditures.
6. How the number of models in each company's camera line compares against the industry-wide average number of models.
7. The number of retailers stocking and merchandising a company's brand in each region.
8. Annual expenditures to support the merchandising efforts of retailers stocking a company's brand in each region.
9. The amount by which a company's expenditures for ongoing improvement and updating of its company's website in a region is above/below the all-company regional average expenditure.
10. How the length of each company's camera warranties compare against the warranty periods of rival companies.
11. How well a company's brand image/reputation compares against the brand images/reputations of rival companies.





Competition among rival makers of commercial copter drones is more narrowly focused on just nine sales-determining factors:

1. How a company's average retail price for drones at the company's website in each region compares against the all-company regional average website price.
2. How each company's drone performance and quality compares against the all-company average drone performance/quality.
3. How the number of models in each company's drone line compares against the industry-wide average number of models.
4. How each company's annual expenditures to recruit/support third-party online electronics retailers in merchandising its brand of drones in each region compares against the regional average.
5. The amount by which a company's price discount to third-party online retailers is above/below the regional average discounted price.
6. How well a company's expenditures for search engine advertising in a region compares against the regional average.
7. How well a company's expenditures for ongoing improvement and updating of its website in a region compares against the regional average.
8. How the length of each company's drone warranties in a region compares against the regional average warranty period.
9. How well a company's brand image/reputation compares against the brand images/reputations of rival companies.

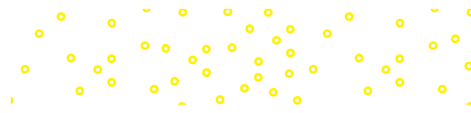
Each company typically seeks to enhance its performance and build competitive advantage via its own custom-tailored competitive strategy based on more attractive pricing, greater advertising, a wider selection of models, more appealing performance/quality, longer warranties, a better image/reputation, and so on. The greater the differences in the overall competitiveness of the product offerings of rival companies, the bigger the differences in their resulting sales volumes and market shares. Conversely, the smaller the overall competitive differences in the product offerings of rival companies, the smaller the differences in sales volumes and market shares. This algorithmic approach is what makes *GLO-BUS* a “competition-based” strategy simulation and accounts for why *the sales and market share outcomes for each decision round are always unique to the particular strategies and decision combinations employed by the competing companies*.

As with *BSG*, all the various generic competitive strategy options—low-cost leadership, differentiation, best-cost provider, focused low-cost, and focused differentiation—are viable choices for pursuing competitive advantage and good company performance. A company can have a strategy aimed at being the clear market leader in either action cameras or drones or both. It can focus its competitive efforts on one or two or three geographic regions or strive to build strong market positions in all four geographic regions. It can pursue essentially the same strategy worldwide or craft customized strategies for the Europe-Africa, Asia-Pacific, Latin America, and North America markets. Just as with *The Business Strategy Game*, most any well-conceived, well-executed competitive approach is capable of succeeding, provided it is not overpowered by the strategies of competitors or defeated by the presence of too many copycat strategies that dilute its effectiveness.

The challenge for each company's management team is to craft and execute a competitive strategy that produces good performance on five measures: earnings per share, return on equity investment, stock price appreciation, credit rating, and brand image.

All activity for *GLO-BUS* occurs at www.glo-bus.com.





Special Note: The time required of company co-managers to complete each decision round in *GLO-BUS* is typically about 15 to 30 minutes less than for *The Business Strategy Game* because

1. there are only 8 market segments (vs. 12 in *BSG*),
2. co-managers have only one assembly site to operate (vs. potentially as many as four plants in *BSG*, one in each geographic region), and
3. newly assembled cameras and drones are shipped directly to buyers, eliminating the need to manage finished goods inventories and operate distribution centers.

Administration and Operating Features of the Two Simulations

The Internet delivery and user-friendly designs of both *BSG* and *GLO-BUS* make them incredibly easy to administer, even for first-time users. And the menus and controls are so similar that you can readily switch between the two simulations or use one in your undergraduate class and the other in a graduate class. If you have not yet used either of the two simulations, you may find the following of particular interest:

- *Each simulation has a 15-minute video tour that introduces students to the simulation, takes them through the website, and helps them to a successful start. For instructors, there are two 15-minute video tours that introduce each of the simulation websites—one of the student site and one of the instructor site; these will help you in previewing what the simulation involves for students and the many features and options available to instructors in conducting the simulation and monitoring the results.*
- *Instructors who are considering use of either simulation can attend any of the 30 or so author-conducted webinars/demos scheduled throughout each year—these run 60 to 75 minutes, allow ample time for Q&A, and provide essentially all of the “training” you need. Our Instructor Support team is always readily available to assist you throughout the term, should you have questions or need assistance of any kind.*
- *In the course of running their company (making decision entries and viewing reports), class members have one-click access to two- to five-minute video tutorials for each decision screen and each page of each report.*

In addition, they have one-click access to “Help” sections containing detailed explanations of (a) the information on each decision entry screen and all relevant cause-effect relationships, (b) the information on each page of the Industry Reports, and (c) the numbers presented in the Company Reports. The Help pages for each decision entry screen also contain tips and suggestions for making wise decision entries. The video tutorials and full-blown Help page discussions allow company co-managers to figure things out for themselves, thereby relieving instructors of having to answer questions about “how things work.”

- *It is quick and easy to set up either simulation for your course. Setting up the simulation for your course is done online and takes about 30 minutes the first time you do it and about 15 to 20 minutes thereafter. There is on-screen guidance for each step of the straightforward/easy-to-understand Course Setup Procedure. Should you encounter any issues or have questions, you can easily call Tech Support for hands-on assistance in completing the Course Setup procedure, getting answers to questions, or resolving any problems you are having.*

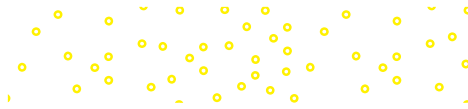


- *Sample course outlines for integrating BSG or GLO-BUS into your strategy course are provided for semester-long courses, 10-week or quarter-long courses, and 5-week courses; each course outline consists of suggested activities and assignments for each and every class meeting. These provide useful guidance on incorporating use of the simulation and preparing a syllabus in your course.*
- *There's also a three-page, author-prepared document titled "Instructor Best Practices for Successfully Using the Simulation" written especially for first-time users. Plus there is a 37-page Instructor's Manual that provides comprehensive explanations and guidance, and the author team for the two simulations is always available via e-mail or telephone to provide whatever assistance you need.*
- *An online Instructor Center serves as your hub for conducting all administrative activities and monitoring the results of the company decisions. The Instructor Center is the screen you are sent to when you enter your user name and password to log in. Every function and feature that you need for using the simulation in your course is on the Instructor Center page or accessible from it. Online grade books provide you with scores indicating each company's and each participant's performance on each phase of the simulation. Once you enter percentage weights to put on each performance measure, overall scores are automatically calculated (which you can scale or not as you see fit). No other administrative actions on your part are required beyond that of moving participants to a different team (should the need arise), keeping tabs on the outcomes of the decision rounds and how well the companies are doing (to whatever extent desired), and using the automatically calculated numerical averages in the online grade book to determine the overall grades to assign class members on the entire simulation exercise.*
- *Both participants and instructors conduct all activities online (at www.bsg-online.com for The Business Strategy Game and at www.glo-bus.com for GLO-BUS). All materials are delivered digitally to class members and instructors.*

Students gain full access to everything needed during the course of the simulation, including the Participant's Guide, immediately upon registering—students can read the Participant's Guide and other accompanying content on their monitors or make print outs, as they prefer.

Likewise, instructors gain full access to all menus and materials on the website immediately upon creating an Instructor Account at the website home page.

- *As indicated earlier, both simulations offer integrated text chat, audio chat, and collaboration features for team members (students) who are logged on simultaneously to facilitate online team meetings and collaboration among company co-managers.*
- *The audio and collaboration features make the simulations highly suitable for use in distance-learning or online courses (and are currently being used in many such courses).*
- *The date/time deadlines for each decision round and other related assignments are set and totally controlled by the instructor (and can be changed at any time for any reason). Decision rounds can be scheduled once per week, twice per week, daily, or even twice daily, depending on how you want to conduct the exercise.*
- *The management teams for each company can range from one to five co-managers, and the number of companies competing head-to-head in a single market group or "industry" can range from 4 to 12. If you have a large class and need more than 12 companies, the Course Setup procedure makes it simple to create two or more*

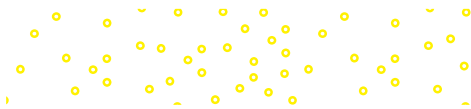


industries for your class. In a small class, there can be no fewer than four company teams—two-person teams will work just fine. (For classes with fewer than eight students, please call us at 205-722-9149 or e-mail instructor support to discuss how best to proceed.)

The decision entries that co-managers make are saved directly to the simulation server when a student-user clicks the Save button. When a decision round deadline passes, the decision entries of all companies are then “processed” automatically. Complete results are available to company co-managers and the instructor 15–20 minutes after the decision deadline. Participants and instructors are immediately notified via e-mail as soon as the decision outcomes are ready.

- Company co-managers learn the details of “what happened” in a seven-page Industry Report, a Competitive Intelligence report for each geographic region, and a set of Company Reports (consisting of assorted sales, cost, and operating statistics and a set of financial statements—income statement, balance sheet, and cash flow statement).
- A “scoreboard of company performance” incorporates two performance measures: (1) how well each company meets “investor expectations” on earnings per share, return on shareholders’ equity (ROE), stock price appreciation, credit rating, and image rating and (2) how well each company stacks up against the “best-in-industry performer” on each of these same five measures.
- You have the option to assign two “open-book” multiple-choice tests of 20 questions. Quiz 1 covers the contents of the Participant’s Guide. Quiz 2 measures understanding of key aspects of company operations and student command of ways to improve company performance. The self-scoring quizzes are taken online by each student individually, with scores reported instantaneously to participants and recorded in your online grade book. *Requiring completion of both quizzes is very highly recommended.*
- There is a built-in three-year strategic plan feature that entails having each company’s management team (1) articulate a strategic vision for their company (in a few sentences), (2) set performance targets for EPS, ROE, stock price appreciation, credit rating, and image rating for each of the next three years, (3) state the competitive strategy the company will pursue, (4) cite data showing that the chosen strategy either is currently on track or requires further managerial actions, and (5) develop a projected income statement for each of the next three years based upon expected unit sales, revenues, costs, and profits. *Each company’s strategic plan is automatically graded on a scale of 1 to 100, with points being earned for meeting or beating the performance targets that were established. The scores are recorded in your online grade book. Assigning completion of three-year strategic plans is entirely optional—you can have company managers complete no plan, one plan, or two plans.*
- At the conclusion of the simulation, you can choose to have each company management team prepare a slide presentation reviewing their company’s performance and strategy. A Company Presentation link in each co-manager’s Corporate Lobby provides explicit slide-by-slide suggestions of what to cover in a presentation to either the class, the instructor, or an “outside” board of directors.
- There is a comprehensive 12-question peer evaluation form that co-managers can complete midway through the exercise and/or at the end of the exercise to help you gauge the caliber of effort each co-manager has put into the exercise. *Peer evaluations*





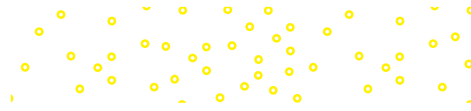
are automatically scored on a scale of 1 to 100, and the scores are recorded in your online grade book.

- *There is an Activity Log that provides an informative summary of each co-manager's use of various parts of the website—the frequency and length of log-ons, how many times decision entries were saved to the server each decision round, and how many times each set of reports was viewed each decision round. The combined information from the peer evaluations and the Activity Log provide good evidence about whether a co-manager was a strong or weak contributor.*
- *An end-of-simulation Learning Assurance Report (LAR) provides you with solid empirical data concerning how well your students performed versus students playing the simulation at all schools/campuses worldwide over the past 12 months. The report measures nine areas of student proficiency, business know-how, and decision-making skill, and provides potent benchmark evidence valid for gauging the extent to which your school's academic curriculum is delivering the desired degree of student learning as concerns accreditation standards. The LAR is useful in two very important respects.*
 - *It provides you with a clear overview of how well your students rank relative to students at other schools worldwide who have gone through this same competition-based simulation exercise over the past 12 months.*
 - *Because the report provides highly credible evidence regarding the caliber of business proficiency and decision-making prowess of your students, it can be used to help assess whether your school's academic curriculum in business is providing students with the desired degree of business understanding and decision-making acumen.*

Professors, department chairs, and deans at many business schools worldwide are engaged in developing ongoing evidence of whether their academic programs meet the Assurance of Learning Standards now being applied by the Association to Advance Collegiate Schools of Business (AACSB); a prime goal of this Learning Assurance Report is to contribute significantly to this effort.

- *There is a weekly ranking of the best-performing companies worldwide posted on the homepage—all co-managers and instructors whose companies appear in the rankings are automatically notified by e-mail. You can browse through the latest rankings by clicking on the Global Top Performers icon on the left-center of the homepage.*
- *At the conclusion of the simulation, the co-managers of the overall best-performing company in your class are automatically e-mailed an "Industry Champion" certificate suitable for framing. This certificate serves to document an award or achievement that each co-manager of a champion company can put on their résumé.*
- *The co-managers of each industry-winning company playing the two simulations across the world are invited to participate in the "Best Strategy Invitational." The BSIs for GLO-BUS and The Business Strategy Game are held three times each year—in late April/early May, in August, and in late November/early December. Those teams that accept the invitation to participate are divided into industries of 11 to 12 companies and compete for a period of 10 decision rounds for "Global Industry Championships." All participants who complete the competition receive frameable certificates, and the industry winners get a "Grand Champion" certificate. Receipt of these certificates also merits a line on a student's résumé.*





For more details on either simulation, please consult Section 2 of the Instructor's Manual accompanying this text or register as an instructor at the simulation websites (www.bsg-online.com and www.glo-bus.com) to obtain immediate access to all aspects of the simulations, including video tours of the websites, participant guides, and instructor guides. You should also consider signing up for one of the webinars that the simulation authors conduct several times each month (sometimes several times weekly) to demonstrate how the software works, walk you through the various features and menu options, and answer any questions.

Comprehensive support, question-answering, and problem-solving is provided to all adopters of the two simulations by the simulation author teams—just use the Instructor Support button on the bottom left of the Instructor Center screen to send an e-mail or call us at 205-722-9149. If there are multiple instructors at your school who teach the course, we will be happy to set up a special webinar for you and your colleagues, give you a guided tour of the website, and answer whatever questions you may have about how one of the simulations might work in one of your courses. We think you'll be quite impressed with the cutting-edge capabilities that have been programmed into *The Business Strategy Game* and *GLO-BUS*, the simplicity with which both simulations can be administered, and their exceptionally tight connection to the text chapters, core concepts, and standard analytical tools.

RESOURCES AND SUPPORT MATERIALS FOR THE 2024 RELEASE

For Students

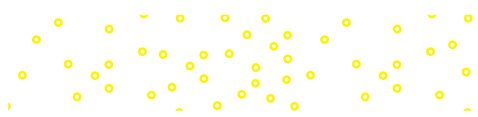
Key Points Summaries At the end of each chapter is a synopsis of the core concepts, analytical tools, and other key points discussed in the chapter. These chapter-end synopses, along with the core concept definitions and margin notes scattered throughout each chapter, help students focus on basic strategy principles, digest the messages of each chapter, and prepare for tests.

Two Sets of Chapter-End Exercises Each chapter concludes with two sets of exercises. The *Assurance of Learning Exercises* can be used as the basis for class discussion, oral presentation assignment, short written reports, and substitutes for case assignments. The *Exercises for Simulation Participants* are designed expressly for use in class which incorporate the use of a simulation. The questions in both sets of exercises (along with the Illustration Capsules that qualify as “mini-cases”) can be used as catalysts for experiential learning and to promote student-to-student and student-to-faculty engagement.

Connect™ The 2024 Release takes full advantage of Connect™, a personalized teaching and learning tool. The Connect™ package for this edition includes several robust and valuable features that simplify the task of assigning and grading:

- Autograded chapter quizzes consisting of 20 multiple-choice questions that students can take to measure their grasp of the material presented in each of the 12 chapters.




- 
- A variety of interactive exercises for the 12 chapters that drill students in the use and application of the concepts and tools of strategic analysis.
 - Whiteboard Videos: These brief, contemporary, and engaging videos offer dynamic, student-centered introductions, illustrations, and animations that guide students through challenging concepts with assignable assessment questions.
 - A variety of cases, found in most chapters, provide an opportunity for students to delve further into the topical content and read about real-life products and companies. Accompanied by assignable, thought-provoking questions that check students' ability to apply the course material to these scenarios, these case analyses help students foster their critical thinking abilities and develop their workplace-readiness skills.
 - Interactive versions of Assurance of Learning Exercises for each chapter that drill students in the use and application of the concepts and tools of strategic analysis. There is both an auto-graded and open-ended short-answer interactive exercise for each of the 12 chapters.
 - Exercises for Simulation Participants require students to apply concepts presented in all 12 chapters to business simulation participation in both auto-graded and open-ended assignment questions.

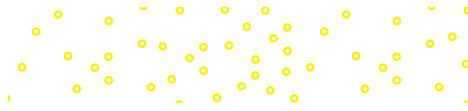
The Connect package also includes fully auto-graded interactive application exercises for each of the 27 cases in this edition. The exercises require students to work through tutorials based upon the analysis set forth in the assignment questions for the case; these exercises have multiple components such as resource and capability analysis, financial ratio analysis, identification of a company's strategy, or analysis of the five competitive forces. The content of these case exercises is tailored to match the circumstances presented in each case, calling upon students to do whatever strategic thinking and strategic analysis is called for to arrive at pragmatic, analysis-based action recommendations for improving company performance.

All of the Connect exercises are automatically graded (with the exception of a few exercise components that entail student entry of essay answers), thereby simplifying the task of evaluating each class member's performance and monitoring the learning outcomes. The progress-tracking function built into the Connect system enables you to:

- View scored work immediately and track individual or group performance with assignment and grade reports.
- Access an instant view of student or class performance relative to learning objectives.
- Collect data and generate reports required by many accreditation organizations, such as AACSB International.

SmartBook® SmartBook is the first and only adaptive reading experience designed to change the way students read and learn. It creates a personalized reading experience by highlighting the most impactful concepts a student needs to learn at that moment in time. As a student engages with SmartBook, the reading experience continuously adapts by highlighting content based on what the student knows and doesn't know. This ensures that the focus is on the content he or she needs to learn, while simultaneously promoting long-term retention of material. Use SmartBook's real-time reports to quickly identify the concepts that require more attention from individual students or the entire class. The end result? Students are more engaged with course content, can better prioritize their time, and come to class ready to participate.





FOR INSTRUCTORS

Connect Instructor Resources

Connect's Instructor Resources include an Instructor's Manual, Test Bank, PowerPoint slides, Case Support, and other materials. Contact your local representative to discuss pairing your Learning Management Systems with these valuable resources.

Instructor's Manual

The accompanying IM contains:

- A section on instructor resources, chapter features, and an overview of the cases.
- A section on using a strategy simulation in your course, what is involved, the compelling benefits, and how to proceed. Using one of the two companion simulations is a powerful and constructive way of emotionally connecting students to the subject matter of the course. The author team knows of no more effective way to arouse the competitive energy of students and prepare them for the challenges of real-world business decision making than to have them match strategic wits with classmates in running a company in head-to-head competition for global market leadership.
- A section on organizing your course, deciding what the workload should be, and settling on specific assignments.
- Sample syllabi and course outlines.
- A set of lecture notes on each chapter.
- Answers to the chapter-end Assurance of Learning Exercises.
- A comprehensive case teaching note for each of the 27 cases. These teaching notes are filled with suggestions for using the case effectively, have very thorough, analysis-based answers to the suggested assignment questions for the case, links to videos that accompany the case, and contain an epilogue detailing any important developments since the case was written.

A Comprehensive Test Bank and Test Builder Software

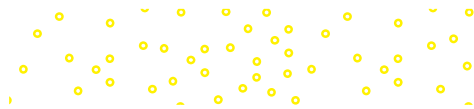
There is a 600+ question Test Bank, consisting of both multiple-choice questions and short-answer/essay questions. All of the Test Bank questions are also accessible via Test Builder.

Available within Connect, Test Builder is a cloud-based tool that enables instructors to format tests that can be printed or administered within an LMS. Test Builder offers a modern, streamlined interface for easy content configuration that matches course needs, without requiring a download.

Test Builder allows you to:

- Access all Test Bank content from this title.
- Easily pinpoint the most relevant content through robust filtering options.
- Manipulate the order of questions or scramble questions and/or answers.
- Pin questions to a specific location within a test.





- Determine your preferred treatment of algorithmic questions.
- Choose the layout and spacing.
- Add instructions and configure default settings.

Test Builder provides a secure interface for better protection of content and allows for just-in-time updates to flow directly into assessments.

PowerPoint Slides

To facilitate delivery preparation of your lectures and to serve as chapter outlines, you'll have access to approximately 350 colorful and professional-looking slides displaying core concepts, analytical procedures, key points, and all the figures in the text chapters.

The Business Strategy Game and *GLO-BUS* Online Simulations

Using one of the two companion simulations is a powerful and constructive way of emotionally connecting students to the subject matter of the course. We know of no more effective way to arouse the competitive energy of students and prepare them for the challenges of real-world business decision making than to have them match strategic wits with classmates in running a company in head-to-head competition for global market leadership.

OLC-Aligned Courses

Implementing High-Quality Instruction and Assessment through Preconfigured Courseware

In consultation with the Online Learning Consortium (OLC) and our certified Faculty Consultants, McGraw Hill has created pre-configured courseware using OLC's quality scorecard to align with best practices in online course delivery. This turnkey courseware contains a combination of formative assessments, summative assessments, homework, and application activities, and can easily be customized to meet an individual instructor's needs and desired course outcomes. For more information, visit <https://www.mheducation.com/highered/olc>.

Remote Proctoring & Browser-Locking Capabilities

Remote proctoring and browser-locking capabilities, hosted by Proctorio within Connect, provide control of the assessment environment by enabling security options and verifying the identity of the student.

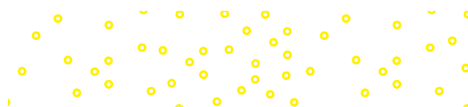
Seamlessly integrated within Connect, these services allow instructors to control the assessment experience by verifying identification, restricting browser activity, and monitoring student actions.

Instant and detailed reporting gives instructors an at-a-glance view of potential academic integrity concerns, thereby avoiding personal bias and supporting evidence-based claims.

Reflecting the Diverse World Around Us

McGraw Hill believes in unlocking the potential of every learner at every stage of life. To accomplish that, we are dedicated to creating products that reflect, and are accessible





to, all the diverse, global customers we serve. Within McGraw Hill, we foster a culture of belonging, and we work with partners who share our commitment to equity, inclusion, and diversity in all forms. In McGraw Hill Higher Education, this includes, but is not limited to, the following:

- Refreshing and implementing inclusive content guidelines around topics including generalizations and stereotypes, gender, abilities/disabilities, race/ethnicity, sexual orientation, diversity of names, and age.
- Enhancing best practices in assessment creation to eliminate cultural, cognitive, and affective bias.
- Maintaining and continually updating a robust photo library of diverse images that reflect our student populations.
- Including more diverse voices in the development and review of our content.
- Strengthening art guidelines to improve accessibility by ensuring meaningful text and images are distinguishable and perceivable by users with limited color vision and moderately low vision.

Create

Your Book, Your Way McGraw Hill's Content Collections Powered by Create[®] is a self-service website that enables instructors to create custom course materials—print and eBooks—by drawing upon McGraw Hill's comprehensive, cross-disciplinary content. Choose what you want from our high-quality textbooks, articles, and cases. Combine it with your own content quickly and easily, and tap into other rights-secured, third-party content such as readings, cases, and articles. Content can be arranged in a way that makes the most sense for your course, and you can include the course name and information as well. Choose the best format for your course: color print, black-and-white print, or eBook. The eBook can be included in your Connect course and is available on the free ReadAnywhere[®] app for smartphone or tablet access as well. When you are finished customizing, you will receive a free digital copy to review in just minutes! Visit McGraw Hill Create[®]—www.mcgrawhillcreate.com—today and begin building!

ACKNOWLEDGMENTS

We heartily acknowledge the contributions of the case researchers whose case-writing efforts appear herein and the companies whose cooperation made the cases possible. To each one goes a very special thank-you. We cannot overstate the importance of timely, carefully researched cases in contributing to a substantive study of strategic management issues and practices.

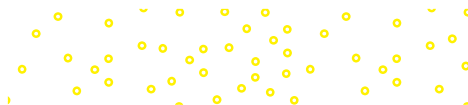
A great number of colleagues and students at various universities, business acquaintances, and people at McGraw Hill provided inspiration, encouragement, and counsel during the course of this project. Like all text authors in the strategy field, we are



intellectually indebted to the many academics whose research and writing have blazed new trails and advanced the discipline of strategic management. In addition, we'd like to thank the following reviewers who provided seasoned advice and splendid suggestions over the years for improving the chapters:

Ivan Able, Guclu Atinc, John Bade, Robert B. Baden, Joan H. Bailar, Dennis R. Balch, Steve Barndt, Nick Bartkoski, S. A. Billion, David Blair, James Boulgarides, Tuck Bounds, Jane Boyland, F. William Brown, Jeffrey R. Bruehl, Lee Burk, William E. Burr II, Edith C. Busija, Charles Byles, Dennis Callahan, Ralph Catalanello, Anthony F. Chelte, Kurt Christensen, Wendy Walters Cook, William Crittenden, Seyda Deligonul, Edward Desmarais, Gregory G. Dess, Betty Diener, William J. Donohar, Stephen A. Drew, Donald A. Drost, Jo Anne Duffy, Alan B. Eisner, Alan Ellstrand, Roger Evered, Samira Fallah, David Flanagan, Susan Fox-Wolfgramm, Louis W. Fry, Esmeralda Garbi, Gerald L. Geisler, John George, J. Michael Geringer, Jim Goes, George J. Gore, Rebecca M. Guidice, Mohsin Habib, Stephen F. Hallam, Randall Harris, James K. Hazy, W. Harvey Hegarty, Kim Hester, Mark Hoelscher, Phyllis Holland, Carle M. Hunt, R. Duane Ireland, Neil W. Jacobs, Sean D. Jasso, Daniel F. Jennings, Jon Kalinowski, Joy Karriker, Elko Klijn, Rose Knots, James W. Kroeger, David Kuhn, Sal Kukalis, Brian W. Kulik, James L. Latham, Nancy E. Landrum, R. Thomas Lenz, Ming-Fang Li, Xin Liang, James Liddle, Vince Luchsinger, Paul Mallette, Richard Mann, Dan Marlin, Kathryn Martell, Theresa Marron-Grotsky, Sarah Marsh, Joshua D. Martin, Anthony U. Martinez, Brenda McAleer, Jeffrey E. McGee, Stan Mendenhall, C. W. Millard, Elouise Mintz, Raza Mir, John Moore, William L. Moore, Mansour Moussavi, Wilbur Mouton, Will Mulvaney, Donald Neubaum, Joseph V. Palazzolo, John Park, Yung-hwal Park, Lynne Patten, Lee Pickler, Judith D. Powell, George M. Puia, Sabine Reddy, Sandra Richard, Ralph Roberts, Joseph Rosenstein, Charles B. Saunders, Wendell Seaborne, V. Seshan, Amit Shah, Claude I. Shell, Lois M. Shelton, Corinna Slaff, Marc Sollosy, William R. Soukup, James D. Spina, Richard Stackman, Charles Strain, Rhae M. Swisher, Stephen Tallman, James B. Thurman, Thomas Turk, Sabine Turnley, Gerardo R. Ungson, Bobby Vaught, S. Stephen Vitucci, Gordon Von Stroh, Rodney M. Walter, Andrew Ward, Mark Weber, Michael C. White, Diana J. Wong, D. Robley Wood, Sibin Wu, Fred Zimmerman, Monica A. Zimmerman

In preparing this edition, we owe a debt of gratitude to Professors Catherine A. Maritan, Jeffrey A. Martin, Richard S. Shreve, and Anant K. Sundaram for their helpful comments on various chapters. We'd also like to thank the following students of the Tuck School of Business for their assistance with the revisions: Alen A. Ameni, Dipti Badrinath, Stephanie K. Berger, Courtney D. Bragg, Katie Coster, Jacob Crandall, Robin Daley, Kathleen T. Durante, Shawnda Lee Duvigneaud, Isaac E. Freeman, Vedrana B. Greator, Brittany J. Hattingh, Sadè M. Lawrence, Heather Levy, Margaret W. Macauley, Ken Martin, Brian R. McKenzie, Mathew O'Sullivan, Sara Paccamonti, Byron Peyster, Jeremy Reich, Carry S. Resor, Edward J. Silberman, David Washer, and Lindsey Wilcox. And we'd like to acknowledge the help of Dartmouth students Avantika Agarwal, Charles K. Anumonwo, Maria Hart, Meaghan I. Haugh, Artie Santry, as well as Tuck staff member Doreen Aher.



As always, we value your recommendations and thoughts about the book. Your comments regarding coverage and contents will be taken to heart, and we always are grateful for the time you take to call our attention to printing errors, deficiencies, and other shortcomings. Please e-mail us at athompso1940@gmail.com, margaret.a.peteraf@tuck.dartmouth.edu, john.gamble@tamucc.edu, or astrickl@cba.ua.edu.

Arthur A. Thompson

Margaret A. Peteraf

John E. Gamble

A. J. Strickland



The Business Strategy Game or GLO-BUS Simulation Exercises

The Business Strategy Game

Decision Entries - Year 11

Video Tutorial | Help | Log Out | Log In

Decision Entries - Year 11

- Foodservice Industry Report
- Competitive Intelligence Reports
- Company Operating Reports
- Help
- Options & Data Export
- Close Program

Projected Year 11 Performance

Item	Year 11	Year 10
Earnings Per Share	\$2.12	\$2.01
Return On Equity	17.2%	16.1%
Credit Rating	BB	BB
Wage Rating	65	75

Close Markets

Item	Year 11	Year 10
Net Revenue	\$25,852	\$24,176
Net Profit	\$2,227	\$1,816
Earning Cash Flow	\$17,488	\$17,244

Alerts & Chat Center

Decision Entries - Year 11

Wholesale Marketing of Branded Footwear

Video Tutorial | Help | Log Out | Log In

Decision Entries - Year 11

- Foodservice Industry Report
- Competitive Intelligence Reports
- Company Operating Reports
- Help
- Options & Data Export
- Close Program

Projected Year 11 Performance

Item	Year 11	Year 10
Earnings Per Share	\$2.12	\$2.01
Return On Equity	17.2%	16.1%
Credit Rating	BB	BB
Wage Rating	65	75

Close Markets

Item	Year 11	Year 10
Net Revenue	\$25,852	\$24,176
Net Profit	\$2,227	\$1,816
Earning Cash Flow	\$17,488	\$17,244

Alerts & Chat Center

Decision Entries - Year 11

Wholesale Marketing of Branded Footwear

Video Tutorial | Help | Log Out | Log In

Decision Entries - Year 11

- Foodservice Industry Report
- Competitive Intelligence Reports
- Company Operating Reports
- Help
- Options & Data Export
- Close Program

Projected Year 11 Performance

Item	Year 11	Year 10
Earnings Per Share	\$2.12	\$2.01
Return On Equity	17.2%	16.1%
Credit Rating	BB	BB
Wage Rating	65	75

Close Markets

Item	Year 11	Year 10
Net Revenue	\$25,852	\$24,176
Net Profit	\$2,227	\$1,816
Earning Cash Flow	\$17,488	\$17,244

Alerts & Chat Center

GLO-BUS

Decision Entries - Year 6

Video Tutorial | Help | Log Out | Log In

Decision Entries - Year 6

- Competitive Intelligence Reports
- Company Operating Reports
- Help
- Options & Data Export
- Close Program

Projected Year 6 Performance

Item	Year 6	Year 5
Earnings Per Share	19.7	18.2
Return On Equity	16.6%	15.9%
Credit Rating	BB	BB
Wage Rating	75	75

Close Markets

Item	Year 6	Year 5
Net Revenue	\$17,870	\$17,870
Net Profit	\$1,870	\$1,870

Alerts & Chat Center

Decision Entries - Year 6

Marketing Decisions

Video Tutorial | Help | Log Out | Log In

Decision Entries - Year 6

- Competitive Intelligence Reports
- Company Operating Reports
- Help
- Options & Data Export
- Close Program

Projected Year 6 Performance

Item	Year 6	Year 5
Earnings Per Share	19.7	18.2
Return On Equity	16.6%	15.9%
Credit Rating	BB	BB
Wage Rating	75	75

Close Markets

Item	Year 6	Year 5
Net Revenue	\$17,870	\$17,870
Net Profit	\$1,870	\$1,870

Alerts & Chat Center

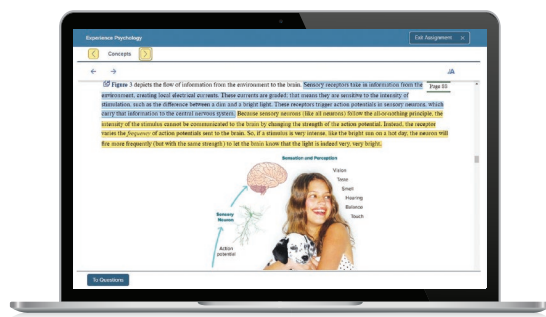
The Business Strategy Game or GLO-BUS Simulation Exercises

Either one of these text supplements involves teams of students managing companies in a head-to-head contest for global market leadership. Company co-managers have to make decisions relating to product quality, production, workforce compensation and training, pricing and marketing, and financing of company operations. The challenge is to craft and execute a strategy that is powerful enough to deliver good financial performance despite the competitive efforts of rival companies. Each company competes in North America, Latin America, Europe-Africa, and Asia-Pacific. *Fanatic Studio/Getty Images*

A complete course platform

Connect enables you to build deeper connections with your students through cohesive digital content and tools, creating engaging learning experiences. We are committed to providing you with the right resources and tools to support all your students along their personal learning journeys.

65%
Less Time
Grading



Laptop: Getty Images; Woman/dog: George Doyle/Getty Images

Every learner is unique

In Connect, instructors can assign an adaptive reading experience with SmartBook[®] 2.0. Rooted in advanced learning science principles, SmartBook[®] 2.0 delivers each student a personalized experience, focusing students on their learning gaps, ensuring that the time they spend studying is time well spent. mheducation.com/highered/connect/smartbook

Study anytime, anywhere

Encourage your students to download the free ReadAnywhere[®] app so they can access their online eBook, SmartBook[®] 2.0, or Adaptive Learning Assignments when it's convenient, even when they're offline. And since the app automatically syncs with their Connect account, all of their work is available every time they open it. Find out more at mheducation.com/readanywhere

"I really liked this app—it made it easy to study when you don't have your textbook in front of you."

Jordan Cunningham, a student at Eastern Washington University

Effective tools for efficient studying

Connect is designed to help students be more productive with simple, flexible, intuitive tools that maximize study time and meet students' individual learning needs. Get learning that works for everyone with Connect.



Education for all

McGraw Hill works directly with Accessibility Services departments and faculty to meet the learning needs of all students. Please contact your Accessibility Services Office, and ask them to email accessibility@mheducation.com, or visit mheducation.com/about/accessibility for more information.

Affordable solutions, added value

Make technology work for you with LMS integration for single sign-on access, mobile access to the digital textbook, and reports to quickly show you how each of your students is doing. And with our Inclusive Access program, you can provide all these tools at the lowest available market price to your students. Ask your McGraw Hill representative for more information.

Solutions for your challenges

A product isn't a solution. Real solutions are affordable, reliable, and come with training and ongoing support when you need it and how you want it. Visit supportateverystep.com for videos and resources both you and your students can use throughout the term.



Updated and relevant content

Our new Evergreen delivery model provides the most current and relevant content for your course, hassle-free. Content, tools, and technology updates are delivered directly to your existing McGraw Hill Connect® course. Engage students and freshen up assignments with up-to-date coverage of select topics and assessments, all without having to switch editions or build a new course.



Brief Contents

PART 1 Concepts and Techniques for Crafting and Executing Strategy

- 1** What Is Strategy and Why Is It Important? 2
- 2** Charting a Company's Direction 20
- 3** Evaluating a Company's External Environment 49
- 4** Evaluating a Company's Resources, Capabilities, and Competitiveness 88
- 5** The Five Generic Competitive Strategies 125
- 6** Strengthening a Company's Competitive Position 154
- 7** Strategies for Competing in International Markets 185
- 8** Corporate Strategy 220
- 9** Ethics, Corporate Social Responsibility, Environmental Sustainability, and Strategy 264
- 10** Building an Organization Capable of Good Strategy Execution 294
- 11** Managing Internal Operations 326
- 12** Corporate Culture and Leadership 348

PART 2 Cases in Crafting and Executing Strategy

- 1** SpaceX: Its Vision, Business Model, and Achievements in Space Exploration C2
- 2** Airbnb in 2023 C8
- 3** Costco Wholesale in 2023: Mission, Business Model, and Strategy C15
- 4** Twitter/X Corp. in 2023: The Elon Musk Era Begins C43
- 5** Competition in the Energy Drink Market in 2023 C51
- 6** Netflix's 2023 Strategy for Battling Rivals in the Global Market for Streamed Video Subscribers C57
- 7** Chewy, Inc.: Are Changes to Its Business Model and Strategy Necessary? C81
- 8** FIFA in 2023: It's Strategy to Lead the Worldwide Football Industry C88
- 9** Beyond Meat in 2023: Will a Major Shift in Its Operating Model Save It from Possible Bankruptcy? C99
- 10** McPherson Cellars in 2023: Setting the Stage for Texas Wine C121
- 11** Peloton Interactive, Inc.: The Road Ahead C133
- 12** Electronic Arts: It's Strategy in the Video Game Industry C143

- 
- 13** Under Armour in 2023: What Should the New CEO Do to Boost the Company's Performance? C151
 - 14** lululemon athletica in 2023: Full Speed Ahead? C178
 - 15** Tesla's Strategy in 2023: Can It Deliver Sustained Revenue Growth and Profitability? C202
 - 16** Nikola Corporation—Can the Company Achieve Advantage in the Heavy-Duty Electric Truck Industry? C234
 - 17** Microsoft's Strategic Alliance with OpenAI, Inc.: Will the Partnership Create a First-Mover Advantage? C243
 - 18** Deere & Company in 2023—Its Innovation Strategy in Agricultural Robotics and Artificial Intelligence C250
 - 19** Pollo Campero, the Taste of Latin America: Can It Capture the US? C262
 - 20** LVMH in 2023: Its Diversification into Luxury Goods C273
 - 21** PepsiCo's Diversification Strategy in 2023 C282
 - 22** Robin Hood C293
 - 23** Starbucks in 2023: Is the Company Attractively Positioned for the Road Ahead? C295
 - 24** Nucor Corporation in 2023: Pursuing Efforts to Grow Sales and Market Share Despite Tough Market Conditions C326
 - 25** Vail Resorts, Inc. in 2023 C363
 - 26** Meta Platforms, Inc. in 2023: Will the Company's Name Change Resolve Ethical Issues at Facebook and Instagram? C375
 - 27** Nestlé in 2023: Reducing Plastic Waste? C387

Guide to Case Analysis CA-1

INDEXES

Company I-1

Name I-13

Subject I-23

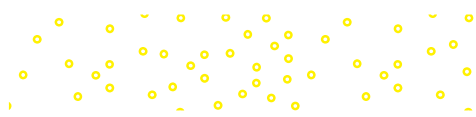




Table of Contents

PART 1 Concepts and Techniques for Crafting and Executing Strategy 1

1 What Is Strategy and Why Is It Important? 2

WHAT DO WE MEAN BY STRATEGY? 4

Strategy Is about Competing Differently 4

Strategy and the Quest for Competitive Advantage 5

Why a Company's Strategy Evolves over Time 9

A Company's Strategy Is Partly Proactive and Partly Reactive 9

Strategy and Ethics: Passing the Test of Moral Scrutiny 10

A COMPANY'S STRATEGY AND ITS BUSINESS MODEL 11

WHAT MAKES A STRATEGY A WINNER? 13

WHY CRAFTING AND EXECUTING STRATEGY ARE IMPORTANT TASKS 15

Good Strategy + Good Strategy Execution = Good
Management 16

THE ROAD AHEAD 16

ILLUSTRATION CAPSULES

1.1 Amazon's Strategy: Achieving Advantage by Competing Differently 7

1.2 Turo, Zipcar, and Enterprise Rent-A-Car: Three Contrasting Business Models 14

2 Charting a Company's Direction 20

WHAT DOES THE STRATEGY-MAKING, STRATEGY- EXECUTING PROCESS ENTAIL? 22

STAGE 1: DEVELOPING A STRATEGIC VISION, MISSION STATEMENT, AND SET OF CORE VALUES 24

Developing a Strategic Vision 24

Communicating the Strategic Vision 27

Expressing the Essence of the Vision in a Slogan 27

Why a Sound, Well-Communicated Strategic Vision Matters 27

Developing a Company Mission Statement 28

Linking the Vision and Mission with Company Values 29

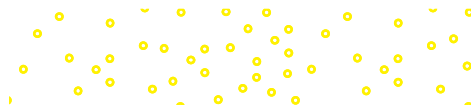
STAGE 2: SETTING OBJECTIVES 30

Setting Stretch Objectives 30

What Kinds of Objectives to Set 32

The Need for a Balanced Approach to Objective Setting 32

Setting Objectives for Every Organizational Level 34

**STAGE 3: CRAFTING A STRATEGY 35**

- Strategy Making Involves Managers at All Organizational Levels 35
- A Company's Strategy-Making Hierarchy 37
- Uniting the Strategy-Making Hierarchy 39
- A Strategic Vision + Mission + Objectives + Strategy = A Strategic Plan 39

STAGE 4: EXECUTING THE STRATEGY 40**STAGE 5: EVALUATING PERFORMANCE AND
INITIATING CORRECTIVE ADJUSTMENTS 41****CORPORATE GOVERNANCE: THE ROLE OF THE BOARD OF DIRECTORS
IN THE STRATEGY-CRAFTING, STRATEGY-EXECUTING PROCESS 42****ILLUSTRATION CAPSULES**

- 2.1 Examples of Strategic Visions—How Well Do They Measure Up? 26
- 2.2 IKEA's Vision, Mission, and Core Values 31
- 2.3 Examples of Company Objectives 33
- 2.4 Corporate Governance Failures at Volkswagen 44

3 Evaluating a Company's External Environment 49**ASSESSING THE COMPANY'S INDUSTRY AND
COMPETITIVE ENVIRONMENT 51****ANALYZING THE COMPANY'S MACRO-ENVIRONMENT 52****ASSESSING THE COMPANY'S INDUSTRY AND
COMPETITIVE ENVIRONMENT 56**

- The Five Forces Framework 56
 - Competitive Pressures Created by the Rivalry among Competing Sellers 56
 - The Choice of Competitive Weapons 60
 - Competitive Pressures Associated with the Threat of New Entrants 60
 - Whether Entry Barriers Are High or Low 61
 - The Expected Reaction of Industry Members in Defending against New Entry 62
 - Competitive Pressures from the Sellers of Substitute Products 63
 - Competitive Pressures Stemming from Supplier Bargaining Power 66
 - Competitive Pressures Stemming from Buyer Bargaining Power and Price Sensitivity 68
 - Whether Buyers Are More or Less Price-Sensitive 70
 - Is the Collective Strength of the Five Competitive Forces Conducive to Good Profitability? 71
 - Matching Company Strategy to Competitive Conditions 72

COMPLEMENTORS AND THE VALUE NET 72**INDUSTRY DYNAMICS AND THE FORCES DRIVING CHANGE 73**

- Identifying the Forces Driving Industry Change 74
- Assessing the Impact of the Forces Driving Industry Change 77
- Adjusting the Strategy to Prepare for the Impacts of Driving Forces 77

STRATEGIC GROUP ANALYSIS 77

- Using Strategic Group Maps to Assess the Market Positions of Key Competitors 77
- The Value of Strategic Group Maps 78



COMPETITOR ANALYSIS AND THE SOAR FRAMEWORK 80

- Current Strategy 81
- Objectives 81
- Resources and Capabilities 81
- Assumptions 82

KEY SUCCESS FACTORS 82**THE INDUSTRY OUTLOOK FOR PROFITABILITY 83****ILLUSTRATION CAPSULES**

- 3.1 Macro-Environmental Changes Resulting from the COVID-19 Pandemic 55
- 3.2 Comparative Market Positions of Selected Food Delivery Services: A Strategic Group Map Example 79

4 Evaluating a Company's Resources, Capabilities, and Competitiveness 88**QUESTION 1: HOW WELL IS THE COMPANY'S PRESENT STRATEGY WORKING? 90****QUESTION 2: WHAT ARE THE COMPANY'S STRENGTHS AND WEAKNESSES IN RELATION TO THE MARKET OPPORTUNITIES AND EXTERNAL THREATS? 93**

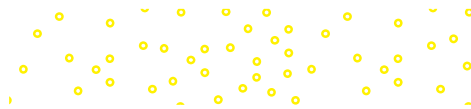
- Identifying a Company's Internal Strengths 94
- Identifying Company Internal Weaknesses 95
- Identifying a Company's Market Opportunities 95
- Identifying External Threats 95
- What Do the SWOT Listings Reveal? 97

QUESTION 3: WHAT ARE THE COMPANY'S MOST IMPORTANT RESOURCES AND CAPABILITIES, AND WILL THEY GIVE THE COMPANY A LASTING COMPETITIVE ADVANTAGE? 98

- Identifying the Company's Resources and Capabilities 98
 - Types of Company Resources 99
 - Identifying Organizational Capabilities 100
- Assessing the Competitive Power of a Company's Resources and Capabilities 101
 - The Four Tests of a Resource's Competitive Power 101
 - A Company's Resources and Capabilities Must Be Managed Dynamically 103
 - The Role of Dynamic Capabilities 103

QUESTION 4: HOW DO VALUE CHAIN ACTIVITIES IMPACT A COMPANY'S COST STRUCTURE AND CUSTOMER VALUE PROPOSITION? 104

- The Concept of a Company Value Chain 105
 - Comparing the Value Chains of Rival Companies 105
 - A Company's Primary and Secondary Activities Identify the Major Components of Its Internal Cost Structure 107
- The Value Chain System for an Entire Industry 108
- Benchmarking: A Tool for Assessing the Costs and Effectiveness of Value Chain Activities 109
- Strategic Options for Remedying a Cost or Value Disadvantage 112
 - Improving Internally Performed Value Chain Activities 112



Improving Supplier-Related Value Chain Activities	113
Improving Value Chain Activities of Forward Channel Allies	113
Translating Proficient Performance of Value Chain Activities into Competitive Advantage	114
How Value Chain Activities Relate to Resources and Capabilities	114

QUESTION 5: IS THE COMPANY COMPETITIVELY STRONGER OR WEAKER THAN KEY RIVALS? 115

Strategic Implications of Competitive Strength Assessments	117
--	-----

QUESTION 6: WHAT STRATEGIC ISSUES AND PROBLEMS MERIT FRONT-BURNER MANAGERIAL ATTENTION? 118

ILLUSTRATION CAPSULES

4.1 The Value Chain for Everlane, Inc.	107
4.2 Benchmarking in the Solar Industry	110
4.3 Benchmarking and Ethical Conduct	111

5 The Five Generic Competitive Strategies 125

TYPES OF GENERIC COMPETITIVE STRATEGIES 127

BROAD LOW-COST STRATEGIES 128

The Two Major Avenues for Achieving a Cost Advantage	128
Cost-Efficient Management of Value Chain Activities	128
Revamping of the Value Chain System to Lower Costs	131
Examples of Companies That Revamped Their Value Chains to Reduce Costs	131
The Keys to a Successful Broad Low-Cost Strategy	133
When a Low-Cost Strategy Works Best	133
Pitfalls to Avoid in Pursuing a Low-Cost Strategy	134

BROAD DIFFERENTIATION STRATEGIES 135

Managing the Value Chain in Ways That Enhance Differentiation	135
Revamping the Value Chain System to Increase Differentiation	137
Delivering Superior Value via a Broad Differentiation Strategy	138
When a Differentiation Strategy Works Best	139
Pitfalls to Avoid in Pursuing a Differentiation Strategy	140

FOCUSED (OR MARKET NICHE) STRATEGIES 141

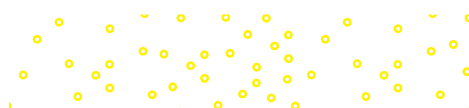
A Focused Low-Cost Strategy	141
A Focused Differentiation Strategy	143
When a Focused Low-Cost or Focused Differentiation Strategy Is Attractive	143
The Risks of a Focused Low-Cost or Focused Differentiation Strategy	145

BEST-COST (HYBRID) STRATEGIES 145

When a Best-Cost Strategy Works Best	146
The Risk of a Best-Cost Strategy	148

THE CONTRASTING FEATURES OF THE GENERIC COMPETITIVE STRATEGIES 148

Successful Generic Strategies Are Resource-Based	148
Generic Strategies and the Three Different Approaches to Competitive Advantage	150



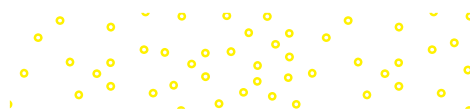


ILLUSTRATION CAPSULES

- 5.1 Vanguard's Path to Becoming the Low-Cost Leader in Investment Management 132
- 5.2 Clínicas del Azúcar's Focused Low-Cost Strategy 142
- 5.3 Canada Goose's Focused Differentiation Strategy 144
- 5.4 Trader Joe's Focused Best-Cost Strategy 147

6 Strengthening a Company's Competitive Position 154

LAUNCHING STRATEGIC OFFENSIVES TO IMPROVE A COMPANY'S MARKET POSITION 156

- Choosing the Basis for Competitive Attack 156
- Choosing Which Rivals to Attack 158
- Blue-Ocean Strategy—a Special Kind of Offensive 158

DEFENSIVE STRATEGIES—PROTECTING MARKET POSITION AND COMPETITIVE ADVANTAGE 159

- Blocking the Avenues Open to Challengers 160
- Signaling Challengers That Retaliation Is Likely 161

TIMING A COMPANY'S STRATEGIC MOVES 161

- The Potential for First-Mover Advantages 161
- The Potential for Late-Mover Advantages or First-Mover Disadvantages 163
- To Be a First Mover or Not 163

STRENGTHENING A COMPANY'S MARKET POSITION VIA ITS SCOPE OF OPERATIONS 165

HORIZONTAL MERGER AND ACQUISITION STRATEGIES 166

- Why Mergers and Acquisitions Sometimes Fail to Produce Anticipated Results 169

VERTICAL INTEGRATION STRATEGIES 169

- The Advantages of a Vertical Integration Strategy 170
 - Integrating Backward to Achieve Greater Competitiveness 170
 - Integrating Forward to Enhance Competitiveness 171
- The Disadvantages of a Vertical Integration Strategy 172
- Weighing the Pros and Cons of Vertical Integration 173

OUTSOURCING STRATEGIES: NARROWING THE SCOPE OF OPERATIONS 173

- The Risk of Outsourcing Value Chain Activities 176

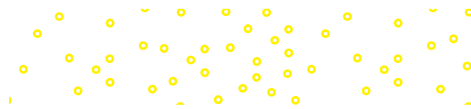
STRATEGIC ALLIANCES AND PARTNERSHIPS 176

- Capturing the Benefits of Strategic Alliances 178
- The Drawbacks of Strategic Alliances and Their Relative Advantages 179
- How to Make Strategic Alliances Work 180

ILLUSTRATION CAPSULES

- 6.1 Etsy's Blue Ocean Strategy in Online Retailing of Handmade Crafts 160
- 6.2 Tinder Swipes Right for First-Mover Success 164





6.3	Walmart's Expansion into E-Commerce via Horizontal Acquisition	168
6.4	Tesla's Vertical Integration Strategy	174

7 Strategies for Competing in International Markets 185

WHY COMPANIES DECIDE TO ENTER FOREIGN MARKETS 187

WHY COMPETING ACROSS NATIONAL BORDERS MAKES STRATEGY MAKING MORE COMPLEX 188

Home-Country Industry Advantages and the Diamond Model	188
Demand Conditions	188
Factor Conditions	189
Related and Supporting Industries	190
Firm Strategy, Structure, and Rivalry	190
Opportunities for Location-Based Advantages	190
The Impact of Government Policies and Economic Conditions in Host Countries	191
The Risks of Adverse Exchange Rate Shifts	192
Cross-Country Differences in Demographic, Cultural, and Market Conditions	194

STRATEGIC OPTIONS FOR ENTERING INTERNATIONAL MARKETS 195

Export Strategies	195
Licensing Strategies	196
Franchising Strategies	196
Foreign Subsidiary Strategies	197
Alliance and Joint Venture Strategies	198
The Risks of Strategic Alliances with Foreign Partners	199

INTERNATIONAL STRATEGY: THE THREE MAIN APPROACHES 200

Multidomestic Strategies—A “Think-Local, Act-Local” Approach	201
Global Strategies—A “Think-Global, Act-Global” Approach	202
Transnational Strategies—A “Think-Global, Act-Local” Approach	203

INTERNATIONAL OPERATIONS AND THE QUEST FOR COMPETITIVE ADVANTAGE 206

Using Location to Build Competitive Advantage	206
When to Concentrate Activities in a Few Locations	206
When to Disperse Activities across Many Locations	207
Sharing and Transferring Resources and Capabilities across Borders to Build Competitive Advantage	207
Benefiting from Cross-Border Coordination	209

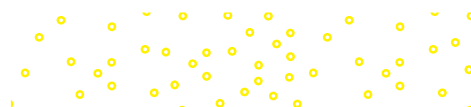
CROSS-BORDER STRATEGIC MOVES 209

Waging a Strategic Offensive	209
Defending against International Rivals	210

STRATEGIES FOR COMPETING IN THE MARKETS OF DEVELOPING COUNTRIES 211

Strategy Options for Competing in Developing-Country Markets	211
--	-----

DEFENDING AGAINST GLOBAL GIANTS: STRATEGIES FOR LOCAL COMPANIES IN DEVELOPING COUNTRIES 213



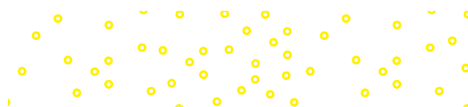


ILLUSTRATION CAPSULES

- 7.1 Walgreens Boots Alliance, Inc.: Entering Foreign Markets via Alliance Followed by Merger 199
- 7.2 Four Seasons Hotels: Local Character, Global Service 205
- 7.3 WeChat's Strategy for Defending against International Social Media Giants in China 215

8 Corporate Strategy 220

WHAT DOES CRAFTING A DIVERSIFICATION STRATEGY ENTAIL? 222

WHEN TO CONSIDER DIVERSIFYING 222

BUILDING SHAREHOLDER VALUE: THE ULTIMATE JUSTIFICATION FOR DIVERSIFYING 223

APPROACHES TO DIVERSIFYING THE BUSINESS LINEUP 224

- Diversifying by Acquisition of an Existing Business 224
- Entering a New Line of Business through Internal Development 225
- Using Joint Ventures to Achieve Diversification 225
- Choosing a Mode of Entry 226
 - The Question of Critical Resources and Capabilities 226
 - The Question of Entry Barriers 226
 - The Question of Speed 226
 - The Question of Comparative Cost 227

CHOOSING THE DIVERSIFICATION PATH: RELATED VERSUS UNRELATED BUSINESSES 227

DIVERSIFICATION INTO RELATED BUSINESSES 227

- Identifying Cross-Business Strategic Fit along the Value Chain 230
 - Strategic Fit in Supply Chain Activities 232
 - Strategic Fit in R&D and Technology Activities 232
 - Manufacturing-Related Strategic Fit 232
 - Strategic Fit in Sales and Marketing Activities 232
 - Distribution-Related Strategic Fit 233
 - Strategic Fit in Customer Service Activities 233
- Strategic Fit, Economies of Scope, and Competitive Advantage 233
 - From Strategic Fit to Competitive Advantage, Added Profitability, and Gains in Shareholder Value 234

DIVERSIFICATION INTO UNRELATED BUSINESSES 236

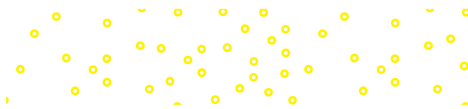
- Building Shareholder Value via Unrelated Diversification 236
 - The Benefits of Astute Corporate Parenting 238
 - Judicious Cross-Business Allocation of Financial Resources 239
 - Acquiring and Restructuring Undervalued Companies 239
- The Path to Greater Shareholder Value through Unrelated Diversification 240
- The Drawbacks of Unrelated Diversification 240
 - Demanding Managerial Requirements 240
 - Limited Competitive Advantage Potential 241
- Misguided Reasons for Pursuing Unrelated Diversification 242

COMBINATION RELATED–UNRELATED DIVERSIFICATION STRATEGIES 242

EVALUATING THE STRATEGY OF A DIVERSIFIED COMPANY 243

- Step 1: Evaluating Industry Attractiveness 244





Calculating Industry-Attractiveness Scores	244
Interpreting the Industry-Attractiveness Scores	246
Step 2: Evaluating Business Unit Competitive Strength	246
Calculating Competitive-Strength Scores for Each Business Unit	246
Interpreting the Competitive-Strength Scores	247
Using a Nine-Cell Matrix to Simultaneously Portray Industry Attractiveness and Competitive Strength	247
Step 3: Determining the Competitive Value of Strategic Fit in Diversified Companies	250
Step 4: Checking for Good Resource Fit	250
Financial Resource Fit	251
Nonfinancial Resource Fit	253
Step 5: Ranking Business Units and Assigning a Priority for Resource Allocation	254
Allocating Financial Resources	254
Step 6: Crafting New Strategic Moves to Improve Overall Corporate Performance	255
Sticking Closely with the Present Business Lineup	255
Broadening a Diversified Company's Business Base	255
Retrenching to a Narrower Diversification Base	257
Restructuring a Diversified Company's Business Lineup	258

ILLUSTRATION CAPSULES

8.1 Examples of Companies Pursuing a Related Diversification Strategy	231
8.2 The Kraft–Heinz Merger: Managerial Missteps in Capturing Cross-Business Strategic Fit	235
8.3 Examples of Companies Pursuing an Unrelated Diversification Strategy	237
8.4 Restructuring Strategically at VF Corporation	259

9 Ethics, Corporate Social Responsibility, Environmental Sustainability, and Strategy 264

WHAT DO WE MEAN BY *BUSINESS ETHICS*? 266

WHERE DO ETHICAL STANDARDS COME FROM—ARE THEY UNIVERSAL OR DEPENDENT ON LOCAL NORMS? 266

The School of Ethical Universalism	266
The School of Ethical Relativism	267
The Use of Underage Labor	267
The Payment of Bribes and Kickbacks	268
Why Ethical Relativism Is Problematic for Multinational Companies	269
Ethics and Integrative Social Contracts Theory	269

HOW AND WHY ETHICAL STANDARDS IMPACT THE TASKS OF CRAFTING AND EXECUTING STRATEGY 270

DRIVERS OF UNETHICAL BUSINESS STRATEGIES AND BEHAVIOR 271

Faulty Oversight, Enabling the Unscrupulous Pursuit of Personal Gain and Self-Interest	271
Heavy Pressures on Company Managers to Meet Short-Term Performance Targets	273
A Company Culture That Puts Profitability and Business Performance Ahead of Ethical Behavior	274

WHY SHOULD COMPANY STRATEGIES BE ETHICAL? 275

The Moral Case for an Ethical Strategy	275
--	-----



The Business Case for Ethical Strategies 275

STRATEGY, CORPORATE SOCIAL RESPONSIBILITY, AND ENVIRONMENTAL SUSTAINABILITY 277

The Concepts of Corporate Social Responsibility
and Good Corporate Citizenship 278

Corporate Social Responsibility and the Triple Bottom Line 280

What Do We Mean by *Sustainability* and
Sustainable Business Practices? 283

Crafting Corporate Social Responsibility and
Sustainability Strategies 285

The Moral Case for Corporate Social Responsibility and
Environmentally Sustainable Business Practices 287

The Business Case for Corporate Social Responsibility and
Environmentally Sustainable Business Practices 288

ILLUSTRATION CAPSULES

9.1 Ethical Violations and Their Consequences at Cryptocurrency Exchange FTX 272

9.2 How PepsiCo Put Its Ethical Principles into Practice 277

9.3 Warby Parker: Combining Corporate Social Responsibility
with Affordable Fashion 281

9.4 Unilever's Focus on Environmental Sustainability 286

10 Building an Organization Capable of Good Strategy Execution 294

A FRAMEWORK FOR EXECUTING STRATEGY 296

The Principal Components of the Strategy Execution Process 296

What's Covered in Chapters 10, 11, and 12 297

BUILDING AN ORGANIZATION CAPABLE OF GOOD STRATEGY EXECUTION: THREE KEY ACTIONS 298

STAFFING THE ORGANIZATION 300

Putting Together a Strong Management Team 300

Recruiting, Training, and Retaining Capable Employees 301

DEVELOPING AND BUILDING CRITICAL RESOURCES AND ORGANIZATIONAL CAPABILITIES 304

Three Approaches to Building and Strengthening
Organizational Capabilities 305

Developing Organizational Capabilities Internally 305

Acquiring Capabilities through Mergers and Acquisitions 306

Accessing Capabilities through Collaborative Partnerships 307

The Strategic Role of Employee Training 308

Strategy Execution Capabilities and Competitive Advantage 308

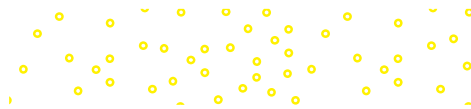
MATCHING ORGANIZATIONAL STRUCTURE TO THE STRATEGY 309

Deciding Which Value Chain Activities to
Perform Internally and Which to Outsource 310

Aligning the Firm's Organizational Structure with Its Strategy 312

Making Strategy-Critical Activities the Main Building Blocks of the Organizational Structure 313

Matching Type of Organizational Structure to Strategy Execution Requirements 313



Determining How Much Authority to Delegate	316
Centralized Decision Making: Pros and Cons	317
Decentralized Decision Making: Pros and Cons	318
Capturing Cross-Business Strategic Fit in a Decentralized Structure	319
Providing for Internal Cross-Unit Coordination	319
Facilitating Collaboration with External Partners and Strategic Allies	321
Further Perspectives on Structuring the Work Effort	322

ILLUSTRATION CAPSULES

10.1 Diversity and Inclusion at the Top Levels of Management	302
10.2 Management Development at Deloitte Touche Tohmatsu Limited	303
10.3 Zara's Strategy Execution Capabilities	309
10.4 Which Value Chain Activities Does Apple Outsource and Why?	311

11 Managing Internal Operations 326

ALLOCATING RESOURCES TO THE STRATEGY EXECUTION EFFORT 328

INSTITUTING POLICIES AND PROCEDURES THAT FACILITATE STRATEGY EXECUTION 329

EMPLOYING BUSINESS PROCESS MANAGEMENT TOOLS 331

Promoting Operating Excellence: Three Powerful Business Process Management Tools	331
Business Process Reengineering	331
Total Quality Management Programs	332
Six Sigma Quality Control Programs	333
The Difference between Business Process Reengineering and Continuous-Improvement Programs Like Six Sigma and TQM	334
Capturing the Benefits of Initiatives to Improve Operations	336

INSTALLING INFORMATION AND OPERATING SYSTEMS 337

Instituting Adequate Information Systems, Performance Tracking, and Controls	338
Monitoring Employee Performance	339

USING REWARDS AND INCENTIVES TO PROMOTE BETTER STRATEGY EXECUTION 339

Incentives and Motivational Practices That Facilitate Good Strategy Execution	340
Striking the Right Balance between Rewards and Punishment	341
Linking Rewards to Achieving the Right Outcomes	343
Additional Guidelines for Designing Incentive Compensation Systems	344

ILLUSTRATION CAPSULES

11.1 Charleston Area Medical Center's Six Sigma Program	335
11.2 How Wegmans Rewards and Motivates Its Employees	342

12 Corporate Culture and Leadership 348

INSTILLING A CORPORATE CULTURE CONDUCIVE TO GOOD STRATEGY EXECUTION 350



Identifying the Key Features of a Company's Corporate Culture	351
The Role of Core Values and Ethics	351
Embedding Behavioral Norms in the Organization and Perpetuating the Culture	352
The Role of Stories	353
Forces That Cause a Company's Culture to Evolve	353
The Presence of Company Subcultures	354
Strong versus Weak Cultures	354
Strong-Culture Companies	354
Weak-Culture Companies	355
Why Corporate Cultures Matter to the Strategy Execution Process	356
Healthy Cultures That Aid Good Strategy Execution	357
High-Performance Cultures	357
Adaptive Cultures	358
Unhealthy Cultures That Impede Good Strategy Execution	359
Change-Resistant Cultures	360
Politicized Cultures	360
Insular, Inwardly Focused Cultures	360
Unethical and Greed-Driven Cultures	361
Incompatible, Clashing Subcultures	361
Changing a Problem Culture	361
Making a Compelling Case for Culture Change	362
Substantive Culture-Changing Actions	363
Symbolic Culture-Changing Actions	364
How Long Does It Take to Change a Problem Culture?	364
LEADING THE STRATEGY EXECUTION PROCESS	366
Staying on Top of How Well Things Are Going	366
Mobilizing the Effort for Excellence in Strategy Execution	367
Leading the Process of Making Corrective Adjustments	368
A FINAL WORD ON LEADING THE PROCESS OF CRAFTING AND EXECUTING STRATEGY	369
ILLUSTRATION CAPSULES	
12.1 PUMA's High-Performance Culture	358
12.2 Driving Cultural Change at Goldman Sachs	365

PART 2 Cases in Crafting and Executing Strategy

1 SpaceX: Its Vision, Business Model, and Achievements in Space Exploration C2

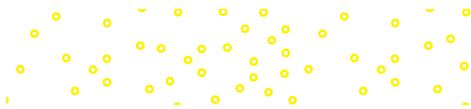
John E. Gamble, Texas A&M University–Corpus Christi

2 Airbnb in 2023 C8

John E. Gamble, Texas A&M University–Corpus Christi
John D. Varlaro, Johnson & Wales University

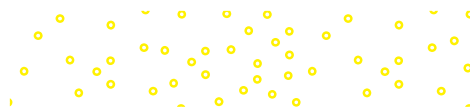
3 Costco Wholesale in 2023: Mission, Business Model, and Strategy C15

©Arthur A. Thompson Jr., The University of Alabama



- 4 Twitter/X Corp. in 2023: The Elon Musk Era Begins C43**
David L. Turnipseed, University of South Alabama
John E. Gamble, Texas A&M University–Corpus Christi
- 5 Competition in the Energy Drink Market in 2023 C51**
John E. Gamble, Texas A&M University–Corpus Christi
Diana R. Garza, Our Lady of the Lake University
- 6 Netflix’s 2023 Strategy for Battling Rivals in the Global Market for Streamed Video Subscribers C57**
Arthur A. Thompson, The University of Alabama
- 7 Chewy, Inc.: Are Changes to Its Business Model and Strategy Necessary? C81**
Marlene M. Reed, Baylor University
Rochelle R. Brunson, Baylor University
- 8 FIFA in 2023: It’s Strategy to Lead the Worldwide Football Industry C88**
Diana R. Garza, Our Lady of the Lake University
Dianna Carmenaty, Park University
- 9 Beyond Meat in 2023: Will a Major Shift in Its Operating Model Save It from Possible Bankruptcy? C99**
Arthur A. Thompson, The University of Alabama
- 10 McPherson Cellars in 2023: Setting the Stage for Texas Wine C121**
Kristen Rinck, University of Houston, Doctoral Candidate
Armand Gilinsky, Jr. Sonoma State University
- 11 Peloton Interactive, Inc.: The Road Ahead C133**
Sabine E. Turnley, Kansas State University
William H. Turnley, Kansas State University
- 12 Electronic Arts: It’s Strategy in the Video Game Industry C143**
Diana R. Garza, Our Lady of the Lake University
- 13 Under Armour in 2023: What Should the New CEO Do to Boost the Company’s Performance? C151**
Arthur A. Thompson, The University of Alabama
- 14 lululemon athletica in 2023: Full Speed Ahead? C178**
Arthur A. Thompson, The University of Alabama
Randall D. Harris, Texas A&M University–Corpus Christi
- 15 Tesla’s Strategy in 2023: Can It Deliver Sustained Revenue Growth and Profitability? C202**
Arthur A. Thompson, The University of Alabama
- 16 Nikola Corporation—Can the Company Achieve Advantage in the Heavy-Duty Electric Truck Industry? C234**
John E. Gamble, Texas A&M University–Corpus Christi
Alen Badal, Author and Researcher,





- 17 Microsoft's Strategic Alliance with OpenAI, Inc.: Will the Partnership Create a First-Mover Advantage? C243**
 John D. Varlaro, Johnson & Wales University
 John E. Gamble, Texas A&M University–Corpus Christi
- 18 Deere & Company in 2023—Its Innovation Strategy in Agricultural Robotics and Artificial Intelligence C250**
 John D. Varlaro, Johnson & Wales University
 John E. Gamble, Texas A&M University–Corpus Christi
- 19 Pollo Campero, the Taste of Latin America: Can It Capture the US? C262**
 V. Namratha Prasad, IBS Hyderabad
- 20 LVMH in 2023: Its Diversification into Luxury Goods C273**
 John E. Gamble, Texas A&M University–Corpus Christi
- 21 PepsiCo's Diversification Strategy in 2023 C282**
 John E. Gamble, Texas A&M University–Corpus Christi
- 22 Robin Hood C293**
 Joseph Lampel, Alliance Manchester Business School
- 23 Starbucks in 2023: Is the Company Attractively Positioned for the Road Ahead? C295**
 Arthur A. Thompson, The University of Alabama
- 24 Nucor Corporation in 2023: Pursuing Efforts to Grow Sales and Market Share Despite Tough Market Conditions C326**
 Arthur A. Thompson, The University of Alabama
- 25 Vail Resorts, Inc. in 2023 C363**
 Herman L. Boschken, San Jose State University
- 26 Meta Platforms, Inc. in 2023: Will the Company's Name Change Resolve Ethical Issues at Facebook and Instagram? C375**
 John E. Gamble, Texas A&M University–Corpus Christi
- 27 Nestlé in 2023: Reducing Plastic Waste? C387**
 Michael Schwartz, MBA student, Sonoma State University
 Armand Gilinsky, Jr., Sonoma State University

Guide to Case Analysis CA-1

INDEXES

Company I-1

Name I-13

Subject I-23

