
Strategic Management

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Optional Review

Why Strategy?

- It's about how businesses compete.
- How can you earn above average returns?

To do this, you consider:

- Selection of industries
- Selection of segments
- Choice of tactics
- How to IMPLEMENT!

Why You?

- **You will be principals in firms**
- **You will have to decide what to do:**
 - **What markets?**
 - **What services?**
 - **Where to dedicate your time?**
 - **What kinds of people?**
- **You probably will be part of a team.**

Why these tools?

Have a structure:

- Hold a linear conversation
- Handle lots of information
- Organize team thinking
- Lay out your assumptions
- Plan ***ACTION!***

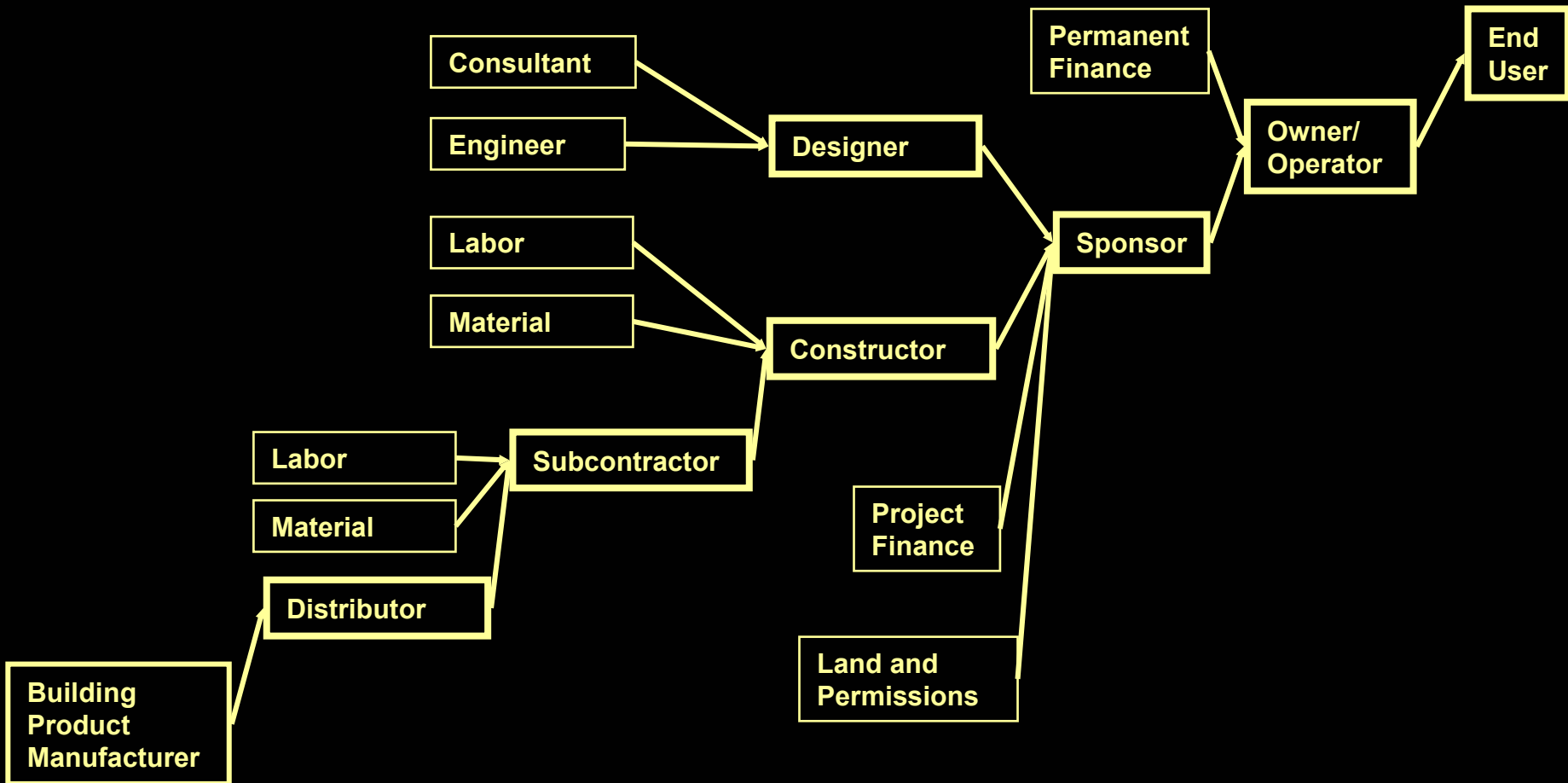
That helps you:

- Analyze
- Evaluate
- Argue
- **DECIDE**
- **DO**

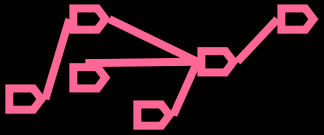
My Planning Steps

1. What is going on - *get the big picture*
2. Review Mission – *why are we here?*
3. External Scan – *what's the landscape?*
4. Internal Scrutiny - *what are our strengths & weaknesses now?*
5. Strategic Analysis – *what could we do?*

The AEC/EPC Value System:



Analyzing Strategic Options: Key Concepts



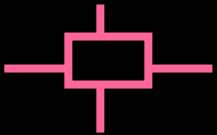
Industry Value System

What roles do we play: now & proposed?



Market Segmentation

What can we sell to whom: Possibilities now & proposed?



Attractiveness: 5 Forces

What to whom: Analysis now & proposed



Generic Strategies

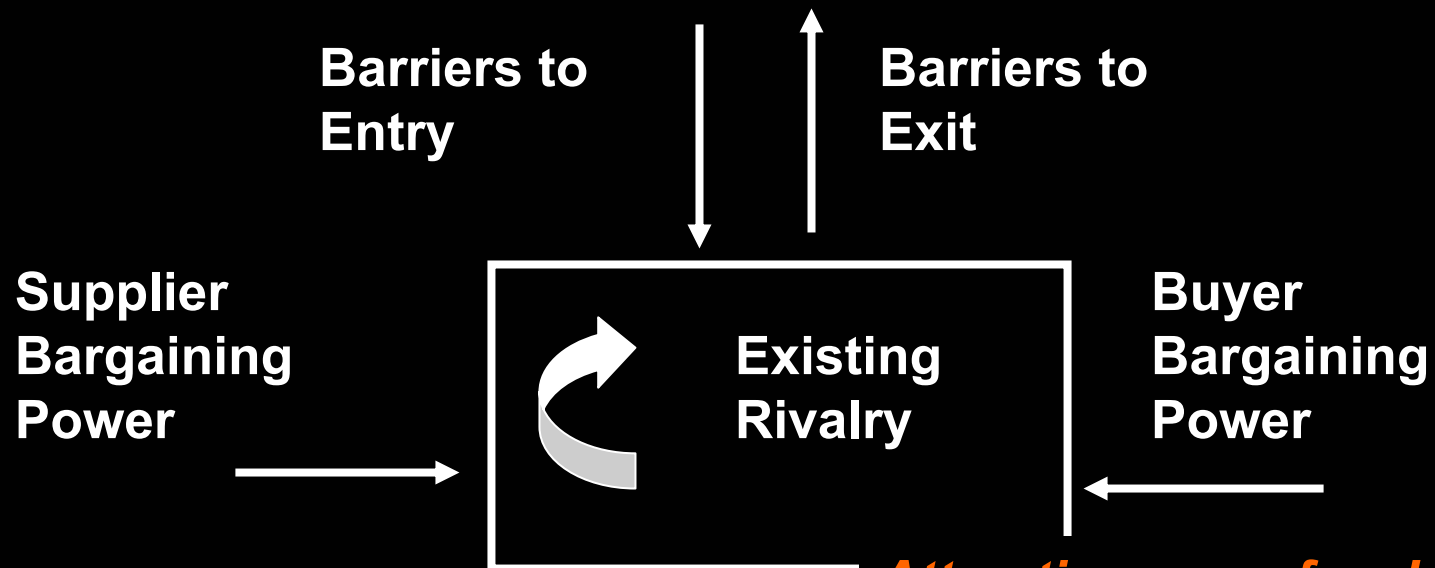
Having chosen what to whom, how?



The Firm Value Chain

Having chosen how, what details & budgets?

Indicators of Segment Profitability: “Five Forces” Model - M. Porter



Attractiveness of an Industry or of a Segment is a function of these forces. Use them in selection of segments - and in defense of segments.

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Lecture Notes: Review

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