





#### Chapter 1 • The Strategic Management Process

# FIGURE 1.3 Understanding a Company's Strategy—What to Look For

Moves to diversify the company's revenue base and enter altogether new industries or businesses

The Pattern

of Actions and

Business

Approaches That Define a

Company's

Strategy

Actions to strengthen the company's resources base and competitive capabilities

Moves and approaches that define how the company manages R&D, manufacturing, marketing, finance, and other key activities.

> Defensive moves to counter the actions of competitors and defend against external threats

> > Actions to capitalize on new opportunities (new technologies, product innovation, new trade agreements that open up foreign markets)

Actions to respond to changing industry conditions (shifting customer preferences, new government regulations, the globalization of competition, exchange rate instability, entry or exit of new competitors)

Fresh offensive moves to strengthen the company s long-term competitive position and secure a competitive advantage

Efforts to broaden/narrow the product line, improve product design, alter product quality, alter performance features, or modify customer service

Efforts to alter geographic coverage, integrate forward or backward, or stake out a different industry position

Actions to out a difference with or acquire a rival company, form strategic alliances, or collaborate closely with certain industry members

## ILLUSTRATION CAPSULE 1 Examples Of Company Mission and Vision Statements

#### McDonald's Corporation

McDonald's vision is to dominate the global foodservice industry. Global dominance means setting the performance standard for customer satisfaction while increasing market share and profitability through our Convenience, Value, and Execution Strategies.

#### Otis Elevator

Our mission is to provide any customer a means of moving people and things up, down, and sideways over short distances with higher reliability than any similar enterprise in the world.

### Microsoft Corporation

One vision drives everything we do: A computer on every desk and in every home using great software as an empowering tool.

#### Avis Rent-a-Car

Our business is renting cars. Our mission is total customer satisfaction.

### The Body Shop

We aim to achieve commercial success by meeting our customers' needs through the provision of high quality, good value products with exceptional service and relevant information which enables customers to make informed and responsible choices.

#### American Red Cross

The mission of the American Red Cross is to improve the quality of human life; to enhance self-reliance and concern for others; and to help people avoid, prepare for, and cope with emergencies.

#### Eastman Kodak

To be the world's best in chemical and electronic imaging.

#### Ritz-Carlton Hotels

The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.

We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed yet refined ambience.

The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.

#### Intel

Intel supplies the computing industry with chips, boards, systems, and software. Intel's products are used as "building blocks" to create advanced computing systems for PC users. Intel's mission is to be the preeminent building block supplier to the new computing industry worldwide.

#### Compaq Computer

To be the leading supplier of PCs and PC servers in all customer segments.

#### Long John Silver's

To be America's best quick service restaurant chain. We will provide each guest great tasting, healthful, reasonably priced fish, seafood, and chicken in a fast, friendly manner on every visit.

### Bristol-Myers Squibb

The mission of Bristol-Myers Squibb is to extend and enhance human life by providing the highest quality health and personal care products. We intend to be the preeminent global diversified health and personal care company.

# ILLUSTRATION CAPSULE 2 Strategic And Financial Objectives Of Well-Known Corporations

# **Banc One Corporation**

To be one of the top three banking companies in terms of market share in all significant markets we serve.

### Domino's Pizza

To safely deliver a hot, quality pizza in 30 minutes or less at a fair price and a reasonable profit.

# Ford Motor Company

To satisfy our customers by providing quality cars and trucks, developing new products, reducing the time it takes to bring new vehicles to market, improving the efficiency of all our plants and processes, and building on our teamwork with employees, unions, dealers, and suppliers.

#### Exxon

To provide shareholders a secure investment with a superior return.

### Alcan Aluminum

To be the lowest-cost producer of aluminum and to outperform the average return on equity of the Standard and Poor's industrial stock index.

## General Electric

To become the most competitive enterprise in the world by being number one or number two in market share in every business the company is in. To achieve an average of 10 inventory turns and a corporate operating profit margin of 16% by 1998.

# **Bristol-Myers Squibb**

To focus globally on those businesses in health and personal care where we can be number one or number two through delivering superior value to the customer.

# **Atlas Corporation**

To become a low-cost, medium-size gold producer, producing in excess of 125,000 ounces of gold a year and building gold reserves of 1,500,000 ounces.

## 3M

To achieve annual growth in earnings per share of 10% or better, on average; a return on stockholders' equity of 20-25%; a return on capital employed of 27% or better; and have at least 30% of sales come from products introduced in the past four years.