Course Name	**: Strategic Planning and Management**
Course Code	**: APBSS 507**
Course Credit	**: 4 CU**
Contact Hour	**: 60**

Course Description
This course deals with strategy as related to war and peace, with particular reference to the role, development and use of military power as a strategic resource, and its impact on the international system. It covers some basic notions of strategic studies, and then explores the tensions between the imperatives of security, the need for international order and the quest for peace.

Course Objective/ Learning Outcome
By the end of the course, the student is expected to: grasp the fundamentals of strategic theory and culture; understand the evolution of modern warfare and the challenges posed by asymmetrical conflicts; perceive the interplay between law and politics in the field of the use of force; comprehend the limits and challenges of the international regime of control and non-proliferation of WMDs; understand the evolution of the debate on humanitarian intervention; be able to analyze, interpret and evaluate strategic threats; improve her/his intellectual, social and transferable skills.

Course Content
- **Course Introduction**

Introduction to Strategic Studies and Management

- Definition
    - 1.1Formulation
    - 1.2Implementation
    - 1.3Many definitions of strategy
- 2Historical development
    - 2.1Origins
    - 2.2Change in focus from production to marketing
    - 2.3Nature of strategy
- 3Concepts and frameworks
    - 3.1SWOT analysis
    - 3.2Experience curve
    - 3.3Corporate strategy and portfolio theory
    - 3.4Competitive advantage
    - 3.5Industry structure and profitability
    - 3.6Generic competitive strategies
    - 3.7Value chain
    - 3.8Core competence
    - 3.9Theory of the business
- 4Strategic thinking

2. Strategic Theory
3. Strategic Culture
4. Geography and Strategy
5. The Practice of Strategy
6. Strategic Studies and its Critics
7. Does Strategic Studies have a Future?
8. The Causes of War and the Conditions of Peace
8.1 Case study: World War I
9. The Evolution of Modern Warfare
10. Law, Politics, and the Use of Force
11. Irregular Warfare: Terrorism and Insurgency

12. Nuclear Weapons in the Twenty-First Century
12.1 Case Study: Nuclear proliferation and stability in South Asia
13. The Control of Weapons of Mass Destruction
14. Humanitarian Intervention and Peace Operations
14.1 Case study: NATO's intervention in Libya (2011)
Report of the International Commission of Inquiry to investigate all alleged violations of international human rights law in the Libyan Arab Jamahiriya
15. Homeland Security: a new strategic paradigm?
16. A New Agenda for Security and Strategy
Additional reading material will be suggested during the course. Most reading materials are easily accessible through API Online library resources.

EVALUATION
There will be 3 means of evaluation:
(1) One Group Presentation, 1 Critical Review (20% of the final grade). In this course, teamwork is extremely valued and considered an important tool which encourages active learning and develops communication, social and decision-making skills.
(2) One Discussion Paper (individual assignment, worth 20% of the final grade). Students are required to hand in their papers at the beginning of class Specific guidelines on what is expected from the discussion papers are found in the course web site.
(3) Final Exam (60% of the final grade).

Diffinition:
Strategic studies is an interdisciplinary academic field centered on the study of conflict and peace **strategies**, often devoting special attention to the relationship between international politics, geostrategy, international diplomacy, international economics, and military power

Strategic studies is an interdisciplinaryacademic field centered on the study of conflict and peace strategies, often devoting special attention to the relationship between international politics, geostrategy, international diplomacy, international economics, and military power. In the scope of the studies are also subjects such as the role of intelligence, diplomacy, and international cooperation for security and defense. The subject is normally taught at the post-graduate academic or professional, usually strategic-political and strategic-military levels.

The academic foundations of the subject began with classic texts initially from the Orient such as Sun Tzu's *Art of War* and went on to gain a European focus with Clausewitz's *On War*. Like Clausewitz, many academics in this field reject monocausal theories and hypotheses that reduce the study of conflict to one independent variable and one dependent variable. Already in the late eighteenth century, a colourful mathematician named Dietrich Heinrich von Bülow attempted to establish mathematical formulae for the conduct of war. Carl von Clausewitz rejected

Bülow'sapproach and his popular claim that warfare could be reduced to positivist, teachable principles of war. Instead of formulae, we find Clausewitz stressing, time and again, that the whole purpose of educating the military commander is not to give him a series of answers for the task he will face (the complexities of which cannot be foreseen), but to educate him about different aspects of what will face him so as to let him evaluate the situation for himself, and develop his own strategy.[1] Strategic thinkers on the whole will search for recurrent patterns, which in themselves cannot predict the characteristics of any individual case even if it doubtless fits a larger category; not all patterns of characteristics will be found in all cases.

In recent times, the major conflicts of the nineteenth century and the two World Wars have spurred strategic thinkers such as Mahan, Corbett, GiulioDouhet, Liddell Hart and, later, André Beaufre. The Cold War with its danger of degenerating into a nuclear war produced an expansion of the discipline, with authors like Bernard Brodie, Michael Howard, Raymond Aron, Lucien Poirier, Lawrence Freedman, Colin Gray, and many others.

The subject is taught in Europe at the University of St Andrews, [2] the University of Reading, Aberystwyth University, the University of Aberdeen, the University of Exeter, the University of Hull, King's College London, and the University of Leeds (all in the United Kingdom), University of Rome III and UniversitàdegliStudi di Milano (both in Italy), the University of Granada (in Spain), the National Defence University (in Finland), the Charles University in Prague, Netherlands Defence College Breda (the Netherlands), and the Université Paris 13 NordSciencesPo (in France), and National Defence University (Pakistan)

In the United States of America, it is taught at the United States Military Academy, Georgetown University, Johns Hopkins University,[4]Missouri State University, The University of Texas at El Paso, Temple University, the U.S. Army War College, Air War College, U.S. Naval War College, Marine Corps War College, and the National Defense University.

Other institutions teaching strategic studies include the National Academy of Political and Strategic Studies, Ministry of Defense, Chile, Australian National University, Victoria University of Wellington, the S. Rajaratnam School of International Studies in Singapore, University of Calgary and the Royal Military College in Canada, Universidade Federal do Rio Grande do Sul, Universidade Federal do Rio de Janeiro and Universidade Federal Fluminense in Brazil. In Pakistan the subject is taught in several universities, but predominantly in Quaid-I-Azam University (QAU), National Defence University (NDU), University of Punjab, and Fatima Jinnah Women's University. In Nigeria, Institute for Peace and Strategic Studies, University of Ibadan.In Malaysia University of Malaya.In India, HomiBhabha National Institute and University of Allahabad. Turkish War Academy has also Strategic Research Institute (SAREN) in which the subject is taught at both masters and doctoral levels.

In essence, **strategic theory** is the study of correlations between ends and means, including the use, or threat of use, of armed force as a conscious choice of political actors who are intent on rationally pursuing their objectives.[9] It is as simple as that.

In organizational **theory**, a topic in sociology and social psychology, **Strategic Choice Theory** describes the role that leaders or leading groups play in influencing an organization through making **choices** in a dynamic political process.

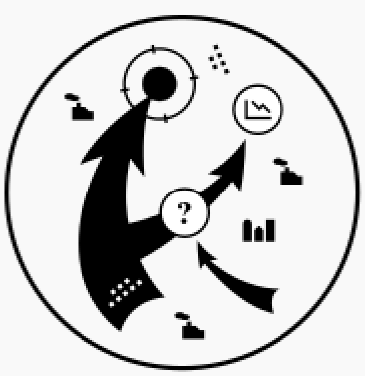
In organizational theory, a topic in sociology and social psychology, **Strategic Choice Theory** describes the role that leaders or leading groups play in influencing an organization through making choices in a dynamic political process. Previous to this theory, a common view was that organizations were thought to be designed along operational requirements based on the external environment. Strategic choice theory provided an alternative that emphasized the agency of individuals and groups within organizations to make choices, sometimes serving their own ends, that dynamically influenced the development of those organizations. These strategic choices formed part of an organizational learning process that adapted to the external environment as well as the internal political situation.

Apart from (but complimentary to) organizational settings, Strategic Choice theory was studied with regard to individual's responses in ordinary, everyday disputes. Findings include that both complainants and respondents used a variety of strategies that changed over time in an effort to resolve the dispute.

Strategic management

"*Business strategy*" *redirects here. For other uses*

Strategy



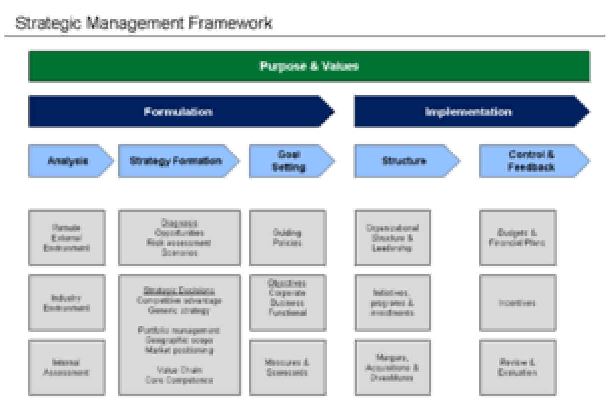
Strategic management is the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes.[1]

Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. Strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning.

Michael Porter identifies three principles underlying strategy: creating a "unique and valuable [market] position", making trade-offs by choosing "what not to do", and creating "fit" by aligning company activities with one another to support the chosen strategy.

Corporate strategy involves answering a key question from a portfolio perspective: "What business should we be in?" Business strategy involves answering the question: "How shall we compete in this business?" In management theory and practice, a further distinction is often made between strategic management and operational management. Operational management is concerned primarily with improving efficiency and controlling costs within the boundaries set by the organization's strategy.

Definition



Strategic management processes and activities

Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Strategy is defined as "the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals." Strategies are established to set direction, focus effort, define or clarify the organization, and provide consistency or guidance in response to the environment.

Strategic management involves the related concepts of strategic planning and strategic thinking. Strategic planning is analytical in nature and refers to formalized procedures to produce the data and analyses used as inputs for strategic thinking, which synthesizes the data resulting in the strategy. Strategic planning may also refer to control mechanisms used to implement the strategy once it is determined. In other words, strategic planning happens *around* the strategic thinking or strategy making activity.

Strategic management is often described as involving two major processes: *formulation* and *implementation* of strategy. While described sequentially below, in practice the two processes are iterative and each provides input for the other.

Formulation

Formulation of strategy involves analyzing the environment in which the organization operates, then making a series of strategic decisions about how the organization will compete. Formulation ends with a series of goals or objectives and measures for the organization to pursue. Environmental analysis includes the:

- Remote external environment, including the political, economic, social, technological, legal and environmental landscape (PESTLE);
- Industry environment, such as the competitive behavior of rival organizations, the bargaining power of buyers/customers and suppliers, threats from new entrants to the industry, and the ability of buyers to substitute products (Porter's 5 forces); and
- Internal environment, regarding the strengths and weaknesses of the organization's resources (i.e., its people, processes and IT systems).

Strategic decisions are based on insight from the environmental assessment and are responses to strategic questions about how the organization will compete, such as:

- What is the organization's business?
- Who is the target customer for the organization's products and services?
- Where are the customers and how do they buy? What is considered "value" to the customer?
- Which businesses, products and services should be included or excluded from the portfolio of offerings?
- What is the geographic scope of the business?
- What differentiates the company from its competitors in the eyes of customers and other stakeholders?
- Which skills and capabilities should be developed within the firm?
- What are the important opportunities and risks for the organization?
- How can the firm grow, through both its base business and new business?
- How can the firm generate more value for investors?

The answers to these and many other strategic questions result in the organization's strategy and a series of specific short-term and long-term goals or objectives and related measures.

Implementation

The second major process of strategic management is *implementation*, which involves decisions regarding how the organization's resources (i.e., people, process and IT systems) will be aligned and mobilized towards the objectives. Implementation results in how the organization's resources are structured (such as by product or service or geography), leadership arrangements, communication, incentives, and monitoring mechanisms to track progress towards objectives, among others.

Running the day-to-day operations of the business is often referred to as "operations management" or specific terms for key departments or functions, such as "logistics management" or "marketing management," which take over once strategic management decisions are implemented.

Many definitions of strategy

Strategy has been practiced whenever an advantage was gained by planning the sequence and timing of the deployment of resources while simultaneously taking into account the probable capabilities and behavior of competition.
Bruce Henderson

In 1988, Henry Mintzberg described the many different definitions and perspectives on strategy reflected in both academic research and in practice. He examined the strategic process and concluded it was much more fluid and unpredictable than people had thought. Because of this, he could not point to one process that could be called strategic planning. Instead Mintzberg concludes that there are five types of strategies:

- Strategy as plan – a directed course of action to achieve an *intended* set of goals; similar to the strategic planning concept;
- Strategy as pattern – a consistent pattern of past behavior, with a strategy *realized* over time rather than planned or *intended*. Where the realized pattern was different from the intent, he referred to the strategy as *emergent*;
- Strategy as position – locating brands, products, or companies within the market, based on the conceptual framework of consumers or other stakeholders; a strategy determined primarily by factors outside the firm;
- Strategy as ploy – a specific maneuver intended to outwit a competitor; and
- Strategy as perspective – executing strategy based on a "theory of the business" or natural extension of the mindset or ideological perspective of the organization.

In 1998, Mintzberg developed these five types of management strategy into 10 “schools of thought” and grouped them into three categories. The first group is normative. It consists of the schools of informal design and conception, the formal planning, and analytical positioning. The second group, consisting of six schools, is more concerned with how strategic management is actually done, rather than prescribing optimal plans or positions. The six schools are entrepreneurial, visionary, cognitive, learning/adaptive/emergent, negotiation, corporate culture and business environment. The third and final group consists of one school, the configuration or transformation school, a hybrid of the other schools organized into stages, organizational life cycles, or "episodes".

Michael Porter defined strategy in 1980 as the "...broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals" and the "...combination of the *ends* (goals) for which the firm is striving and the *means* (policies) by which it is seeking to get there." He continued that: "The essence of formulating competitive strategy is relating a company to its environment."

Complexity theorists define strategy as the unfolding of the internal and external aspects of the organization that results in actions in a socio-economic context.

Historical development

Origins

The strategic management discipline originated in the 1950s and 1960s. Among the numerous early contributors, the most influential were Peter Drucker, Philip Selznick, Alfred Chandler, Igor Ansoff, and Bruce Henderson. The discipline draws from earlier thinking and texts on 'strategy' dating back thousands of years. Prior to 1960, the term "strategy" was primarily used regarding war and politics, not business.Many companies built strategic planning functions to develop and execute the formulation and implementation processes during the 1960s.

Peter Drucker was a prolific management theorist and author of dozens of management books, with a career spanning five decades. He addressed fundamental strategic questions in a 1954 book *The Practice of Management* writing: "... the first responsibility of top management is to ask the question 'what is our business?' and to make sure it is carefully studied and correctly answered." He wrote that the answer was determined by the customer. He recommended eight areas where objectives should be set, such as market standing, innovation, productivity, physical and financial resources, worker performance and attitude, profitability, manager performance and development, and public responsibility.

In 1957, Philip Selznick initially used the term "distinctive competence" in referring to how the Navy was attempting to differentiate itself from the other services. He also formalized the idea of matching the organization's internal factors with external environmental circumstances. This core idea was developed further by Kenneth R. Andrews in 1963 into what we now call SWOT analysis, in which the strengths and weaknesses of the firm are assessed in light of the opportunities and threats in the business environment.

Alfred Chandler recognized the importance of coordinating management activity under an all-encompassing strategy. Interactions between functions were typically handled by managers who relayed information back and forth between departments. Chandler stressed the importance of taking a long term perspective when looking to the future. In his 1962 ground breaking work *Strategy and Structure*, Chandler showed that a long-term coordinated strategy was necessary to give a company structure, direction and focus. He says it concisely, "structure follows strategy." Chandler wrote that:

"*Strategy is the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals*."

Igor Ansoff built on Chandler's work by adding concepts and inventing a vocabulary. He developed a grid that compared strategies for market penetration, product development, market development and horizontal and vertical integration and diversification. He felt that management could use the grid to systematically prepare for the future. In his 1965 classic *Corporate Strategy*, he developed gap analysis to clarify the gap between the current reality and the goals and to develop what he called "gap reducing actions". Ansoff wrote that strategic management had three parts: strategic planning; the skill of a firm in converting its plans into reality; and the skill of a firm in managing its own internal resistance to change.

Bruce Henderson, founder of the Boston Consulting Group, wrote about the concept of the experience curve in 1968, following initial work begun in 1965. The experience curve refers to a hypothesis that unit production costs decline by 20–30% every time cumulative production doubles. This supported the argument for achieving higher market share and economies of scale.

Porter wrote in 1980 that companies have to make choices about their scope and the type of competitive advantage they seek to achieve, whether lower cost or differentiation. The idea of strategy targeting particular industries and customers (i.e., competitive positions) with a differentiated offering was a departure from the experience-curve influenced strategy paradigm, which was focused on larger scale and lower cost. Porter revised the strategy paradigm again in 1985, writing that superior performance of the processes and activities performed by organizations as part of their value chain is the foundation of competitive advantage, thereby outlining a process view of strategy.

Change in focus from production to marketing

The direction of strategic research also paralleled a major paradigm shift in how companies competed, specifically a shift from the production focus to market focus. The prevailing concept in strategy up to the 1950s was to create a product of high technical quality. If you created a product that worked well and was durable, it was assumed you would have no difficulty profiting. This was called the production orientation. Henry

Ford famously said of the Model T car: "Any customer can have a car painted any color that he wants, so long as it is black."

Management theorist Peter F Drucker wrote in 1954 that it was the customer who defined what business the organization was in. In 1960 Theodore Levitt argued that instead of producing products then trying to sell them to the customer, businesses should start with the customer, find out what they wanted, and then produce it for them. The fallacy of the production orientation was also referred to as marketing myopia in an article of the same name by Levitt.

Over time, the customer became the driving force behind all strategic business decisions. This marketing concept, in the decades since its introduction, has been reformulated and repackaged under names including market orientation, customer orientation, customer intimacy, customer focus, customer-driven and market focus.

> It's more important than ever to define yourself in terms of what you stand for rather than what you make, because what you make is going to become outmoded faster than it has at any time in the past.
> *Jim Collins*[30]

Jim Collins wrote in 1997 that the strategic frame of reference is expanded by focusing on *why* a company exists rather than *what* it makes.[30] In 2001, he recommended that organizations define themselves based on three key questions:

- What are we passionate about?
- What can we be best in the world at?
- What drives our economic engine?[31]

Nature of strategy

In 1985, Professor Ellen Earle-Chaffee summarized what she thought were the main elements of strategic management theory where consensus generally existed as of the 1970s, writing that strategic management:

- Involves adapting the organization to its business environment;
- Is fluid and complex. Change creates novel combinations of circumstances requiring unstructured non-repetitive responses;
- Affects the entire organization by providing direction;
- Involves both strategy formulation processes and also implementation of the content of the strategy;
- May be planned (intended) and unplanned (emergent);
- Is done at several levels: overall corporate strategy, and individual business strategies; and
- Involves both conceptual and analytical thought processes.

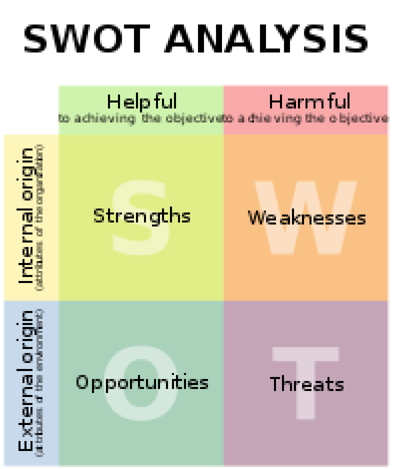
Chaffee further wrote that research up to that point covered three models of strategy, which were not mutually exclusive:

1. Linear strategy: A planned determination of goals, initiatives, and allocation of resources, along the lines of the Chandler definition above. This is most consistent with strategic planning approaches and may have a long planning horizon. The strategist "deals with" the environment but it is not the central concern.
2. Adaptive strategy: In this model, the organization's goals and activities are primarily concerned with adaptation to the environment, analogous to a biological organism. The need for continuous adaption reduces or eliminates the planning window. There is more focus on means (resource mobilization to address the environment) rather than ends (goals). Strategy is less centralized than in the linear model.
3. Interpretive strategy: A more recent and less developed model than the linear and adaptive models, interpretive strategy is concerned with "orienting metaphors constructed for the purpose of conceptualizing and guiding individual attitudes or organizational participants." The aim of interpretive strategy is legitimacy or credibility in the mind of stakeholders. It places emphasis on symbols and language to influence the minds of customers, rather than the physical product of the organization.[7]

Concepts and frameworks

The progress of strategy since 1960 can be charted by a variety of frameworks and concepts introduced by management consultants and academics. These reflect an increased focus on cost, competition and customers. These "3 Cs" were illuminated by much more robust empirical analysis at ever-more granular levels of detail, as industries and organizations were disaggregated into business units, activities, processes, and individuals in a search for sources of competitive advantage.

SWOT analysis



A SWOT analysis, with its four elements in a 2×2 matrix.

By the 1960s, the capstone business policy course at the Harvard Business School included the concept of matching the distinctive competence of a company (its internal strengths and weaknesses) with its environment (external opportunities and threats) in the context of its objectives. This framework came to be known by the acronym SWOT and was "a major step forward in bringing explicitly competitive thinking to bear on questions of strategy". Kenneth R. Andrews helped popularize the framework via a 1963 conference and it remains commonly used in practice.

Experience curve

The experience curve was developed by the Boston Consulting Group in 1966. It is a hypothesis that total per unit costs decline systematically by as much as 15–25% every time cumulative production (i.e., "experience") doubles. It has been empirically confirmed by some firms at various points in their history. Costs decline due to a variety of factors, such as the learning curve, substitution of labor for capital (automation), and technological sophistication. Author Walter Kiechel wrote that it reflected several insights, including:

- A company can always improve its cost structure;
- Competitors have varying cost positions based on their experience;
- Firms could achieve lower costs through higher market share, attaining a competitive advantage; and
- An increased focus on empirical analysis of costs and processes, a concept which author Kiechel refers to as "Greater Taylorism".

Kiechel wrote in 2010: "The experience curve was, simply, the most important concept in launching the strategy revolution...with the experience curve, the strategy revolution began to insinuate an acute awareness of competition into the corporate consciousness." Prior to the 1960s, the word competition rarely appeared in the most prominent management literature; U.S. companies then faced considerably less competition and did not focus on performance relative to peers. Further, the experience curve provided a basis for the retail sale of business ideas, helping drive the management consulting industry.

Corporate strategy and portfolio theory

Portfolio growth–share matrix

The concept of the corporation as a portfolio of business units, with each plotted graphically based on its market share (a measure of its competitive position relative to its peers) and industry growth rate (a measure of industry attractiveness), was summarized in the growth–share matrix developed by the Boston Consulting Group around 1970. By 1979, one study estimated that 45% of the Fortune 500 companies were using some variation of the matrix in their strategic planning. This framework helped companies decide where to invest their resources (i.e., in their high market share, high growth businesses) and which businesses to divest (i.e., low market share, low growth businesses.)

Porter wrote in 1987 that corporate strategy involves two questions: 1) What business should the corporation be in? and 2) How should the corporate office manage its business units? He mentioned four concepts of corporate strategy; the latter three can be used together:

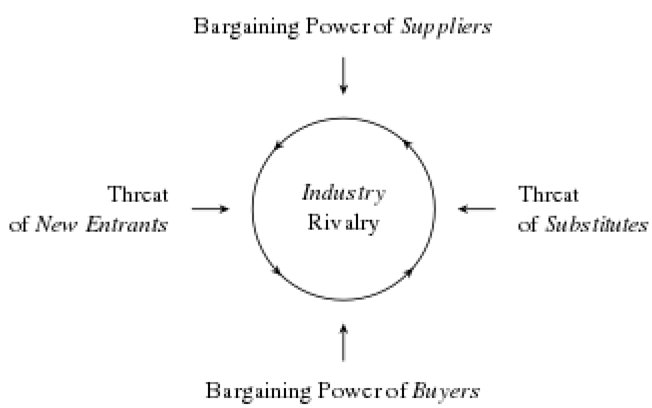
1. Portfolio theory: A strategy based primarily on diversification through acquisition. The corporation shifts resources among the units and monitors the performance of each business unit and its leaders. Each unit generally runs autonomously, with limited interference from the corporate center provided goals are met.
2. Restructuring: The corporate office acquires then actively intervenes in a business where it detects potential, often by replacing management and implementing a new business strategy.
3. Transferring skills: Important managerial skills and organizational capability are essentially spread to multiple businesses. The skills must be necessary to competitive advantage.
4. Sharing activities: Ability of the combined corporation to leverage centralized functions, such as sales, finance, etc. thereby reducing costs

Other techniques were developed to analyze the relationships between elements in a portfolio. The growth-share matrix, a part of B.C.G. Analysis, was followed by G.E. multi factoral model, developed by General Electric. Companies continued to diversify as conglomerates until the 1980s, when deregulation and a less restrictive anti-trust environment led to the view that a portfolio of operating divisions in different industries was worth more as many independent companies, leading to the breakup of many conglomerates While the popularity of portfolio theory has waxed and waned, the key dimensions considered (industry attractiveness and competitive position) remain central to strategy.

Competitive advantage

In 1980, Porter defined the two types of competitive advantage an organization can achieve relative to its rivals: lower cost or differentiation. This advantage derives from attribute(s) that allow an organization to outperform its competition, such as superior market position, skills, or resources. In Porter's view, strategic management should be concerned with building and sustaining competitive advantage.

Industry structure and profitability



Porter's five forces analysis

Porter developed a framework for analyzing the profitability of industries and how those profits are divided among the participants in 1980. In five forces analysis he identified the forces that shape the industry structure or environment. The framework involves the bargaining power of buyers and suppliers, the threat of new entrants, the availability of substitute products, and the competitive rivalry of firms in the industry. These forces affect the organization's ability to raise its prices as well as the costs of inputs (such as raw materials) for its processes.

The five forces framework helps describe how a firm can use these forces to obtain a sustainable competitive advantage, either lower cost or differentiation. Companies can maximize their profitability by competing in industries with favorable structure. Competitors can take steps to grow the overall profitability of the industry, or to take profit away from other parts of the industry structure. Porter modified Chandler's dictum about structure following strategy by introducing a second level of structure: while organizational structure follows strategy, it in turn follows industry structure.

Porter's Five Forces Framework is a tool for analyzing competition of a business. It draws from industrial organization (IO) economics to derive five forces that determine the competitive intensity and, therefore, the attractiveness (or lack of it) of an industry in terms of its profitability. An "unattractive" industry is one in which the effect of these five forces reduces overall profitability. The most unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven to normal profit levels. The five-forces perspective is associated with its originator, Michael E. Porter of Harvard University. This framework was first published in *Harvard Business Review* in 1979.

Porter refers to these forces as the microenvironment, to contrast it with the more general term macroenvironment. They consist of those forces close to a company that affect its ability to serve its customers and make a profit. A change in any of the forces normally requires a business unit to re-assess the marketplace given the overall change in industry information. The overall industry attractiveness does not imply that every firm in the industry will return the same profitability. Firms are able to apply their core competencies, business model or network to achieve a profit above the industry average. A clear example of this is the airline industry. As an industry, profitability is low because the industry's underlying structure of high fixed costs and low variable costs afford enormous latitude in the price of airline travel. Airlines tend to compete on cost, and that drives down the profitability of individual carriers as well as the industry itself because it simplifies the decision by a customer to buy or not buy a ticket. A few carriers--Richard Branson's Virgin Atlantic is one--have tried, with limited success, to use sources of differentiation in order to increase profitability.

Porter's five forces include three forces from 'horizontal' competition--the threat of substitute products or services, the threat of established rivals, and the threat of new entrants--and two others from 'vertical' competition--the bargaining power of suppliers and the bargaining power of customers.

Porter developed his five forces framework in reaction to the then-popular SWOT analysis, which he found both lacking in rigor and *ad hoc*.[2] Porter's five-forces framework is based on the structure–conduct–performance paradigm in industrial organizational economics. It has been applied to try to address a diverse range of problems, from helping businesses become more profitable to helping governments stabilize industries. Other Porter strategy tools include the value chain and generic competitive strategies.

Threat of new entrants

Profitable industries that yield high returns will attract new firms. New entrants eventually will decrease profitability for other firms in the industry. Unless the entry of new firms can be made more difficult by incumbents, abnormal profitability will fall towards zero (perfect competition), which is the minimum level of profitability required to keep an industry in business.

The following factors can have an effect on how much of a threat new entrants may pose:

- The existence of barriers to entry (patents, rights, etc.). The most attractive segment is one in which entry barriers are high and exit barriers are low. It's worth noting, however, that high barriers to entry almost always make exit more difficult.
- Government policy
- Capital requirements
- Absolute cost
- Cost disadvantages independent of size
- Economies of scale
- Product differentiation
- Brand equity
- Switching costs
- Expected retaliation
- Access to distribution channels
- Customer loyalty to established brands
- Industry profitability (the more profitable the industry, the more attractive it will be to new competitors)
- Network effect

Threat of substitutes

A substitute product uses a different technology to try to solve the same economic need. Examples of substitutes are meat, poultry, and fish; landlines and cellular telephones; airlines, automobiles, trains, and ships; beer and wine; and so on. For example, tap water is a substitute for Coke, but Pepsi is a product that uses the same technology (albeit different ingredients) to compete head-to-head with Coke, so it is not a substitute. Increased marketing for drinking tap water might "shrink the pie" for both Coke and Pepsi, whereas increased Pepsi advertising would likely "grow the pie" (increase consumption of all soft drinks), while giving Pepsi a larger market share at Coke's expense.

Potential factors:

- Buyer propensity to substitute
- Relative price performance of substitute
- Buyer's switching costs
- Perceived level of product differentiation
- Number of substitute products available in the market

- Ease of substitution
- Availability of close substitute

Bargaining power of customers

The bargaining power of customers is also described as the market of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes. Firms can take measures to reduce buyer power, such as implementing a loyalty program. Buyers' power is high if buyers have many alternatives. It is low if they have few choices.

Potential factors:

- Buyer concentration to firmconcentration ratio
- Degree of dependency upon existing channels of distribution
- Bargaining leverage, particularly in industries with high fixed costs
- Buyer switching costs
- Buyer information availability
- Availability of existing substitute products
- Buyer price sensitivity
- Differential advantage (uniqueness) of industry products
- RFM (customer value) Analysis

Bargaining power of suppliers

The bargaining power of suppliers is also described as the market of inputs. Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm when there are few substitutes. If you are making biscuits and there is only one person who sells flour, you have no alternative but to buy it from them. Suppliers may refuse to work with the firm or charge excessively high prices for unique resources.

Potential factors are:

- Supplier switching costs relative to firm switching costs
- Degree of differentiation of inputs
- Impact of inputs on cost and differentiation
- Presence of substitute inputs
- Strength of distribution channel
- Supplier concentration to firm concentration ratio
- Employee solidarity (e.g. labor unions)
- Supplier competition: the ability to forward vertically integrate and cut out the buyer.

Industry rivalry

For most industries the intensity of competitive rivalry is the major determinant of the competitiveness of the industry.

Potential factors:

- Sustainable competitive advantage through innovation
- Competition between online and offline companies
- Level of advertising expense
- Powerful competitive strategy
- Firm concentration ratio
- Degree of transparency

Usage

Strategy consultants occasionally use Porter's five forces framework when making a qualitative evaluation of a firm's strategic position. However, for most consultants, the framework is only a starting point. They might use value chain or another type of analysis in conjunction.[4] Like all general frameworks, an analysis that uses it to the exclusion of specifics about a particular situation is considered naive.

According to Porter, the five forces framework should be used at the line-of-business industry level; it is not designed to be used at the industry group or industry sector level. An industry is defined at a lower, more basic level: a market in which similar or closely related products and/or services are sold to buyers. (See industry information.) A firm that competes in a single industry should develop, at a minimum, one five forces analysis for its industry. Porter makes clear that for diversified companies, the primary issue in corporate strategy is the selection of industries (lines of business) in which the company will compete. The average *Fortune Global 1,000*company competes in 52 industries (lines of business).

Criticisms

Porter's framework has been challenged by other academics and strategists. For instance, Kevin P. Coyne and SomuSubramaniam claim that three dubious assumptions underlie the five forces:

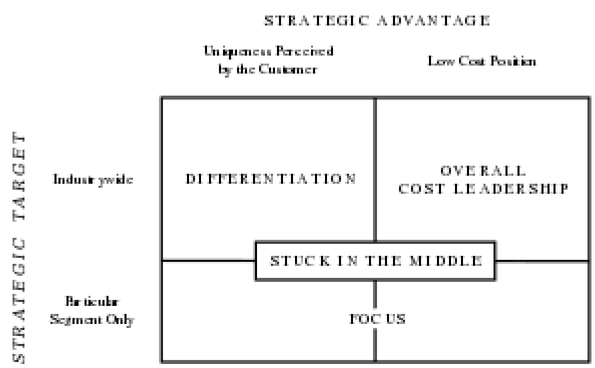
- That buyers, competitors, and suppliers are unrelated and do not interact and collude.
- That the source of value is structural advantage (creating barriers to entry).
- That uncertainty is low, allowing participants in a market to plan for and respond to changes in competitive behavior.

An important extension to Porter's work came from Adam Brandenburger and Barry Nalebuff of Yale School of Management in the mid-1990s. Using game theory, they added the concept of complementors (also called "the 6th force") to try to explain the reasoning behind strategic alliances. Complementors are known as the impact of related products and services already in the market.[6] The idea that complementors are the sixth force has often been credited to Andrew Grove, former CEO of Intel Corporation. Martyn Richard Jones, while consulting at Groupe Bull, developed an augmented 5 forces model in Scotland in 1993. It is based on Porter's Framework and includes Government (national and regional) as well as Pressure Groups as the notional 6th force. This model was the result of work carried out as part of Groupe Bull's Knowledge Asset Management Organisation initiative.

Porter indirectly rebutted the assertions of other forces, by referring to innovation, government, and complementary products and services as "factors" that affect the five forces.

It is also perhaps not feasible to evaluate the attractiveness of an industry independently of the resources that a firm brings to that industry. It is thus argued (Wernerfelt 1984) that this theory be combined with the Resource-Based View (RBV) in order for the firm to develop a sounder framework.

Generic competitive strategies



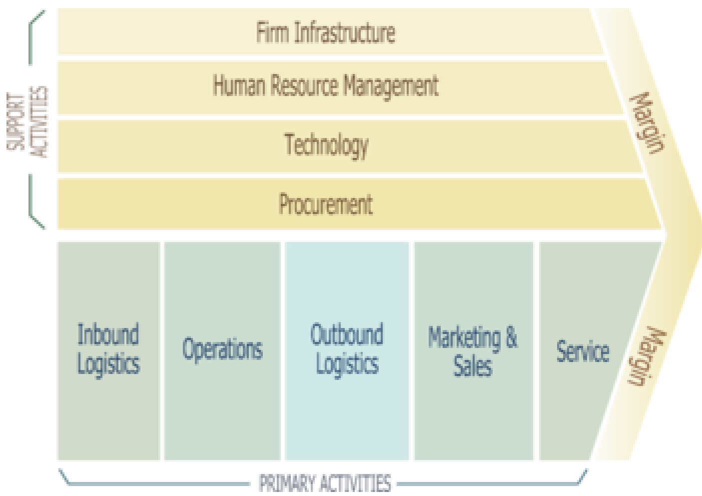
Michael Porter's Three Generic Strategies

Porter wrote in 1980 that strategy target either cost leadership, differentiation, or focus. These are known as Porter's three generic strategies and can be applied to any size or form of business. Porter claimed that a company must only choose one of the three or risk that the business would waste precious resources. Porter's generic strategies detail the interaction between cost minimization strategies, product differentiation strategies, and market focus strategies.

Porter described an industry as having multiple *segments* that can be targeted by a firm. The breadth of its targeting refers to the *competitive scope* of the business. Porter defined two types of *competitive advantage*: lower cost or differentiation relative to its rivals. Achieving competitive advantage results from a firm's ability to cope with the five forces better than its rivals. Porter wrote: "[A]chieving competitive advantage requires a firm to make a choice...about the type of competitive advantage it seeks to attain and the scope within which it will attain it." He also wrote: "The two basic types of competitive advantage [differentiation and lower cost] combined with the scope of activities for which a firm seeks to achieve them lead to three *generic strategies* for achieving above average performance in an industry: cost leadership, differentiation and focus. The focus strategy has two variants, cost focus and differentiation focus."

The concept of choice was a different perspective on strategy, as the 1970s paradigm was the pursuit of market share (size and scale) influenced by the experience curve. Companies that pursued the highest market share position to achieve cost advantages fit under Porter's cost leadership generic strategy, but the concept of choice regarding differentiation and focus represented a new perspective.

Value chain



Michael Porter's Value Chain

Porter's 1985 description of the value chain refers to the chain of activities (processes or collections of processes) that an organization performs in order to deliver a valuable product or service for the market. These include functions such as inbound logistics, operations, outbound logistics, marketing and sales, and service, supported by systems and technology infrastructure. By aligning the various activities in its value chain with the organization's strategy in a coherent way, a firm can achieve a competitive advantage. Porter also wrote that strategy is an internally consistent configuration of activities that differentiates a firm from its rivals. A robust competitive position cumulates from many activities which should fit coherently together.

Porter wrote in 1985: "Competitive advantage cannot be understood by looking at a firm as a whole. It stems from the many discrete activities a firm performs in designing, producing, marketing, delivering and supporting its product. Each of these activities can contribute to a firm's relative cost position and create a basis for differentiation...the value chain disaggregates a firm into its strategically relevant activities in order to understand the behavior of costs and the existing and potential sources of differentiation."

Core competence

Gary Hamel and C. K. Prahalad described the idea of core competency in 1990, the idea that each organization has some capability in which it excels and that the business should focus on opportunities in that area, letting others go or outsourcing them. Further, core competency is difficult to duplicate, as it involves the skills and coordination of people across a variety of functional areas or processes used to deliver value to customers. By outsourcing, companies expanded the concept of the value chain, with some elements within the entity and others without. Core competency is part of a branch of strategy called the *resource-based view* of the firm, which postulates that if activities are strategic as indicated by the value chain, then the organization's capabilities and ability to learn or adapt are also strategic.

Theory of the business

Peter Drucker wrote in 1994 about the "Theory of the Business," which represents the key assumptions underlying a firm's strategy. These assumptions are in three categories: a) the external environment, including society, market, customer, and technology; b) the mission of the organization; and c) the core competencies needed to accomplish the mission. He continued that a valid theory of the business has four specifications: 1) assumptions about the environment, mission, and core competencies must fit reality; 2) the assumptions in all three areas have to fit one another; 3) the theory of the business must be known and understood throughout the organization; and 4) the theory of the business has to be tested constantly.

He wrote that organizations get into trouble when the assumptions representing the theory of the business no longer fit reality. He used an example of retail department stores, where their theory of the business assumed that people who could afford to shop in department stores would do so. However, many shoppers abandoned department stores in favor of specialty retailers (often located outside of malls) when time became the primary factor in the shopping destination rather than income.

Drucker described the theory of the business as a "hypothesis" and a "discipline." He advocated building in systematic diagnostics, monitoring and testing of the assumptions comprising the theory of the business to maintain competitiveness.

Strategic thinking

Strategic thinking involves the generation and application of unique business insights to opportunities intended to create competitive advantage for a firm or organization. It involves challenging the assumptions underlying the organization's strategy and value proposition. Mintzberg wrote in 1994 that it is more about synthesis (i.e., "connecting the dots") than analysis (i.e., "finding the dots"). It is about "capturing what the manager learns from all sources (both the soft insights from his or her personal experiences and the experiences of others throughout the organization and the hard data from market research and the like) and then synthesizing that learning into a vision of the direction that the business should pursue." Mintzberg argued that strategic thinking is the critical part of formulating strategy, more so than strategic planning exercises.

General Andre Beaufre wrote in 1963 that strategic thinking "is a mental process, at once abstract and rational, which must be capable of synthesizing both psychological and material data. The strategist must have a great capacity for both analysis and synthesis; analysis is necessary to assemble the data on which he makes his diagnosis, synthesis in order to produce from these data the diagnosis itself--and the diagnosis in fact amounts to a choice between alternative courses of action."

Will Mulcaster argued that while much research and creative thought has been devoted to generating alternative strategies, too little work has been done on what influences the quality of strategic decision making and the effectiveness with which strategies are implemented. For instance, in retrospect it can be seen that the financial crisis of 2008–9 could have been avoided if the banks had paid more attention to the risks associated with their investments, but how should banks change the way they make decisions to improve the quality of their decisions in the future? Mulcaster's Managing Forces framework addresses this issue by identifying 11 forces that should be incorporated into the processes of decision making and strategic implementation. The 11 forces are: Time; Opposing forces; Politics; Perception; Holistic effects; Adding value; Incentives; Learning capabilities; Opportunity cost; Risk and Style.

Strategic planning

Strategic planning is a means of administering the formulation and implementation of strategy. Strategic planning is analytical in nature and refers to formalized procedures to produce the data and analyses used as inputs for strategic thinking, which synthesizes the data resulting in the strategy. Strategic planning may also refer to control mechanisms used to implement the strategy once it is determined. In other words, strategic planning happens *around* the strategy formation process.

Environmental analysis

Porter wrote in 1980 that formulation of competitive strategy includes consideration of four key elements:

1. Company strengths and weaknesses;
2. Personal values of the key implementers (i.e., management and the board)
3. Industry opportunities and threats; and
4. Broader societal expectations.

The first two elements relate to factors internal to the company (i.e., the internal environment), while the latter two relate to factors external to the company (i.e., the external environment).

There are many analytical frameworks which attempt to organize the strategic planning process. Examples of frameworks that address the four elements described above include:

- External environment: PEST analysis or STEEP analysis is a framework used to examine the remote external environmental factors that can affect the organization, such as political, economic, social/demographic, and technological. Common variations include SLEPT, PESTLE, STEEPLE, and STEER analysis, each of which incorporates slightly different emphases.
- Industry environment: The Porter Five Forces Analysis framework helps to determine the competitive rivalry and therefore attractiveness of a market. It is used to help determine the portfolio of offerings the organization will provide and in which markets.
- Relationship of internal and external environment: SWOT analysis is one of the most basic and widely used frameworks, which examines both internal elements of the organization—**S**trengths and **W**eaknesses—and external elements—**O**pportunities and **T**hreats. It helps examine the organization's resources in the context of its environment.

Scenario planning

A number of strategists use scenario planning techniques to deal with change. The way Peter Schwartz put it in 1991 is that strategic outcomes cannot be known in advance so the sources of competitive advantage cannot be predetermined. The fast changing business environment is too uncertain for us to find sustainable value in formulas of excellence or competitive advantage. Instead, scenario planning is a technique in which multiple outcomes can be developed, their implications assessed, and their likeliness of occurrence evaluated. According to Pierre Wack, scenario planning is about insight, complexity, and subtlety, not about formal analysis and numbers.

Some business planners are starting to use a complexity theory approach to strategy. Complexity can be thought of as chaos with a dash of order. Chaos theory deals with turbulent systems that rapidly become disordered. Complexity is not quite so unpredictable. It involves multiple agents interacting in such a way that a glimpse of structure may appear.

Measuring and controlling implementation

Generic Strategy Map illustrating four elements of a balanced scorecard

Once the strategy is determined, various goals and measures may be established to chart a course for the organization, measure performance and control implementation of the strategy. Tools such as the balanced scorecard and strategy maps help crystallize the strategy, by relating key measures of success and performance to the strategy. These tools measure financial, marketing, production, organizational development, and innovation measures to achieve a 'balanced' perspective. Advances in information technology and data availability enable the gathering of more information about performance, allowing managers to take a much more analytical view of their business than before.

Strategy may also be organized as a series of "initiatives" or "programs", each of which comprises one or more projects. Various monitoring and feedback mechanisms may also be established, such as regular meetings between divisional and corporate management to control implementation.

Evaluation

A key component to strategic management which is often overlooked when planning is evaluation. There are many ways to evaluate whether or not strategic priorities and plans have been achieved, one such method is Robert Stake's Responsive Evaluation.Responsive evaluation provides a naturalistic and humanistic approach to program evaluation. In expanding beyond the goal-oriented or pre-ordinate evaluation design, responsive evaluation takes into consideration the program's background (history), conditions, and transactions among stakeholders. It is largely emergent, the design unfolds as contact is made with stakeholders.

Limitations

While strategies are established to set direction, focus effort, define or clarify the organization, and provide consistency or guidance in response to the environment, these very elements also mean that certain signals are excluded from consideration or de-emphasized. Mintzberg wrote in 1987: "Strategy is a categorizing scheme by which incoming stimuli can be ordered and dispatched." Since a strategy orients the organization in a particular manner or direction, that direction may not effectively match the environment, initially (if a bad strategy) or over time as circumstances change. As such, Mintzberg continued, "Strategy [once established] is a force that resists change, not encourages it."

Therefore, a critique of strategic management is that it can overly constrain managerial discretion in a dynamic environment. "How can individuals, organizations and societies cope as well as possible with ... issues too complex to be fully understood, given the fact that actions initiated on the basis of inadequate understanding may lead to significant regret?"Some theorists insist on an iterative approach, considering in turn objectives, implementation and resources. I.e., a "...repetitive learning cycle [rather than] a linear progression towards a clearly defined final destination." Strategies must be able to adjust during implementation because "humans rarely can proceed satisfactorily except by learning from experience; and modest probes, serially modified on the basis of feedback, usually are the best method for such learning."

In 2000, Gary Hamel coined the term **strategic convergence** to explain the limited scope of the strategies being used by rivals in greatly differing circumstances. He lamented that successful strategies are imitated by firms that do not understand that for a strategy to work, it must account for the specifics of each situation. Woodhouse and Collingridge claim that the essence of being “strategic” lies in a capacity for "intelligent trial-and error" rather than strict adherence to finely honed strategic plans. Strategy should be seen as laying out the general path rather than precise steps. Means are as likely to determine ends as ends are to determine means. The objectives that an organization might wish to pursue are limited by the range of feasible approaches to implementation. (There will usually be only a small number of approaches that will not only be technically and administratively possible, but also satisfactory to the full range of organizational stakeholders.) In turn, the range of feasible implementation approaches is determined by the availability of resources.

Strategic themes

Various strategic approaches used across industries (themes) have arisen over the years. These include the shift from product-driven demand to customer- or marketing-driven demand (described above), the increased use of self-service approaches to lower cost, changes in the value chain or corporate structure due to globalization (e.g., off-shoring of production and assembly), and the internet.

Self-service

One theme in strategic competition has been the trend towards self-service, often enabled by technology, where the customer takes on a role previously performed by a worker to lower the price. Examples include:

- Automated teller machine (ATM) to obtain cash rather via a bank teller;
- Self-service at the gas pump rather than with help from an attendant;
- Retail internet orders input by the customer rather than a retail clerk, such as online book sales;

- Mass-produced ready-to-assemble furniture transported by the customer;
- Self-checkout at the grocery store; and
- Online banking and bill payment.

Globalization and the virtual firm

One definition of globalization refers to the integration of economies due to technology and supply chain process innovation. Companies are no longer required to be vertically integrated (i.e., designing, producing, assembling, and selling their products). In other words, the value chain for a company's product may no longer be entirely within one firm; several entities comprising a virtual firm may exist to fulfill the customer requirement. For example, some companies have chosen to outsource production to third parties, retaining only design and sales functions inside their organization.

Internet and information availability

The internet has dramatically empowered consumers and enabled buyers and sellers to come together with drastically reduced transaction and intermediary costs, creating much more robust marketplaces for the purchase and sale of goods and services. Examples include online auction sites, internet dating services, and internet book sellers. In many industries, the internet has dramatically altered the competitive landscape. Services that used to be provided within one entity (e.g., a car dealership providing financing and pricing information) are now provided by third parties. Further, compared to traditional media like television, the internet has caused a major shift in viewing habits through on demand content which has led to an increasingly fragmented audience.

Author Phillip Evans said in 2013 that networks are challenging traditional hierarchies. Value chains may also be breaking up ("deconstructing") where information aspects can be separated from functional activity. Data that is readily available for free or very low cost makes it harder for information-based, vertically integrated businesses to remain intact. Evans said: "The basic story here is that what used to be vertically integrated, oligopolistic competition among essentially similar kinds of competitors is evolving, by one means or another, from a vertical structure to a horizontal one. Why is that happening? It's happening because transaction costs are plummeting and because scale is polarizing. The plummeting of transaction costs weakens the glue that holds value chains together, and allows them to separate." He used Wikipedia as an example of a network that has challenged the traditional encyclopedia business model. Evans predicts the emergence of a new form of industrial organization called a "stack", analogous to a technology stack, in which competitors rely on a common platform of inputs (services or information), essentially layering the remaining competing parts of their value chains on top of this common platform.

Sustainability

In the recent decade, sustainability—or ability to successfully sustain a company in a context of rapidly changing environmental, social, health, and economic circumstances—has emerged as crucial aspect of any strategy development. Research focusing on corporations and leaders who have integrated sustainability into commercial strategy has led to emergence of the concept of "embedded sustainability" – defined by its authors Chris Laszlo and NadyaZhexembayeva as "incorporation of environmental, health, and social value into the core business with no trade-off in price or quality—in other words, with no social or green premium." Laszlo and Zhexembayeva's research showed that embedded sustainability offers at least seven distinct opportunities for business value and competitive advantage creation: a) better risk-management, b) increased efficiency through reduced waste and resource use, c) better product differentiation, d) new market entrances, e) enhanced brand and reputation, f) greater opportunity to influence industry standards, and g) greater opportunity for radical innovation. NadyaZhexembayeva's 2014 research further suggested that innovation driven by resource depletion can result in fundamental competitive advantages for a company's products and services, as well as the company strategy as a whole, when right principles of innovation are applied.

Strategy as learning

In 1990, Peter Senge, who had collaborated with Arie de Geus at Dutch Shell, popularized de Geus' notion of the "learning organization". The theory is that gathering and analyzing information is a necessary requirement for business success in the information age. To do this, Senge claimed that an organization would need to be structured such that:

- People can continuously expand their capacity to learn and be productive.
- New patterns of thinking are nurtured.
- Collective aspirations are encouraged.
- People are encouraged to see the "whole picture" together.

Senge identified five disciplines of a learning organization. They are:

- Personal responsibility, self-reliance, and mastery – We accept that we are the masters of our own destiny. We make decisions and live with the consequences of them. When a problem needs to be fixed, or an opportunity exploited, we take the initiative to learn the required skills to get it done.
- Mental models – We need to explore our personal mental models to understand the subtle effect they have on our behaviour.
- Shared vision – The vision of where we want to be in the future is discussed and communicated to all. It provides guidance and energy for the journey ahead.
- Team learning – We learn together in teams. This involves a shift from "a spirit of advocacy to a spirit of enquiry".
- Systems thinking – We look at the whole rather than the parts. This is what Senge calls the "Fifth discipline". It is the glue that integrates the other four into a

coherent strategy. For an alternative approach to the "learning organization", see Garratt, B. (1987).

Geoffrey Moore (1991) and R. Frank and P. Cook also detected a shift in the nature of competition. Markets driven by technical standards or by "network effects" can give the dominant firm a near-monopoly. The same is true of networked industries in which interoperability requires compatibility between users. Examples include Internet Explorer's and Amazon's early dominance of their respective industries. IE's later decline shows that such dominance may be only temporary.

Moore showed how firms could attain this enviable position by using E.M. Rogers' five stage adoption process and focusing on one group of customers at a time, using each group as a base for reaching the next group. The most difficult step is making the transition between introduction and mass acceptance. (See Crossing the Chasm). If successful a firm can create a bandwagon effect in which the momentum builds and its product becomes a *de facto* standard.

Strategy as adapting to change

In 1969, Peter Drucker coined the phrase **Age of Discontinuity** to describe the way change disrupts lives. In an age of continuity attempts to predict the future by extrapolating from the past can be accurate. But according to Drucker, we are now in an age of discontinuity and extrapolating is ineffective. He identifies four sources of discontinuity: new technologies, globalization, cultural pluralism and knowledge capital.

In 1970, Alvin Toffler in *Future Shock* described a trend towards accelerating rates of change.He illustrated how social and technical phenomena had shorter lifespans with each generation, and he questioned society's ability to cope with the resulting turmoil and accompanying anxiety. In past eras periods of change were always punctuated with times of stability. This allowed society to assimilate the change before the next change arrived. But these periods of stability had all but disappeared by the late 20th century. In 1980 in *The Third Wave*, Toffler characterized this shift to relentless change as the defining feature of the third phase of civilization (the first two phases being the agricultural and industrial waves).

In 1978, Derek F. Abell (Abell, D. 1978) described "strategic windows" and stressed the importance of the timing (both entrance and exit) of any given strategy. This led some strategic planners to build planned obsolescence into their strategies.

In 1983, Noel Tichy wrote that because we are all beings of habit we tend to repeat what we are comfortable with. He wrote that this is a trap that constrains our creativity, prevents us from exploring new ideas, and hampers our dealing with the full complexity of new issues. He developed a systematic method of dealing with change that involved looking at any new issue from three angles: technical and production, political and resource allocation, and corporate culture.

In 1989, Charles Handy identified two types of change. "Strategic drift" is a gradual change that occurs so subtly that it is not noticed until it is too late. By contrast, "transformational change" is sudden and radical. It is typically caused by discontinuities (or exogenous shocks) in the business environment. The point where a new trend is initiated is called a "strategic inflection point" by Andy Grove. Inflection points can be subtle or radical.

In 1990, Richard Pascale wrote that relentless change requires that businesses continuously reinvent themselves. His famous maxim is “Nothing fails like success” by which he means that what was a strength yesterday becomes the root of weakness today, We tend to depend on what worked yesterday and refuse to let go of what worked so well for us in the past. Prevailing strategies become self-confirming. To avoid this trap, businesses must stimulate a spirit of inquiry and healthy debate. They must encourage a creative process of self-renewal based on constructive conflict.

In 1996, Adrian Slywotzky showed how changes in the business environment are reflected in value migrations between industries, between companies, and within companies. He claimed that recognizing the patterns behind these value migrations is necessary if we wish to understand the world of chaotic change. In “Profit Patterns” (1999) he described businesses as being in a state of **strategic anticipation** as they try to spot emerging patterns. Slywotsky and his team identified 30 patterns that have transformed industry after industry.

In 1997, Clayton Christensen (1997) took the position that great companies can fail precisely because they do everything right since the capabilities of the organization also define its disabilities.Christensen's thesis is that outstanding companies lose their market leadership when confronted with **disruptive technology**. He called the approach to discovering the emerging markets for disruptive technologies **agnostic marketing**, i.e., marketing under the implicit assumption that no one – not the company, not the customers – can know how or in what quantities a disruptive product can or will be used without the experience of using it.

In 1999, ConstantinosMarkides reexamined the nature of strategic planning. He described strategy formation and implementation as an ongoing, never-ending, integrated process requiring continuous reassessment and reformation. Strategic management is planned and emergent, dynamic and interactive.

J. Moncrieff (1999) stressed strategy dynamics. He claimed that strategy is partially deliberate and partially unplanned. The unplanned element comes from emergent strategies that result from the emergence of opportunities and threats in the environment and from "strategies in action" (ad hoc actions across the organization).

David Teece pioneered research on resource-based strategic management and the dynamic capabilities perspective, defined as “the ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments". His 1997 paper (with Gary Pisano and Amy Shuen) "Dynamic Capabilities and Strategic Management" was the most cited paper in economics and business for the period from 1995 to 2005.

In 2000, Gary Hamel discussed **strategic decay**, the notion that the value of every strategy, no matter how brilliant, decays over time.

Strategy as operational excellence

A large group of theorists felt the area where western business was most lacking was product quality. W. Edwards Deming, Joseph M. Juran, A. Kearney,Philip Crosby and Armand Feignbaum suggested quality improvement techniques such total quality management (TQM), continuous improvement (kaizen), lean manufacturing, Six Sigma, and return on quality (ROQ).

Contrarily, James Heskett (1988), Earl Sasser (1995), William Davidow, Len Schlesinger, A. Paraurgman (1988), Len Berry, Jane Kingman-Brundage, Christopher Hart, and Christopher Lovelock (1994), felt that poor customer service was the problem. They gave us fishbone diagramming, service charting, Total Customer Service (TCS), the service profit chain, service gaps analysis, the service encounter, strategic service vision, service mapping, and service teams. Their underlying assumption was that there is no better source of competitive advantage than a continuous stream of delighted customers.

Process management uses some of the techniques from product quality management and some of the techniques from customer service management. It looks at an activity as a sequential process. The objective is to find inefficiencies and make the process more effective. Although the procedures have a long history, dating back to Taylorism, the scope of their applicability has been greatly widened, leaving no aspect of the firm free from potential process improvements. Because of the broad applicability of process management techniques, they can be used as a basis for competitive advantage.

Carl Sewell, Frederick F. Reichheld, C. Gronroos, and Earl Sasserobserved that businesses were spending more on customer acquisition than on retention. They showed how a competitive advantage could be found in ensuring that customers returned again and again. Reicheld broadened the concept to include loyalty from employees, suppliers, distributors and shareholders. They developed techniques for estimating customer lifetime value (CLV) for assessing long-term relationships. The concepts begat attempts to recast selling and marketing into a long term endeavor that created a sustained relationship (called relationship selling, relationship marketing, and customer relationship management). Customer relationship management (CRM) software became integral to many firms.

Reengineering

Michael Hammer and James Champy felt that these resources needed to be restructured.In a process that they labeled reengineering, firm's reorganized their assets around whole processes rather than tasks. In this way a team of people saw a project through, from inception to completion. This avoided functional silos where isolated departments seldom talked to each other. It also eliminated waste due to functional overlap and interdepartmental communications.

In 1989 Richard Lester and the researchers at the MIT Industrial Performance Center identified seven **best practices** and concluded that firms must accelerate the shift away from the mass production of low cost standardized products. The seven areas of best practice were:

- Simultaneous continuous improvement in cost, quality, service, and product innovation
- Breaking down organizational barriers between departments
- Eliminating layers of management creating flatter organizational hierarchies.
- Closer relationships with customers and suppliers
- Intelligent use of new technology
- Global focus
- Improving human resource skills

The search for best practices is also called benchmarking. This involves determining where you need to improve, finding an organization that is exceptional in this area, then studying the company and applying its best practices in your firm.

Other perspectives on strategy

Strategy as problem solving

Professor Richard P. Rumelt described strategy as a type of problem solving in 2011. He wrote that good strategy has an underlying structure called a *kernel*. The kernel has three parts: 1) A *diagnosis* that defines or explains the nature of the challenge; 2) A *guiding policy* for dealing with the challenge; and 3) Coherent *actions* designed to carry out the guiding policy.[92] President Kennedy outlined these three elements of strategy in his Cuban Missile Crisis Address to the Nation of 22 October 1962:

1. Diagnosis: "This Government, as promised, has maintained the closest surveillance of the Soviet military buildup on the island of Cuba. Within the past week, unmistakable evidence has established the fact that a series of offensive missile sites is now in preparation on that imprisoned island. The purpose of these bases can be none other than to provide a nuclear strike capability against the Western Hemisphere."
2. Guiding Policy: "Our unswerving objective, therefore, must be to prevent the use of these missiles against this or any other country, and to secure their withdrawal or elimination from the Western Hemisphere."

3. Action Plans: First among seven numbered steps was the following: "To halt this offensive buildup a strict quarantine on all offensive military equipment under shipment to Cuba is being initiated. All ships of any kind bound for Cuba from whatever nation or port will, if found to contain cargoes of offensive weapons, be turned back."

Active strategic management required active information gathering and active problem solving. In the early days of Hewlett-Packard (HP), Dave Packard and Bill Hewlett devised an active management style that they called *management by walking around* (MBWA). Senior HP managers were seldom at their desks. They spent most of their days visiting employees, customers, and suppliers. This direct contact with key people provided them with a solid grounding from which viable strategies could be crafted. Management consultantsTom Peters and Robert H. Waterman had used the term in their 1982 book *In Search of Excellence: Lessons From America's Best-Run Companies*.[94] Some Japanese managers employ a similar system, which originated at Honda, and is sometimes called the 3 G's (Genba, Genbutsu, and Genjitsu, which translate into "actual place", "actual thing", and "actual situation").

Creative vs analytic approaches

In 2010, IBM released a study summarizing three conclusions of 1500 CEOs around the world: 1) complexity is escalating, 2) enterprises are not equipped to cope with this complexity, and 3) creativity is now the single most important leadership competency. IBM said that it is needed in all aspects of leadership, including strategic thinking and planning.

Similarly, Mckeown argued that over-reliance on any particular approach to strategy is dangerous and that multiple methods can be used to combine the creativity and analytics to create an "approach to shaping the future", that is difficult to copy.

Non-strategic management

A 1938 treatise by Chester Barnard, based on his own experience as a business executive, described the process as informal, intuitive, non-routinized and involving primarily oral, 2-way communications. Bernard says "The process is the sensing of the organization as a whole and the total situation relevant to it. It transcends the capacity of merely intellectual methods, and the techniques of discriminating the factors of the situation. The terms pertinent to it are "feeling", "judgement", "sense", "proportion", "balance", "appropriateness". It is a matter of art rather than science."

In 1973, Mintzberg found that senior managers typically deal with unpredictable situations so they strategize in *ad hoc*, flexible, dynamic, and implicit ways. He wrote, "The job breeds adaptive information-manipulators who prefer the live concrete situation. The manager works in an environment of stimulus-response, and he develops in his work a clear preference for live action."[98]

In 1982, John Kotter studied the daily activities of 15 executives and concluded that they spent most of their time developing and working a network of relationships that provided general insights and specific details for strategic decisions. They tended to use "mental road maps" rather than systematic planning techniques.

Daniel Isenberg's 1984 study of senior managers found that their decisions were highly intuitive. Executives often sensed what they were going to do before they could explain why.He claimed in 1986 that one of the reasons for this is the complexity of strategic decisions and the resultant information uncertainty.

Zuboff claimed that information technology was widening the divide between senior managers (who typically make strategic decisions) and operational level managers (who typically make routine decisions). She alleged that prior to the widespread use of computer systems, managers, even at the most senior level, engaged in both strategic decisions and routine administration, but as computers facilitated (She called it "deskilled") routine processes, these activities were moved further down the hierarchy, leaving senior management free for strategic decision making.

In 1977, Abraham Zaleznik distinguished leaders from managers. He described leaders as visionaries who inspire, while managers care about process. He claimed that the rise of managers was the main cause of the decline of American business in the 1970s and 1980s. Lack of leadership is most damaging at the level of strategic management where it can paralyze an entire organization.

According to Corner, Kinichi, and Keats, strategic decision making in organizations occurs at two levels: individual and aggregate. They developed a model of parallel strategic decision making. The model identifies two parallel processes that involve getting attention, encoding information, storage and retrieval of information, strategic choice, strategic outcome and feedback. The individual and organizational processes interact at each stage. For instance, competition-oriented objectives are based on the knowledge of competing firms, such as their market share.

Strategy as marketing

The 1980s also saw the widespread acceptance of positioning theory. Although the theory originated with Jack Trout in 1969, it didn’t gain wide acceptance until Al Ries and Jack Trout wrote their classic book *Positioning: The Battle For Your Mind* (1979). The basic premise is that a strategy should not be judged by internal company factors but by the way customers see it relative to the competition. Crafting and implementing a strategy involves creating a position in the mind of the collective consumer. Several techniques enabled the practical use of positioning theory. Perceptual mapping for example, creates visual displays of the relationships between positions. Multidimensional scaling, discriminant analysis, factor analysis and conjoint analysis are mathematical techniques used to determine the most relevant characteristics (called dimensions or factors) upon which positions should be based. Preference regression can be used to determine vectors of ideal positions and cluster analysis can identify clusters of positions.

In 1992 Jay Barney saw strategy as assembling the optimum mix of resources, including human, technology and suppliers, and then configuring them in unique and sustainable ways.

James Gilmore and Joseph Pine found competitive advantage in mass customization.[107]Flexible manufacturing techniques allowed businesses to individualize products for each customer without losing economies of scale. This effectively turned the product into a service. They also realized that if a service is mass-customized by creating a "performance" for each individual client, that service would be transformed into an "experience". Their book, *The Experience Economy*,along with the work of Bernd Schmitt convinced many to see service provision as a form of theatre. This school of thought is sometimes referred to as customer experience management (CEM).

Information- and technology-driven strategy

Many industries with a high information component are being transformed. For example, Encarta demolished Encyclopædia Britannica (whose sales have plummeted 80% since their peak of $650 million in 1990) before it was in turn, eclipsed by collaborative encyclopedias like Wikipedia. The music industry was similarly disrupted. The technology sector has provided some strategies directly. For example, from the software development industry agile software development provides a model for shared development processes.

Peter Drucker conceived of the "knowledge worker" in the 1950s. He described how fewer workers would do physical labor, and more would apply their minds. In 1984, John Naisbitt theorized that the future would be driven largely by information: companies that managed information well could obtain an advantage, however the profitability of what he called "information float" (information that the company had and others desired) would disappear as inexpensive computers made information more accessible.

Daniel Bell (1985) examined the sociological consequences of information technology, while Gloria Schuck and ShoshanaZuboff looked at psychological factors. Zuboff distinguished between "automating technologies" and "informating technologies". She studied the effect that both had on workers, managers and organizational structures. She largely confirmed Drucker's predictions about the importance of flexible decentralized structure, work teams, knowledge sharing and the knowledge worker's central role. Zuboff also detected a new basis for managerial authority, based on knowledge (also predicted by Drucker) which she called "participative management".

Maturity of planning process

McKinsey & Company developed a capability maturity model in the 1970s to describe the sophistication of planning processes, with strategic management ranked the highest. The four stages include:

1. Financial planning, which is primarily about annual budgets and a functional focus, with limited regard for the environment;
2. Forecast-based planning, which includes multi-year budgets and more robust capital allocation across business units;
3. Externally oriented planning, where a thorough situation analysis and competitive assessment is performed;
4. Strategic management, where widespread strategic thinking occurs and a well-defined strategic framework is used.

PIMS study

The long-term PIMS study, started in the 1960s and lasting for 19 years, attempted to understand the Profit Impact of Marketing Strategies (PIMS), particularly the effect of market share. The initial conclusion of the study was unambiguous: the greater a company's market share, the greater their rate of profit. Market share provides economies of scale. It also provides experience curve advantages. The combined effect is increased profits.

The benefits of high market share naturally led to an interest in growth strategies. The relative advantages of horizontal integration, vertical integration, diversification, franchises, mergers and acquisitions, joint ventures and organic growth were discussed. Other research indicated that a low market share strategy could still be very profitable. Schumacher (1973),[113] Woo and Cooper (1982), Levenson (1984), and later Traverso (2002) showed how smaller niche players obtained very high returns.

Other influences on business strategy

Military strategy

In the 1980s business strategists realized that there was a vast knowledge base stretching back thousands of years that they had barely examined. They turned to military strategy for guidance. Military strategy books such as *The Art of War* by Sun Tzu, *On War* by von Clausewitz, and *The Red Book* by Mao Zedong became business classics. From Sun Tzu, they learned the tactical side of military strategy and specific tactical prescriptions. From von Clausewitz, they learned the dynamic and unpredictable nature of military action. From Mao, they learned the principles of guerrilla warfare. Important marketing warfare books include *Business War Games* by Barrie James, *Marketing Warfare* by Al Ries and Jack Trout and *Leadership Secrets of Attila the Hun* by Wess Roberts.

The four types of business warfare theories are:

- Offensive marketing warfare strategies
- Defensive marketing warfare strategies
- Flanking marketing warfare strategies
- Guerrilla marketing warfare strategies

The marketing warfare literature also examined leadership and motivation, intelligence gathering, types of marketing weapons, logistics and communications.

By the twenty-first century marketing warfare strategies had gone out of favour in favor of non-confrontational approaches. In 1989, Dudley Lynch and Paul L. Kordis published *Strategy of the Dolphin: Scoring a Win in a Chaotic World*. "The Strategy of the Dolphin" was developed to give guidance as to when to use aggressive strategies and when to use passive strategies. A variety of aggressiveness strategies were developed.

In 1993, J. Moore used a similar metaphor. Instead of using military terms, he created an ecological theory of predators and prey(see ecological model of competition), a sort of Darwinian management strategy in which market interactions mimic long term ecological stability.

Author Phillip Evans said in 2014 that "Henderson's central idea was what you might call the Napoleonic idea of concentrating mass against weakness, of overwhelming the enemy. What Henderson recognized was that, in the business world, there are many phenomena which are characterized by what economists would call increasing returns—scale, experience. The more you do of something, disproportionately the better you get. And therefore he found a logic for investing in such kinds of overwhelming mass in order to achieve competitive advantage. And that was the first introduction of essentially a military concept of strategy into the business world. ... It was on those two ideas, Henderson's idea of increasing returns to scale and experience, and Porter's idea of the value chain, encompassing heterogenous elements, that the whole edifice of business strategy was subsequently erected."

Traits of successful companies

Like Peters and Waterman a decade earlier, James Collins and Jerry Porras spent years conducting empirical research on what makes great companies. Six years of research uncovered a key underlying principle behind the 19 successful companies that they studied: They all encourage and preserve a **core ideology** that nurtures the company. Even though strategy and tactics change daily, the companies, nevertheless, were able to maintain a core set of values. These core values encourage employees to build an organization that lasts. In *Built To Last* (1994) they claim that short term profit goals, cost cutting, and restructuring will not stimulate dedicated employees to build a great company that will endure In 2000 Collins coined the term "built to flip" to describe the prevailing business attitudes in Silicon Valley. It describes a business culture where technological change inhibits a long term focus. He also popularized the concept of the **BHAG** (Big Hairy Audacious Goal).

Arie de Geus (1997) undertook a similar study and obtained similar results.He identified four key traits of companies that had prospered for 50 years or more. They are:

- Sensitivity to the business environment – the ability to learn and adjust
- Cohesion and identity – the ability to build a community with personality, vision, and purpose
- Tolerance and decentralization – the ability to build relationships
- Conservative financing

A company with these key characteristics he called a **living company** because it is able to perpetuate itself. If a company emphasizes knowledge rather than finance, and sees itself as an ongoing community of human beings, it has the potential to become great and endure for decades. Such an organization is an organic entity capable of learning (he called it a "learning organization") and capable of creating its own processes, goals, and persona.

Will Mulcaster suggests that firms engage in a dialogue that centresaround these questions:

- Will the proposed competitive advantage create Perceived Differential Value?"
- Will the proposed competitive advantage create something that is different from the competition?"
- Will the difference add value in the eyes of potential customers?" – This question will entail a discussion of the combined effects of price, product features and consumer perceptions.
- Will the product add value for the firm?" – Answering this question will require an examination of cost effectiveness and the pricing strategy.

Culture in strategic decisions

Strategic decisions are the resolutions which concern the environment in which a firm operates, the entire resources and the people who form the firm and the interaction between these.[1] While cultural Logic refers to the understanding of a culture's fundamental beliefs and the ways that those beliefs interact with each other, generating new information, and with the perceived desirability of alternative actions. This is how any activity in which people from diverse cultures interaction is understood. It is especially important whenever people from different cultures wish to impact each other's behavior through persuasive communications. In terms of strategic decisions, these can be influenced by multiple factors and variables according to one's culture, due to distinct ways to transmit ideas and interpreting messages, therefore its formulation and implementation will differ from one to another. Norms, values and premises reflect in the informal system that emerge with the company as it expands, and are reflected as well in the arrangements of the organization which include formal management systems (measurement and reward systems, information systems, planning systems, training systems, etc.) and policies that justify events and situations.

Influence of culture

Culture has important influences on the development and change of the organization at multiple levels, but how these influences impinge on the decision making process is matter of different reasons, and there is not yet a fully detailed description of the links between culture and the decision making process, it is claimed as well that there is a requirement for an integrative research that explicitly considers the impact of the context on the strategic decision making process in such a type of a research that examines to which extent it can be utilized in determining how variations in organizational and environmental factors influence the strategic decision making process.

National culture

National culture is said to have had influenced and still lead decision-making processes on states' choices. There is a strategic culture theory that claims that differences in the way national leaders think about strategy were possibly caused by variations in three distinct levels of analysis: macroenvironmental variables such as ethnocultural characteristics, geography, and history; social, economic, and political structures of a society, as part of societal variables; and micro-level variables which includes militar aspects as military institutions and characteristics of civil-military relations. Two additional generations of the theory point out strategic culture's avail as a tool of political hegemony and considers organizational culture as an intervening variable.

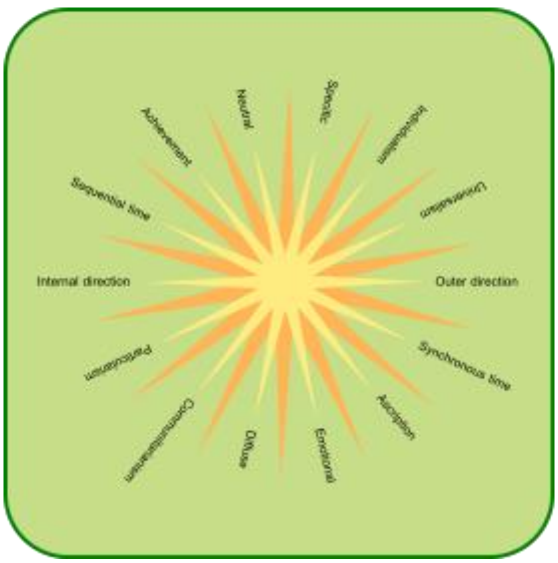
Professor Geert Hofstede conducted one of the most comprehensive studies of how values in the workplace are influenced by culture. The research included six different dimensions of national culture are based on extensive research done by Professor Geert Hofstede, Gert Jan Hofstede, Michael Minkov and their research teams, the dimension are based on cultural factors and through these dimensions Hoftsede intention is to explain the values of individuals and the way they interact among others. The six dimension include:

Hofstede's Dimensions of Culture in Sweden

- Power Distance Index (PDI),
- Individualism vs Collectivism (IDV),

- Masculinity vsFeminity (MAS),
- Uncertainty Avoidance Index (UAI),
- Long Term Orientation vs Short Term Normative Orientation (LTO), and
- Indulgence vs Restraint (IND).

FonsTrompenaars presented as well his model of national cultural differences, he developed this model with the help of Charles Hampden- Turner, they both published a book under the name Ridding the Waves of Culture, in which they presented the various alternatives through which managing and businesses could be done. According to them an individual would never understand other cultures, even it is tough to comprehend the own culture. The author wanted to understand the different aspects involved in cultures, this attributable to his Dutch-French ancestry. He realized that what could be considered accepted in the Dutch culture could not be taken the same way in the French one while doing businesses.[7]



Trompennars' Dimensions of Culture

The dimensions explained by Trompenaars are 7 and consist on:

- Universalism vs Particularism
- Individualism vsCommunitarism
- Neutral vs Emotional
- Specific vs Diffuse
- Achievement vs Ascription
- Sequential vs Synchronic
- Internal vs External control

Corporate culture

Economic Decision-making Christine Lagarde

The need to improve the oversight of severe levers of business performance have been recognized by corporate boards, these include strategy, risk, major transactions, and people, as well as planning and executive compensation. And rigorous and transparent processes have been adopted around these levers. But the lever that hardly ever states on board agendas is culture, even though its contribution to the business world, it is not supervised as the other levers are. A company's culture can make or break even the most perceptive strategy or the most experienced executives; innovation, growth, market leadership, ethical behavior, and customer satisfaction can be produced by the different cultural patterns in a firm. And a non-efficient culture could block strategic outcomes, decay business performance, decrease customer satisfaction and loyalty, and repress employee engagement. There is a saying that goes: 'Culture eats strategy for breakfast' which refers of the actions of a firm to achieve their goals based on the cultural background. There on it is managers and CEOs' responsibility to take the most favorable decisions to achieve the enterprise goals based on its principles and objectives.

If managers do not take action that enable a firm to adapt to environmental changes they should be prepared to deal with declining demand of products. Managers can try to create an adaptive culture, which is innovative and encourages and rewards middle- and lower-level managers for taking the initiative. Adaptive organizations show three common value sets. The first one emphasises employees to entrepreneurship which leads companies to have values promoting a bias for action. Second, the nature of the organization's mission, which refers to sticking to the plans and mission of the firm, and the third one refers to how to operate the organization, this values focuses on how to make employees appreciate the environment of work and when pleased the productivity levels will arise.

Organizational culture

There are three common attributes that seem to arise across the varying perspectives within sociology, psychology, anthropology, and management science. The first one is that the concept of shared meaning is critical; secondly, is the notion that organizational culture is constructed socially and is affected by environment and history. The third feature dictates that organizational culture has many symbolic and cognitive layers—culture is thick and resides at all levels.

To help understand these symbolic and cognitive layers, the places where culture is found have been categorized into three fundamental categories: observable artifacts, espoused values, and basic underlying assumptions.

According to Longhurst, **strategic culture** today can be best defined as 'a distinctive body of beliefs, attitudes and practices regarding the use of force, which are held by a collective and arise gradually over time, through a unique protracted historical process

Strategic geography

Strategic geography is concerned with the control of, or access to, spatial areas that affect the security and prosperity of nations. Spatial areas that concern strategic geography change with human needs and development. This field is a subset of human geography, itself a subset of the more general study of geography. It is also related to geostrategy.

Strategic geography is that branch of science, which deals with the study of spatial areas that affect the security and prosperity of a nation.

European Geostrategy

For the past four years, European Geostrategy has aimed to take part in the debate about the character, ambition and scope of European foreign, security and military issues from a geostrategic perspective. Over 1,080 Facebook likers and 1,300 Twitter followers later, European Geostrategy has become an important outlet for geostrategic thinking, providing our readers with a regular flow of almost 140 posts over this period pertaining to these policies from a range of viewpoints. These have come in the form of short articles, book reviews, interviews and 'Long Posts'. We have had the great pleasure of interviewing some leading European and transatlantic minds, from Julian Lindley-French to Robert Cooper. Most notably, in his last interview before passing away, Kenneth Waltz spoke to European Geostrategy.

Many think-tanks, media outlets and universities have mentioned or directly quoted from our posts. We need only mention Carnegie Europe, the European Council on Foreign Relations, European Voice, FRIDE, Institute for International and European Affairs, the London School of Economics, Elcano Royal Institute and the Royal United Services Institute among the many organisations that have found European Geostrategy a source of useful insight.

Equally, over the past couple of years, European Geostrategy's original co-founders – James Rogers and Luis Simón – have recruited a number of Senior Editors: Sven Biscop, Daniel Fiott and Alexander Mattelaer. Due to European Geostrategy's continuing success, we have decided to migrate to a dedicated website for the continuation of our work. We would like to thank EggCup Web Design for developing our new platform, as well as Ideas on Europe and the University Association of Contemporary European Studies for hosting European Geostrategy up until now.

Developing a Sales Strategy

Saying that you want to reach $1 million, $10 million or any other number in annual sales is one thing; figuring out how you're really going to do it is another. Setting lofty sales goals is useless unless you develop a strategy to reach those objectives. Implementing a strong sales strategy can maximize your sales efforts and improve your bottom line. When developing your sales strategy, consider these elements:

1. Sales goals.
2. Staffing requirements.
3. Training and management of staff.
4. Reporting processes and metrics to measure performance.
5. Sales techniques.
6. Your target market.
7. Your competitive advantage.
8. Costs.

Action Steps

The best contacts and resources to help you get it done

✅**Identify your goals**

Forecasting sales is more of an educated guess than a mathematical formula. Start by estimating monthly sales for one year and then annual sales for three years. If you've been in business for some time, make projections based on past sales history. If you're a startup, estimate by looking at the sales of other products or companies like yours.

✅**Consider your sales team**

If you have a sales staff, it will play a huge role in your sales success. Hiring the right people is critical. But you must also supply them with the training and sales materials necessary for success and you must provide ongoing management.

✅**Develop sales techniques**

Decide which techniques and strategies you and your sales team will use to reach your target market, such as telemarketing, email marketing or exhibiting at trade shows.

✅**Create reporting processes and measure success**

To keep track of your sales team's efforts, develop a reporting system. Decide how you will measure your sales team's performance and communicate your plan with your salespeople so they know what's expected of them.

✅**Set a sales budget**

Your sales budget should include costs for sales force training, compensation, entertainment, travel and administration.

✅**Put your plan in writing**

Detail your sales strategy in a comprehensive sales plan. Similar to a business plan, a sales plan should be your roadmap to help you arrive at your sales goals.

Tips & Tactics

Helpful advice for making the most of this Guide

- Review your sales strategy often and make adjustments as necessary.
- Don't forget to include incentives and performance bonuses in your sales budget.
- Solicit feedback on your sales strategy from your sales reps. Since they're on the front lines, they may have innovative ideas to increase sales or to streamline the process.

Sales Strategy Creates a Competitive Advantage
In today's economy, big and small businesses are seeking every opportunity to win sales through competitive advantages. Smart small business owners know a sales strategy can create a competitive advantage.

Triple-tiered Sales Strategy

Selling consists of two main functions: tactics and strategy. Sales strategy is the planning of sales activities: methods of reaching clients, competitive differences and resources available. Tactics involves the day-to-day selling: prospecting, sales process, and follow-up.

The tactics of selling are very important but equally vital is the strategy of sales. The advantages are too compelling to ignore.

Competitive Advantages of Strategic Sales Planning

- Increased closing ratio by knowing clients hot buttons
- Improved client loyalty by understanding needs
- Shorten the sales cycle with outside recommendations
- Outsell competitors by offering the best solution

Triple-tiered Sales Strategy

The development of any type of plan begins with research. The insight gained for a competitive advantage comes from the marketplace not from your mind. The approach to use is what I call "Triple-tiered Sales Strategy". Look at your client and the outside influences on their business. Approach all three tiers to understand your customer.

Tier 1: Associations: What associations does your target customer belong to? Contact the membership director and establish a relationship not for selling but to understand their member's needs.

Tier 2: Suppliers: Identify non-competitive suppliers who sell to your customer. Learn their challenges and look for partnering solutions.

Tier 3: Customer: Work directly with your customer and ask them what their needs are and if your business may offer a possible solution.

An excellent example of developing a "triple-tiered sales strategy" is a story of a small accounting firm. This firm decided to target independent truck drivers for accounting services.

The competition for this firm was a big accounting company. This small business approached the truck drivers association and learned that one concern of their membership was receiving financing for a new vehicle.

A discussion with the suppliers of trucks, revealed financing was only approved after the truckers supplied financial statements. The financials were often prepared by a large accounting firm who set appointments on their time and in their office.

The pieces of the puzzle were now coming together. The customer was the last piece of critical information. Truckers were frustrated by the inconvenience of visiting an accounting firm because of the time they spend on the road. The best solution was to bring the accounting service to the customer on their terms and time.

The small accounting office had defined a clear sales strategy: offer in-home financial statement preparation for truck drivers seeking financing through truck manufacturers. All sales leads would be referred from the supplier. This strategy was a win-win for the association, the supplier, the customer and the accounting firm.

The moral of the story is to gain a competitive advantage by looking at both sides of the equation, tactics and strategy. Use the triple-tiered approach to win business and outsell the big companies in your market.

The 5 Biggest Sales Management Blunders

Learn the biggest sales management blunders and how you can avoid them. Spending the necessary time wearing your sales manager hat will help foster a rewarding culture and build a successful sales team to boost your business to new levels.

The 5 Biggest Sales Management Blunders

Avoiding Sales Management Blunders

Hiring a sales staff for your small business comes with the responsibility to provide effective sales management. Learn the biggest sales management blunders and how you can avoid them.

1. Mixing Recognition with Coaching: One common sales management blunder is to congratulate your sales force for a job well done and quickly move to areas of improvement. This tactic can often be interpreted by sales staff as a lack of appreciation. A best practice is to separate the recognition from the coaching. Save the performance improvement areas for coaching sessions. Set up separate recognition of your sales rep success even if it's a small celebration. It's the little gestures of respect and celebrations of achievement that gain the hearts and minds of the sales force.

2.No Sales Plan: Another common sales management blunder is not developing a sales plan to help manage the sales team. A successful sales team requires regular planning tracking, and review to achieve the targeted results. Every sales rep requires their own action plan to direct day-to-day activities and set up accountabilities.

All sales plans have at least 3 requirements:

- Sales Rep Development: Where most plans fail is they are developed by the sales manager not the sales rep. To ensure a high level of plan acceptance, have the rep develop the plan and guide them toward the right objectives.
- Regular Reporting: Sales plans should be established on a weekly basis to provide flexibility in the planning cycle. Reviewing can take place on a monthly basis. Sales management excellence involves reviewing the results against the plan to determine missed opportunities and areas for improvement.
- Sales Metrics: A successful sales plan focuses on results and activities. Establish the proper sales metrics to drive your business results. Metrics can include: number of client phone calls, number of contacts, appointments set, appointments conducted and sales closed. Do not overwhelm your sales staff with excessive tracking numbers. Focus on the few measures that matter the most to your business.

3. No Sales Support: A common sales management blunder is to hire a sales person without providing them with the level of support required to succeed. Even if your new rep is well-versed in your industry and a top performer, they will still require help to familiarize themselves with your company, products, and markets.

Not all sales reps require the same level of support. For many small business owners, a hands-off approach to sales management is not the best strategy. Successful sales management requires a commitment to sales force training. Regardless of the size of your firm, an investment in sales training and support can pay big dividends on profitability. Spending the time one-on-one and in the field with your sales team will not only provide support but convey a sense of the importance of sales people in your organization.

4. Focus on Control Sales Management: Many new and unsuccessful sales managers will focus on the traditional sales management by intimidation or control approach. The top sales performers know they have a valuable skill set and will quickly walk to a competitor if treated poorly. Sales management is a partnership between the sales rep and the sales manager. Effective sales management requires sharing in the responsibility to find the problems and bottlenecks in your sales process. Seek the solution together with your reps. Be a champion for helping them achieve their agreed results.

5. Lack of Sales Accountability: There will be times when sales reps fail regardless of the support and training they receive. It is easy to pass off the lack of results to external forces such as competitors, the economy, or poor marketing. Remember the sales rep was hired to bring in sales. When support, training, and market potential are available, a lack of results often means it's the rep's performance.

Who is responsible for the lack of performance? Your sales management program. If your small business lacks a clear policy of sales accountability, it remains your responsibility to implement the process. Creating a culture of sales accountability will not happen overnight. Expect to lose sales staff. Sales reps who have under performed and will not accept personal responsibility for their own results, will leave. This is a good thing. A sales accountability culture only accepts top performers; exactly what your business needs to survive in a competitive market.

Other big sales management blunders do exist. It is vital to have an honest feedback system in place. Alan J. Zell, "The Ambassador of Selling" feels "most sales managers do not have a system of feedback that will allow the staff to have a way to comment back to the sales manager without the fear of being chastised or being known as a complainer."

Growing a small business is hard work. The sales management function is often overlooked by small business owners. Spending the necessary time wearing your sales manager hat will help foster a rewarding culture and build a successful sales team to boost your business to new levels.

8 Secrets to a Knockout Business Presentation

The presentation is starting. Dim the lights. Time for a nap. These are the thoughts of many audiences subject to yet another boring business presentation. How can you awaken the cognitive powers of your audience? Start by learning the 8 secrets of a knockout business presentation.

8 Secrets to a Knockout Business Presentation

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Dig Deep: Having an effective business presentation that will have the audience on their feet requires more than the usual factoid dropped into your PowerPoint. Find a relevant fact beyond your topic norm. Give them the unexpected. The one obscure and contradictory piece of information that will raise heads and stimulate discussion. Where do you find such information? Go past the typical quick search engine scan. Check out educational websites for new research, interview industry mavericks, or scour the business press.

Avoid Info Overload: PowerPoint expert Cliff Atkinson, author of *Beyond Bullet Points* says, "When you overload your audience, you shut down the dialogue that's an important part of decision-making." He points to some important research by educational psychologists. "When you remove interesting but irrelevant words and pictures from a screen, you can increase the audience's ability to remember the information by 189% and the ability to apply the information by 109%," recommends Atkinson.

Practice Delivery: A knockout business presentation is so captivating it makes you forget about the speaker and become absorbed in the talk. Practice your delivery over and over until you remove the distractions including nervous tics and uncomfortable pauses. Pay particular attention to your body language. Is it non-existent or overly excessive? Good presenters work the stage in a natural manner.

Forget Comedy: Business presenters will flirt with the temptation to deliver the stand up humor of Chris Rock. Remember your audience didn't come to laugh; this is a business presentation. Leave your jokes at home. It's ok to throw in a few natural off the cuff laughs but don't overdo it.

Pick Powerful Props: You don't need a box full of props like the watermelon-smashing comic, Gallagher. A few simple props to demonstrate a point can be memorable in the minds of your target audience. Management guru, Tom Peters, uses a cooking timer to show how quickly factory expansion is occurring in China.

Minimize You: "Frankly, your audience doesn't care as much about your company history, as they do about whether you can help them solve the specific problems they face. Write a script for your presentation that makes the audience the protagonist, or the main character, who faces a problem that you will help them to solve," says Atkinson.

Speak the Language: A knockout business presentation doesn't leave people wondering what you said. It might be tempting to throw in a few big words but are you alienating your audience? Always explain terms and acronyms. The number of smart executives who aren't up on the latest terminology would surprise you.

Simple Slides: Beware of the PowerPoint presentation. Many corporate brains will turn off at the sight of yet another PowerPoint presentation. Over 400 million desktops currently have the PowerPoint application. If you want your business to stand out, don't be like everyone else. Use slides in your knockout presentation to highlight and emphasize key points. Don't rely on your slide projector to run the show.

It all comes down to what your audience walks away with in the end. Did you deliver another boring business presentation? Or did you persuade or motivate everyone to action? Apply the 8 secrets to a knockout presentation and watch your ratings soar.

Pricing Strategies for Small Business
The pricing strategy of your small business can ultimately determine your fate. Small business owners can ensure profitability and longevity by paying close attention to their pricing strategy.

Super Charge Your Business With Profit Pricing Strategy

The pricing strategy of your small business can ultimately determine your fate. As a small business owner you can ensure profitability and longevity by paying close attention to your pricing strategy. Commonly, for many small businesses, the pricing strategy has been to be the lowest price provider in the market. This approach comes from taking a superficial view of competitors and assuming one can win business by having the lowest price.

Avoiding the Lowest Pricing Strategy

Having the lowest price isn't a strong position for small business. Larger competitors with deep pockets and the ability to have lower operating costs will destroy any small business trying to compete on price alone. Avoiding the low pricing strategy starts with looking at the demand in the market by examining three factors:

1. Competitive Analysis: Don't just look at your competitor's pricing. Look at the whole package they offer. Are they serving price-conscious consumers or the affluent group? What are the value-added services if any?

2. Ceiling Price: The ceiling price is the highest price the market will bear. Survey experts and customers to determine pricing limits. The highest price in the market may not be the ceiling price.

3. Price Elasticity: If the demand for your product or service is less elastic, you can then have a higher ceiling on prices. Low elastic demand depends on limited competitors, buyer's perception of quality, and consumers not habituated to looking for the lowest price in your industry.

Once you understand the demand structure in your industry, review your costs and profit goals as set in your business plan or financials. The low price strategy is best avoided by small business but there are conditions such as a price war that can drag a company into the lowest price battle.

Evading a Price War

A price war can wreck havoc in any industry and leave many businesses, out of business. In the early 90's, I observed the competitive exercise equipment market enter a price war in a large city. Profits were plentiful but a price war took the gross margins from 42% to 12%. In less than 18 months, over 60% of the retailers were out of business while my division went national. Take these tips to evade a deadly price war:

- Enhance Exclusivity: Products or services that are exclusive to your business provide protection from falling prices.
- Drop High Maintenance Goods: There may be products or services in your business that have high customer service and maintenance costs. Drop the unprofitable lines and find out what customers don't want.
- Value-added: Find value your business can add to stand out in the marketplace. Be the most unique business in the category.
- Branding: Develop your brand name in the market. Brand name businesses can always stand strong in a price war.

Leave the price-cutting and price wars to big business. Small businesses with solid pricing strategy can escape a price war and low price position. Carefully, consider your price decisions. Your business depends on it.

Sales Techniques for Sealing the Deal in Seven Seconds

Can you close a sale in just seven seconds? You can do it faster if you use a sales technique to make a great first impression. Seven seconds is the average length of time you have to make a first impression. If your first impression is not good you won' t get another chance with that potential client. Make a great first impression and the client is likely to take your small business seriously.

Whether your initial meeting is face-to-face, over the phone or via the Internet, you do not have time to waste. It pays for you to understand the sales technique of how people make their first judgment and what you can do to control the results.

- **Learn the Non-verbal Sales Technique:** When you meet someone face-to-face, 93% of how you are judged is based on non-verbal data - your appearance and your body language. Only 7% is influenced by the words that you speak. A good sales technique is to remember people do judge a book by its cover. When your initial encounter is over the phone, 70% of how you are perceived is based on your tone of voice and 30% on your words. It's not what you say - it's the way that you say it.
- **Choose Your First 12 Words:** Although research shows words make up a mere 7% of what people think of you in a one-on-one encounter, don't leave them to chance. Express some form of thank you when you meet the client. Perhaps, it is "Thank you for taking your time to see me today" or "Thank you for joining me for lunch." Clients appreciate you when you appreciate them.
- **Use Their Name Immediately:** Another forgotten sales technique is to remember there is no sweeter sound than that of our own name. When you use the client 's name in conversation within your first twelve words and the first seven seconds, you are sending a message that you value that person and are focused on him. Nothing gets other people's attention as effectively as calling them by name.
- **Pay Attention to Your Hair:** Your clients will. In fact, they will notice your hair and face first. Putting off that much-needed haircut or color job might cost you the deal. Don't let a bad hair day cost you the connection.
- **Shiny Shoes Sales Technique:** People will look from your face to your feet. If your shoes aren't well maintained, the client will question whether you pay attention to other details. Shoes should be polished as your sales technique. They may be the last thing you put on before you walk out the door, but they are often the first thing your client notices.
- **Walk Fast:** A faster walker can be perceived as important and energetic - just the kind of person your clients want to do business with. Pick up the pace and walk with purpose if you want to impress.

Selling Strategy to Reach Big Corporations

Selling your services to big corporations is an attractive proposition. The contracts are larger than with small businesses and individuals, and often longer-term. There's the possibility of repeat business worth many billable hours at respectable rates.

But the best clients are not always the easiest to get. If you don't grasp the realities of the corporate environment, you may sabotage even a hot lead. Here are five selling strategies to working with the corporate buyer.

1. Managers are busy. This is true in economic downturns as during a boom. When business is slow, unnecessary employees get laid off. The people left behind have to pick up the slack.

Busy people ignore unsolicited email and letters, and will not return your phone calls. Even when you are in the final stages of closing a deal, your contact may not return your calls for weeks. If you accept this as normal behavior instead of obsessing about how you may have caused it, you will sleep better at night and use your daylight hours more productively.

2. Hot buttons open doors. If you want to capture the interest of a busy person, you need to tell them exactly how you can help them. Calling just to introduce yourself will not get their attention.

What do the people in your target market perceive to be the greatest problems they face, or the biggest goals they wish to achieve? Ask these questions of the people you serve and the other businesspeople who serve them. Read trade literature or special interest publications and educate yourself on the key issues in your marketplace. Then tell your prospects in every communication how you can help address these needs.

3. Every choice must be justified. When you sell to the owner of a small business or to an individual for his or her own use, your buyer is free to make purchasing decisions based on instinct or gut feeling. But when selling to big corporations every sale must be justified to someone else in the organization.

A supervisor must justify choices to a manager, the manager to an executive, the executive to the CEO, the CEO to the board, the board to the shareholders. Each one of these people wants to look good and dreads making a public mistake. If you want your sale to go through, you need to provide your contact with evidence why you and your solution are the best choice.

4. The bottom line rules. When you provide your evidence, it better include dollars and cents. If you are more expensive than your competition, what added value will you provide? If hiring you will cost more than solving the big company's problem in some other way, what tangible benefits will they receive that make the added expense worthwhile?

Individuals and small businesses buy services in the category of nice-to-have, often to improve their quality of life or of their employees. Corporations, especially in lean times, don't. You must sell them something they actually need and prove how it will enhance their bottom line. A good selling strategy is to provide real-life examples of results at other companies. Illustrations with charts and graphs are more convincing than any brochure.

5. No budget; no project. Even when the company needs what you have and thinks you're the best one for the job, the deal won't go through if there's no money in the budget. You can ask your contact to try for a budget variance, but no budget usually means your project will be deferred until the next fiscal year.

Always ask if the client has a budget at the first meeting. Don't necessarily expect them to tell you how much it is -- price negotiations will come later. But if your contact can't answer budget questions, it's a strong clue you are not talking to the decision-maker.

Getting the Most Out of Business Networking

Networking is a lot of fun! Business networking is when a group of like minded business people gather and help each other. If you check, you will surely find a networking group in your area. The networking group can meet as often as they wish, as is convenient for the participants.

Regretably, most people start with a networking group by looking for immediate gains.... that is, for favorable results for themselves. If this is what you are trying to achieve, you are networking for the wrong reasons and will be sticking out like a sore thumb.

Many people think that the size of a networking group makes the difference in networking. When groups start falling in size, members will say, "we have to build up our numbers." Now, what numbers are they referring to? Is it the number of participants? I would rather belong to a networking group of two people who can help each other on a regular basis then have a large group of business people not following the Ten Commandments of Networking. It is not the quantity, it is the quality.

"I haven't got any leads yet!" Well excuse me, have you given one, ever? Or, have you made a suggestion that might help a fellow member? Did you call anyone with a compliment and say, "Just wanted you to know, Jim, that your comments on the XYZ expansion was right on the money." One must be willing to put in time waiting also. It might take a while before people feel comfortable with offering you a referral.

Networking groups will come and go. To get the most out of your networking experience, you need to build a relationship with people who you want to have contact with. Not all members will be able to help you, nor will you be able to help them. That doesn't mean you should snub them! I still have strong relationships with my networking friends from groups that are long gone.

When networking, spend most of your time and effort on people who can help each other out, for the long term. That is right. This is a long term project. Countless times I have been to business networking events and have seen people actually run from person to person, with the expectations of first giving away their card and hoping to gather the other person's. How can you possibly build a relationship with a person when your objective is to get out there, and collect cards? Some networking groups make a game out of it to see who can collect the most in a certain time. What a waste of business cards!

You will find that a highly effective networker will "work the net". What I mean is that they will go into a function with a goal in mind. My usual goal when business networking is to have the expectation that I will "meet" and "understand" only three people per event. I know what kind of person that I can help and expect that this person will be able to do the same for me. A win/win situation is what I am talking about. The highly effective networker will take the time to cultivate a rapport.

After the business networking event is when the real work begins. After all, you are only at the networking event to meet and build rapport. Follow up ASAP. Now is the time to send a nice customized card, and call a few days after to arrange a time to meet for a coffee or to have lunch. That is when you can listen to the details of what your new "friend" requires. You might even have the chance to offer your goods and services, only after listening.

If you want to gain the most out of business networking, follow the Ten Commandments of Networking!

- 1) Thou shalt drop the "what is in it for me?" attitude.
- 2) Thou shalt listen.
- 3) Thou shalt build a relationship.
- 4) Thou shalt give the first referral.
- 5) Thou shalt not tell others of the referral you require; thou shalt "show them" with a story.
- 6) Thou shalt be specific of the type of referral.
- 7) Thou shalt reciprocate when appropriate.
- 8) Thou shalt participate in the network executive, functions, and network time.
- 9) Thou shalt thank the person who gave a referral.
- 10) Thou shalt follow up on the referral within 24 hours.

Business networking is productive and fun, and that is why it will always be part of the Bigger Picture.

Top Five Traits You Got to Have to Sell

To understand the valuable qualities in selling, experts and business owners were asked what characteristics allow a salesperson to excel.

Stellar sellers and entrepreneurs share great commonality, including personality traits. An entrepreneur will excel because she has such enthusiasm for her service, and her ebullience is embraced by prospects accustomed to the same-old, same-old hackneyed pitches. A great closer will possess an aura of competence and zeal that makes him top of the board each month.

To understand the valuable qualities in selling, I asked experts and business owners what characteristics allow a salesperson to transcend the trite.

1. Creativity. Having an appreciation for the non-obvious solution is a must if a sales pro is going to outpace the pack. While an average salesperson depends on business cards and leave-behinds, a true rainmaker brings a "unique vision to his work that makes him stand out," says Wendy Weiss, a.k.a. "The Queen of Cold-Calling" and president of Weiss Communications, a sales training and coaching company in New York City.

2. Passion. Genuine love for a product gets salespeople through the inevitable dark times, and it makes their offers all the more irresistible to their clients. Passion, like creativity, cannot be faked, so it has great weight with customers.

Paul R. DiModica is president of DigitalHatch Inc., a sales training business for high-tech firms in Peachtree City, Georgia. DiModica ranks passion as the number-one characteristic a salesperson needs. "You must believe in what you sell," he says. "This belief is communicated to the prospect invisibly."

3. Integrity. Why are used-car salesmen so poorly regarded? Because the perception is that they lack integrity and that they'll say anything to get the sale. Dave Condensa, CEO and founder of Helio Solutions, an IT consulting firm in Sunnyvale, California, thinks integrity tops the list of qualities salespeople need. "We're building a relationship, and it's imperative that the customer trusts the salesperson."

Feeling good about a purchase is a hallmark of buying from a salesperson with integrity. "Trust brings [customers] back, and that's a key factor to the success of any salesperson," adds Condensa. The importance of selling with integrity has been heightened by the recent poor ethical and financial performance of huge corporations. Says DiModica, "Customers still buy the salesperson."

4. Tenacity. Shelving feelings of rejection to keep plugging away is another essential requirement for sales success. "It takes personal courage to get up every morning and say 'I am going to be the best,'" says DiModica. It also requires a certain steely quality to persist in the wake of one dismissal after the next. Weiss agrees: "Sales requires someone who can always see possibilities, even in difficult situations."

5. Commitment. The sales cycle for any big deal can typically take months, even years. Keeping an eye on the prize, while continuing to sell to other prospects simultaneously, takes commitment. "Selling is never easy," explains DiModica. "You must have a burning desire." Weiss also believes that success is the result of a person's "willingness and intent to make things happen."

On the flip side, certain traits will surely doom any salesperson to the also-ran heap: lack of integrity, for instance. "Integrity means the person will always attempt to do the right thing for the company and the customers," says Weiss.

DiModica also points to not being prepared when trying to make a sale. "You can't just pick up the phone and call a prospect because your contact manager says it's time.

Making Your Trade Show Exhibit Successful

The key to great trade show exhibiting is marketing. But marketing is a very inexact science that leaves room for a multitude of errors to occur. Learn to avoid exhibitors' mistakes and increase your chances for a successful trade show exhibit.

Have an Exhibit Marketing Plan: Having a strategic exhibit marketing and tactical plan of action is a critical starting point. To make trade shows a powerful dimension in your company's overall marketing operation, there must be total alignment between the strategic marketing and your exhibit marketing plan.

Know and understand exactly what you wish to achieve:

- increase market share with existing users
- introduce new products/services into existing markets
- promote new products/services into new markets

Have a Promotional Plan: A significant part of your marketing includes promotion: pre-show, at-show, and post-show. Most exhibitors fail to have a plan that encompasses all three areas. Budget will play a major role in deciding what and how much promotional activity is possible.

Developing a meaningful theme that ties into your strategic marketing plan will then help to guide promotional decisions. Know whom you want to target and consider having different promotional programs aimed at the different groups you are interested in attracting. Include: direct mail, broadcast faxes, advertising, PR, sponsorship, and the Internet as possible ways to reach your target audience.

Use Direct Mail Effectively: Direct mail is still one of the most popular promotional vehicles trade show exhibitors use. Many of the mailings come from show management's lists, and as a result, everyone gets everything. Use the following to make the most of direct mail:

 use your own customer and prospect list to target the people you want to visit your trade show booth
 design a piece that is benefit-oriented and makes an impact
 starting four weeks out, mail 3 pieces at regular intervals before the show
 use first-class mail

Give Visitors an Incentive: Whatever promotional vehicles you use, make sure that you give visitors a reason to visit you. With a hall overflowing with fascinating products/services, combined with time constraints, people need an incentive to come and visit your booth.

Their primary interest is in "what's new." They are eager to learn about the latest technologies, new applications, or anything that will help save them time and/or money. Even if you don't have a new product/service to introduce, think about a new angle to promote your offerings.

Module 11: Marketing strategies

What is Marketing Strategy?

Marketing strategy is essentially a pattern or plan that integrates your organization's major goals, policies, and action sequences in a cohesive whole to achieve customer success 360 degrees. Marketing strategies are generally concerned with four Ps, product strategies, pricing, strategies, promotional strategies, and placement strategies. The focus of marketing strategies must the objectives to be achieved – not the process of planning itself.

Market Leadership Strategies

The market leader is dominant in its industry and has substantial market share. If you want to lead the market, you must be the industry leader in developing new business models and new customer value. You must be on the cutting edge of new technologies and innovative business processes. Your customer value proposition must offer a superior solution to a customers' problem, and your product must be well differentiated.

Winning In the Customer-driven Rapidly Changing Market Place

> ***"You're headed in the right direction when you realize the customer viewpoint is more important than the company viewpoint. It's more productive to learn from your customers instead of about them."***
>
> *– John Romero*

Why Should You Strive To Become a Market Leader?

It's better to be the first than it is to be better. Being first in any category is going to give you the edge – being the leader comes from being first. It's much easier to get into the mind of consumers first than try to convince people you have a better product or service than the one that did get there first. Improvements are always made to product/service inventions and innovations but the first in has a head start. Once you are the leader, a position mostly gained by being first, it is pretty hard for competitors to dislodge you, as long as you keep your products up to date and of comparable quality.

Further, the first in to the market has the opportunity to have its brand name adopted as the generic category name. Once you are first and get the consumers to buy your brand, often they won't bother to switch. People tend to stick with what they've got.

Competitive Strategies

Survival vs. Market Leadership Strategies

Area of Competition	SURVIVAL STRATEGY Staying alive	LEADERSHIP STRATEGY Targeting market leadership
Winning and Retaining Customers		
Customer Value	Low cost/benefit ratio	Creating higher customer value
Marketing Strategy	Mass marketing	Differentiation and positioning
Customer Satisfaction	Customer service	Customer intimacy
Product Innovation	New attributes. Line extensions.	New product categories. New brands. Speed.
Building Your Sustainable Competitive Advantage		
Strategic Growth Focus	Building resources	Building distinctive capabilities
Innovation	Linear	Systemic
Technology Innovation	Incremental	Radical
Process Innovation	Functional improvements	Enterprise-wide BPM
Business Innovation	Perfecting traditional business model	Creating new adaptable business models

What It Takes To Become a Market Leader?

The market leader is dominant in its industry and has substantial market share. If you want to lead the market, you must be the industry leader in establishing an innovation-friendly organization, developing new business models and new products or services. You must be on the cutting edge of new technologies and innovative business processes. Your customer value proposition must offer a superior solution to a customers' problem, and your product must be well differentiated.

SWOT Analysis: Questions To Answer

- What do you offer that makes you stand out from the rest?
- Do you have any specific marketing expertise?

Keep your answers short, simple, specific, and realistic.

Strengths

- What is your strongest business asset?
- Do you consider your team strong? Why?
- What do you offer that makes you stand out from the rest?
- What unique resources do you have?
- Do you have any specific marketing expertise?
- Do you have a broad customer base?
- Additional strengths

Weaknesses

- What can be improved?
- In what areas do your competitors have the edge?
- What necessary expertise / manpower do you currently lack?
- Do you have cash flow problems?
- Are you relying primarily on just a few clients or customers?
- Additional weaknesses

Opportunities

- What trends do you see in your industry?
- What trends do you foresee?
- What trends might impact your industry?
- What external changes present interesting opportunities?
- What have you seen in the news recently that might present an opportunity?
- Additional opportunities

Threats

- What obstacles do you face?
- What is the competition doing that you're not?
- What challenges can be turned into opportunities?
- Are external economic forces affecting your bottom line?
- Additional threats

Your Strategic Thinking Business Coach strongly emphasizes the importance of achieving high visibility and establishing yourself and your business in your targeted networks. Gaining high visibility and a positive, trusted position will ultimately enable you to build quality relationships with more people in your niche markets and result in an increased number of prospects. The people who achieve this high visibility exhibit certain characteristics and behaviors. Your Strategic Thinking Business Coach offers five (5) DO's and five (5) DONT'S to make up the following ten (10) strategic tips on how to achieve high visibility in your target market.

THE FIVE DO'S:

Strategic Tip #1: DO commit to and act as a strategic leader. Be proactive and seize the opportunity to step forward and lead.

Strategic Tip #2: DO commit to be and be a rapport builder. High visibility people develop rapport with almost every individual with whom they come in contact. Highly visible people are communication builders.

Strategic Tip #3: DO commit to and be a contributor. Give, not for the opportunity to get, but because you recognize that ultimately it will result in more opportunities to give.

Strategic Tip #4: DO commit to and be an idea generator. Highly visible people are seen as resources and people who can really help move a business, an organization and/or ideas forward.

Strategic Tip #5: DO commit to and become involved in the whole process. Highly visible people demonstrate their intentions with their actions. They "walk the talk."

THE FIVE DON'TS:

Strategic Tip #6: DON'T limit yourself to simply being a joiner. And don't attend only a meeting or two with sole purpose to sell something.

Strategic Tip #7: DON'T be a "non-involved" member of an organization. Don't stand in the background.

Strategic Tip #8: DON'T expect prospects to come to you without you reaching out to them. Don't expect anything to happen if you don't initiate contact.

Strategic Tip #9: DON'T limit yourself to meeting only a few people. Don't limit your influence to a small group of prospects you actually meet.

Strategic Tip #10: DON'T limit yourself to producing only a few contacts per opportunity. Don't exhibit a lack of energy or enthusiasm when faced with an opportunity to meet and interact with people in your target market.

Your Strategic Thinking Business Coach encourages you to commit to becoming highly visible in your target market as a strategic marketing initiative to grow your business

Modern Customer-based Relationship Approach

In today's customer-driven economy, corporations must move from product-based campaign marketing to a customer-based relationship approach. Customer relationship management is the management of customer communication over a relationship continuum. It includes relationship strategy and multi-channel relationship programs that produce both business value and customer experiences on a scale not seen in traditional marketing.

Competitive Strategies

To be successful today, your company must become competitor-oriented. You must pursue the right competitive strategy – avoid strengths of your competitors and look for weak points in their positions and then launch marketing attacks against those weak points.

Differentiation Strategy

The key to successful marketing is differentiation. "If consumers don't perceive your brand(s) as being different from those offered by the competitors, you won't win the marketing war. The battle for consumer minds is a battle of perceptions not products. Thus, "differentiation is one of the most important strategic and tactical activities in which companies must constantly engage. It is not discretionary."

Test Marketing Your New Products or Service

How do you test market a new product or service? How do you find out if people are actually going to buy it? First, make or get a prototype. Create or get a sample. If it's being manufactured somewhere else, get a sample of it. If you're going to manufacture it yourself, create a prototype so that you can show it, demonstrate it, photograph it. So that you can let people see it, touch it, feel it, and get an opinion from it.

"In the 1950s the Jacuzzi brothers invented a whirlpool bath to treat people with arthritis. Although the product worked, it was a sales flop. Very few people in the target market, sufferers from arthritis, could afford the expensive bath. So the idea languished until they tried re-launching the same product for a different market – as a luxury item for the wealthy. It became a big success.

"Strategy and timing are the Himalayas of marketing. Everything else is the Catskills."

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