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# Strategic Management

*Concepts and Cases*

FIFTEENTH EDITION

Fred R. David • Forest R. David



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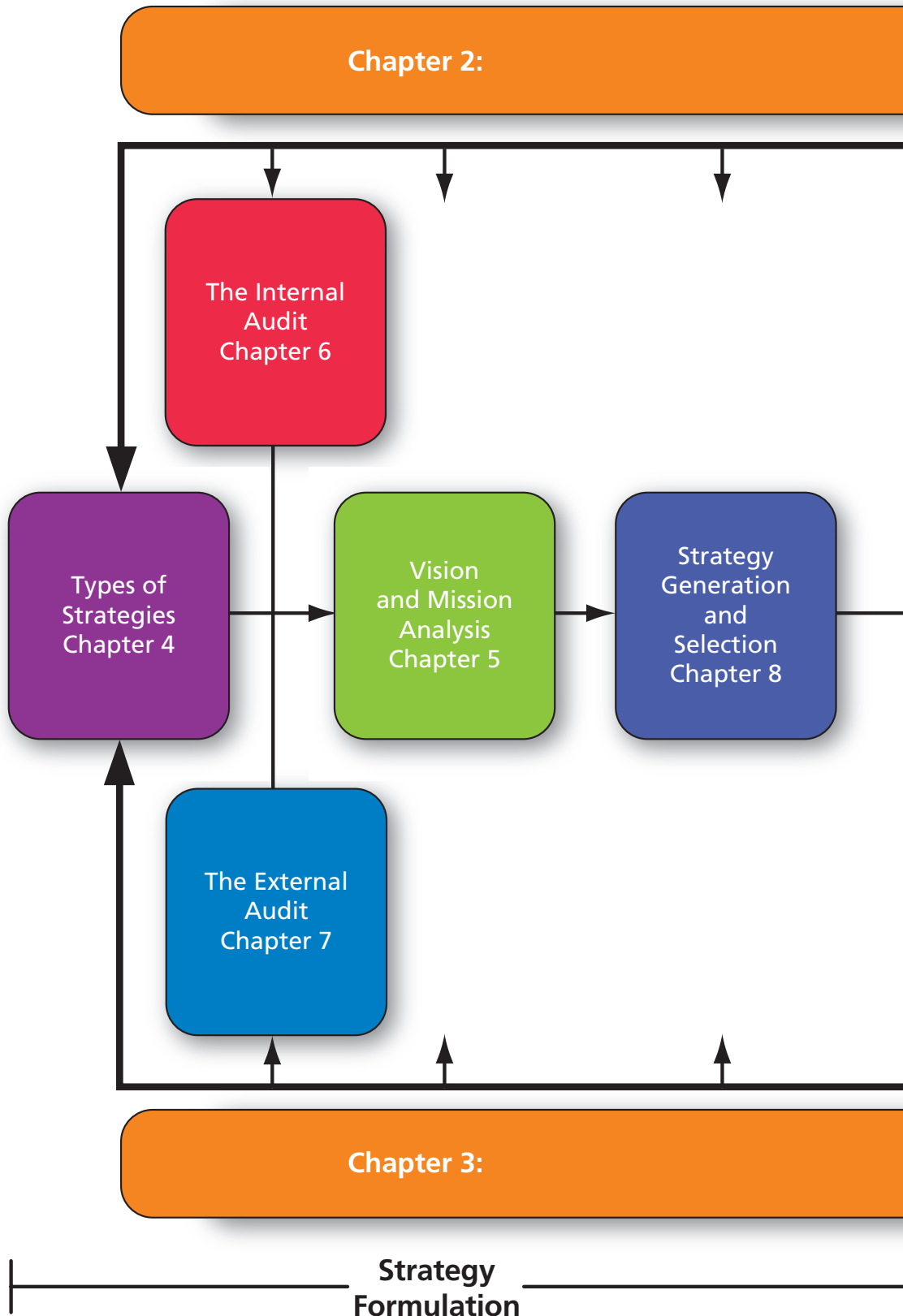
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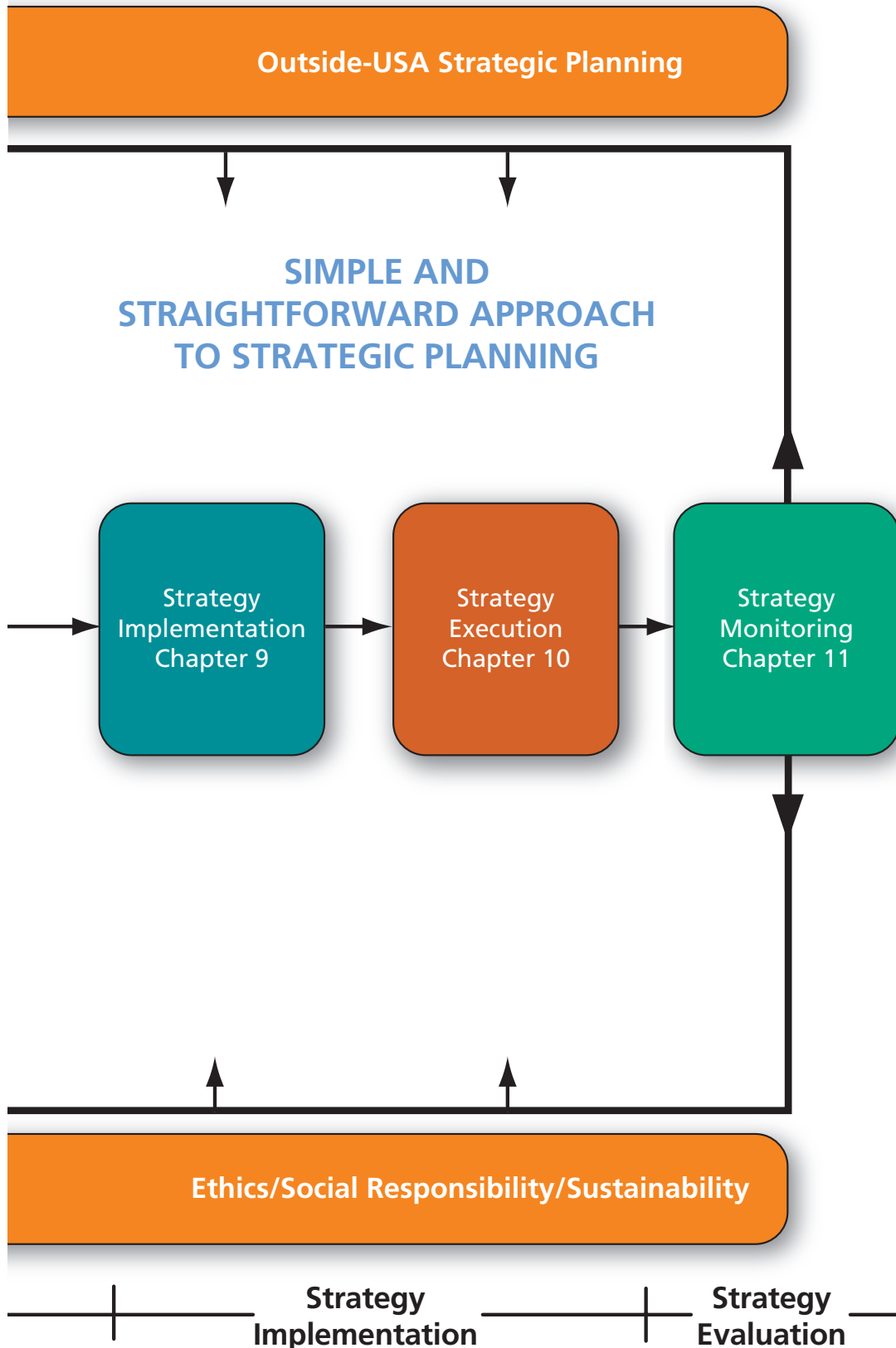
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# STRATEGIC MANAGEMENT

## Concepts and Cases

A COMPETITIVE ADVANTAGE APPROACH

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EDITION**

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**GLOBAL EDITION**

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### **Welcome Forest, and Thank You:**

- For joining me as a coauthor on this 15th edition
- For preparing the *Case Instructor's Manual* for this textbook and five previous editions
- For publishing many strategic management papers and articles with me and other authors
- For your wise strategic-management counsel over many years as this textbook has evolved
- For assisting students for many years through the Strategy Club ([www.strategyclub.com](http://www.strategyclub.com)) that now also offers your free Excel Student Template
- For developing an outstanding Case MyLab testing feature for this edition
- For preparing the *Chapter Instructor's Manual* for this edition



# Preface

## Why Adopt This Text?

This textbook is trusted around the world to provide managers the latest skills and concepts needed to effectively formulate and efficiently implement a strategic plan—a game plan, if you will—that can lead to sustainable competitive advantage for any type of business. The Association to Advance Collegiate Schools of Business (AACSB) increasingly advocates a more skills-oriented, practical approach in business books, which the David text provides, rather than a theory-based approach. This textbook meets all AACSB-International guidelines for the strategic-management course at both the graduate and undergraduate levels, and previous editions have been used at more than 500 colleges and universities around the world. We believe you will find this edition to be the best textbook available for communicating both the excitement and value of strategic management. Concise and exceptionally well organized, this text is now published in English, Chinese, Spanish, Thai, German, Japanese, Farsi, Indonesian, Indian, and Arabic. A version in Russian is being negotiated. Not only universities, but also hundreds of companies, organizations, and governmental bodies use this text as a management guide.

In contrast to many other strategic-management textbooks, the David book provides:

1. An effective process for developing a clear strategic plan, rather than simply presenting seminal theories in strategy, and
2. An effective model or flow for actually doing strategic planning.

Eric N. Sims, a professor who in 2013 adopted the David book for his classes at Sonoma State University in California, says:

“I have read many strategy books. I am going to use the David book. What I like—to steal a line from Alabama coach Nick Saban—is your book teaches ‘a process.’ I believe at the end of your book, you can actually help a company do strategic planning. In contrast, the other books teach a number of near and far concepts related to strategy.”

A recent reviewer of this textbook says:

“One thing I admire most about the David text is that it follows the fundamental sequence of strategy formulation, implementation, and evaluation. There is a basic flow from vision/mission to internal/external environmental scanning, to strategy development, selection, implementation, and evaluation. This has been, and continues to be, a hallmark of the David text. Many other strategy texts are more disjointed in their presentation, and thus confusing to the student, especially at the undergraduate level.”

## New Chapter Features

1. The fifteenth edition is 40 percent new and improved from the prior edition.
2. Chapter 2, Outside-USA Strategic Planning, is expanded 30 percent with new coverage of cultural and conceptual strategic-management differences across countries. Doing business globally has become a necessity in most industries. Nearly all strategic decisions today are affected by global issues and concerns.
3. Chapter 3, Ethics/Social Responsibility/Sustainability, is expanded 30 percent, providing extensive new coverage of ethics, workplace romance, and sustainability. This text emphasizes that “good ethics is good business.” Unique to strategic-management texts, the sustainability discussion is strengthened in this edition to promote and encourage firms to conduct operations in an environmentally sound manner. Respect for the natural environment has become an important concern for consumers, companies, society, and AACSB-International.

4. An updated Cohesion Case on adidas AG is provided. adidas is one of the most successful, well-known, and best-managed global companies in the world. Students apply strategy concepts to adidas at the end of each chapter through brand new Assurance of Learning Exercises.
5. New or improved Assurance of Learning Exercises appear at the end of all chapters to apply chapter concepts. The exercises prepare students for strategic-management case analysis.
6. A new boxed insert at the beginning of each chapter showcases a company doing strategic management exceptionally well.
7. There are all new examples in all the chapters.
8. There is new narrative on strategic-management theory and concepts in every chapter.
9. On average, 10 new review questions are provided at the end of each chapter.
10. New color photographs bring this new edition to life and illustrate “the practice of strategic management.”
11. All current readings at the end of all chapters are new, as new research and theories of seminal thinkers are included. However, practical aspects of strategic management are center stage and the trademark of this text.
12. For the first time ever, the Excel Student Template is provided free at [www.strategyclub.com](http://www.strategyclub.com) to all students who use this textbook. Widely used for more than a decade by both students and businesses, and improved dramatically just for this edition, the free Excel Student Template enables students to more easily apply strategic-management concepts while engaging in assurance of learning exercises or case analysis. Using the Template, students can devote more time to applying strategy concepts and less time to the mechanics of formatting strategy matrices, tables, and PowerPoints.
13. Every sentence and paragraph has been scrutinized, modified, clarified, deleted, streamlined, updated, and improved to enhance the content and caliber of presentation.

## New Case Features

1. All 26 cases are on student-friendly, well-known companies, thus exciting and effective for applying strategy concepts;
2. All 26 cases are undisguised, featuring real organizations in real industries using real names (nothing is fictitious in any case);
3. All 26 cases feature an organization and industry undergoing strategic change;
4. All 26 cases provide ample, excellent quantitative information, so students can prepare a defensible strategic plan;
5. All 26 cases are written in a lively, concise writing style that captures the reader’s interest;
6. All 26 cases are “comprehensive,” focusing on multiple business functions, rather than a single problem or issue;
7. All 26 cases include financial statements for the firm, so students can show the impact of a proposed strategic plan;
8. All 26 cases provide an organizational chart and a vision and mission statement—important strategy concepts;
9. Certain cases are supported by an excellent teacher’s note, provided to professors in a new *Case Instructor’s Manual*;
10. All 26 cases have been class-tested to ensure that they are interesting, challenging, and effective for illustrating strategy concepts;
11. The 26 case companies provide an excellent mix of firms performing really well and some performing very poorly, including service-based and manufacturing-based firms, and a good mix of small cap to large cap firms.
12. All 26 case companies have excellent websites in English that provide detailed financial information, history, sustainability statements, ethics statements, and press releases, so students can easily access current information to apply strategy concepts.

13. Certain cases are written by the authors, to ensure maximum control and effectiveness in applying strategic-management concepts through case analysis.
14. A Case MyLab testing feature (for 12 cases) has been carefully developed and designed specifically to apply strategic-management concepts through case analysis. The Case MyLab product assures that the cases apply the concepts, simplifies grading for professors, and achieves AACSB's key assurance of learning objectives—even in purely or partly on-line class settings. The new Case MyLab testing feature enables professors to use the cases to monitor student learning of strategy concepts, as revealed in the Concepts by Cases Matrix given below.

## Time-Tested Features

1. This text meets all AACSB-International guidelines that support a practitioner orientation rather than a theory/research approach. This text offers a skills-oriented process for developing a vision and mission statement; performing an external audit; conducting an internal assessment; and formulating, implementing, and evaluating strategies.
2. The author's writing style is concise, conversational, interesting, logical, lively, and supported by numerous current examples.
3. A simple, integrative strategic-management model appears in all chapters and on the inside front cover. The model is widely used by strategic planning consultants and companies worldwide.
4. An exciting, updated Cohesion Case on adidas AG follows Chapter 1 and is revisited at the end of each chapter, allowing students to apply strategic-management concepts and techniques to a real company as chapter material is covered, thus preparing students for case analysis as the course evolves.
5. End-of-chapter Assurance of Learning Exercises apply chapter concepts and techniques in a challenging, meaningful, and enjoyable manner.
6. There is excellent pedagogy, including learning objectives opening each chapter and key terms, current readings, discussion questions, and assurance of learning exercises ending each chapter.
7. There is excellent coverage of strategy formulation issues, such as business ethics, global versus domestic operations, vision and mission, matrix analysis, partnering, joint venturing, competitive analysis, value chain analysis, governance, and matrices for assimilating and evaluating information.
8. There is excellent coverage of strategy implementation issues such as corporate culture, organizational structure, outsourcing, marketing concepts, financial analysis, business ethics, whistleblowing, bribery, pay and performance linkages, and workplace romance.
9. A systematic, analytical "process" is presented that includes nine matrices: IFEM, EFEM, CPM, SWOT, BCG, IE, GRAND, SPACE, and QSPM.
10. Both the chapter material and case material is published in four colors.
11. For the chapter material, an outstanding ancillary package includes a comprehensive Instructor's Manual, Test Bank, TestGen, and Chapter PowerPoints.

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At [www.pearsonglobaleditions.com/david](http://www.pearsonglobaleditions.com/david), instructors can access a variety of resources that accompany this new edition. Registration is easy, please contact your Pearson Sales Representative who will provide you with the access information you need.

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The following supplements are available to adopting instructors:

- *Chapter Instructor's Manual*
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We want to thank you, the reader, for investing the time and effort to read and study this text. It will help you formulate, implement, and evaluate strategies for any organization with which you become associated. We hope you come to share our enthusiasm for the rich subject area of strategic management and for the systematic learning approach taken in this text. We want

to welcome and invite your suggestions, ideas, thoughts, comments, and questions regarding any part of this text or the ancillary materials. Please contact Dr. Fred R. David at the following e-mail [freddavid9@gmail.com](mailto:freddavid9@gmail.com), or write him at the School of Business, Francis Marion University, Florence, SC 29501. We sincerely appreciate and need your input to continually improve this text in future editions. Your willingness to draw my attention to specific errors or deficiencies in coverage or exposition will especially be appreciated.

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