Comprehensive Strategic Management

A Guide for Students, Insight for Managers
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By

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United Kingdom – North America – Japan – India – Malaysia – China
To: My brothers and sisters, Judy, Anita, Andy, Matt, and Eileen
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About the Author

Eric J. Bolland has over 30 years of experience as a strategic manager in the private and public sectors as well as concurrent experience as a full-time business faculty member with both teaching and research experience. That includes teaching business policy and strategy at the University of Wisconsin-Madison School of Business, Cardinal Stritch University, and Edgewood College. He was a business school division chair as well.

He earned his doctorate in business administration from Nova Southeastern University and an M.A. in public administration from the University of Wisconsin-Madison. His doctoral dissertation chair was Dr. Charles Hofer, one of the founders of modern strategic management. His dissertation on high technology companies was published by Oxford University Press with Charles Hofer as coauthor. The book was also translated into Spanish. Bolland has authored six other business books: one of which he edited and authored was a finalist for Management Book of the Year by the Chartered Management Institute. Additionally, he has authored over 20 academic articles, conference papers, and business press articles.

In the past, he served as a strategic marketing information manager for TDS, a Fortune 500 company, a strategic management consultant for Alliant Energy, a manager for the strategic support and planning unit of the CUNA Mutual Group, and the executive director of an agency of the State of Wisconsin. He has also been a consultant for Toyota Motor Manufacturing, CUNA and Affiliates, Wisconsin Physicians Services, and Madison Newspapers Inc.
CHAPTER 1
The Importance of Strategy

Strategy. Dwelling within this name as a single word is a pursuit, a discipline, a cause, and an explanation. It is a pursuit as a direction for organizational decision making. A strategy is pursued toward goals. It is a discipline in that it can be a career within organizations. Business organizations have Chief Strategy Officers (CSOs) so strategy can be a route to executive responsibility. It is a cause to be served for the sake of better organizational performance. It is a rallying point for every member of the organization. Lastly, it is an explanation for organizational success or failure.

Strategy lurks. Set apart from tactics, as it often is, strategy is in its own domain and not the most visible part of the workaday world. It is a “higher order” endeavor separated from the routine world of tactics where smaller decisions and smaller consequences happen. The impression of strategy for most in the organization is that strategy is seemingly above the fray. It is something the chief executive officer (CEO) and senior executives do. Tactics are closer to most workers so strategy is somewhat of a mystery. Tactics are about how things need to be taken care of right away. Tactics are doable by one person. Tactics are tangible like a production schedule or the creation of an advertisement. Strategy is more like the invisible hand on the shoulder of the organizational body.

Strategy and tactics are often the first point of differentiation between levels of organizational plans for most people, especially those with military experience or who can relate to the military.
Strategy is the domain of the generals while tactics are the world of sergeants. At work, most of us live with the sergeants. They are there day-to-day and they, in the form of supervisors or managers, tell us what to do; to reason why is not part of our responsibility. This is not always the case though and in some organizations, strategy does percolate from below but that is the exception and not the rule. The distinction and the melding of tactics and strategy is one of the topics of this text.

The fact is that strategy and tactics are linked. That is especially true in new ventures and sufficiently true in established organizations to attest to importance of each. New ventures spring from the minds of at least one person and very often from a few minds. In ventures, an individual may spin off from an organization to start a new organization. There may be a small group that does this too, a very typical situation is when a few engineers concoct a business idea together and leave the incubator organization to form the new venture. The team interplays strategy with tactics constantly. “Who are our customers?” on the strategic level mixes effortlessly with, “Would Freddie Jones who you know as a customer of Where We Worked Company, buy this from us?” or, “Should we build a central campus with a cafeteria?” mixes with “Should we let the gyros sandwich man park in our parking lot at noon?” Instinctively, we can separate tactics with strategy in these instances. But as organizations grow, a middle ground of manager-level responsibilities emerges and the distinction can be muddled. Having a number of different food providers at different locations is an example of the muddled middle ground between strategy and tactics.

The cost of the decision and the degree of risk are ordinarily a way of separating tactics from strategies but these are different by size of organization, by business model, and other criteria. Ultimately, the distinction suggests a contingency approach in which the consequences of the action taken are weighed in proportion to resource commitment required. Tactical actions require fewer resources and have lesser consequences than strategic actions.

In strategic management, the desired cumulative effect of tactics is that they all flow in the same general direction as strategy. Tactics are expected to incrementally support overall strategy. Tactics can certainly oppose the strategy and that is a recipe for organizational dysfunction. Such is the situation when a powerful and self-serving level of managers pays lip service to the main strategy but aims instead to enlarge their own departments.
Having congruence between tactics and strategy and serving a common purpose will be a constant theme of this text and cases.

**Defining Strategy**

Aside from the importance of strategy itself, there is an importance in defining strategy. That is because strategy has come to mean almost anything other than what it really is. Time after time, it is used interchangeably as a goal. “Our strategy is to become the leading …” drones on a corporate promotion piece description of strategy. Goals are almost always distant and are not immediately attainable. Saying that a goal is a strategy is to say that strategy is distant and unattainable when precisely the opposite. Strategies are attainable. They take the form of actual plans to do something within a certain time and with certain resources.

Each organization has a strategy for itself yet strategies all have something in common. The commonalities are, from the founders of the field of modern strategic management,\(^1\) described as having:

- Scope in geography, products, and markets;
- Resources in research and development, manufacturing, and financing;
- Timing in when and the sequence of actions.

To these common areas Fahey and Randall have added:\(^2\)

- Strategy is a means by which an organization creates and or leverages environmental change.
- Strategy is always conditional since it depends on internal and external conditions.
- Strategy is an intellectual activity.
- Strategy is about outwitting and outmaneuvering competitors.
- Strategy’s marketplace intent is to be better than competitors in getting customers.

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