Corporate Strategy

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CORPORATE STRATEGY

W. Stewart Howe

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*To the memory of
my Father and Mother*

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Introduction

This text is concerned with the topic of corporate strategy, which is about the decisions which senior management make regarding how a business organisation should relate to its product market environment. The book is designed to be of use to business or management students following a one-year course in the subject area who have previously studied economics, accounting and behavioural sciences, and who also have some knowledge of functional areas of business such as marketing. The author has used the material in the text with final-year business studies students and also those studying for the part-time Diploma in Management Studies.

Practitioners of corporate strategy need to have an understanding of the variables which they should take into account in arriving at strategic decisions, of the strategies open to businesses, and of how possible strategies should be evaluated. They also require to know something of how particular business strategies such as vertical integration or divestment work, and the problems surrounding the appraisal and undertaking of these strategies. For these reasons the text is divided into two parts. Part I, Chapters 1–6, is concerned with the strategic decision-making process: a sequence of analysis, choice and implementation through which senior management should go in determining corporate strategy. Part II of the book offers an analysis of a range of individual business strategies, applying the understanding of the strategy-making process covered in Part I. Part II concludes with a general

appraisal of the role and significance of corporate strategic decision-making. The advantage claimed for this two-part analysis is that it enables the student to grasp within a relatively short space of time – in the author's experience about ten weeks – the role of the strategic decision-making process. Thereafter in Part II individual business strategies are considered, and readers may choose to study all or part of this section according to their interests and the time available. As a result of this structure a slight degree of repetition is involved in reading the text as a whole. Strategic possibilities outlined in Part I are considered in detail in Part II, and, for example, some common reference to diversification by acquisition appears both in the analysis of the strategy of diversification and in the consideration of acquisition strategies. It is believed that this small degree of repetition will be of value in consolidating an understanding of the strategic management process.

Two further characteristics of the text deserve mention. First, except in one particular case, appropriate examples of the strategies considered have been built into the text rather than isolated or provided by means of separate case histories. It is intended in this way not only to illustrate the use of strategies discussed by means of practical examples, but also to integrate these fully into the text without disturbing the flow of the analysis. Second, a fairly generous list of references is included at the end of each chapter. These are provided not to indicate how widely the author has read, but to allow the interested reader to follow up in detail the individual studies and illustrations relating to any particular strategy. Only in a very few instances is the argument in the body of the text amplified in the references, and the reader whose time is limited may disregard these references without significant loss.