

SIXTEENTH  
EDITION

# STRATEGIC MANAGEMENT

## Concepts and Cases

A COMPETITIVE ADVANTAGE APPROACH

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# Preface

## Why Adopt This Text?

This textbook is trusted across five continents 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) International increasingly advocates a more skills-oriented, practical approach in business books, which this text provides, rather than a theory-based approach. *Strategic Management Concepts: A Competitive Advantage Approach* 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 globally. We believe you will find this sixteenth 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 available in English, Chinese, Spanish, Thai, German, Japanese, Farsi, Indonesian, Indian, Vietnamese, and Arabic. A version in Russian is being negotiated. In addition to universities, hundreds of companies, organizations, and governmental bodies use this text as a management guide.

An MBA student using this text recently wrote the following:

Dear Dr. David: I am in the midst of my MBA at Adams State University here in Colorado. I'm 7 of 12 classes in with a 4.0 average. As a result, I've been through about 14 textbooks (not to mention the 60 or so I went through for my BBA at the University of California (UC)-Berkeley. This is the first time I've written to the author of a textbook. Why? Because the David book is by far the best textbook I have ever used. It's clear. It's accurate. It's not full of opinion masquerading as fact! You, sir, are to be commended. Usually when I spend an insane amount of money on a text, I'm broke. But your text is worth every cent, and I'll keep it forever. Well done sir! Respectively, Eric Seiden, MBA Student in Littleton, Colorado (August 10, 2015)

Eric N. Sims, a professor who has used this text 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, other books teach a number of near and far concepts related to strategy.

A recent reviewer of this textbook shares his opinion:

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 to This Edition

1. This 16th edition is 40 percent new and improved from the prior edition.
2. A brand new **COHESION CASE** on The Hershey Company (2015) is provided. Hershey is one of the most successful, well-known, and best-managed global companies in the world. Students apply strategy concepts to Hershey at the end of each chapter through new, innovative Assurance of Learning Exercises.

3. Brand-new one-page **MINI-CASES** appear at the end of each chapter, complete with questions designed to apply chapter concepts. Provided for the first time ever in this text, the mini-cases focus on the following companies:
  - Chapter 1: Kroger Company
  - Chapter 2: Walt Disney Company
  - Chapter 3: Coach
  - Chapter 4: Buffalo Wild Wings
  - Chapter 5: LinkedIn
  - Chapter 6: Starbucks
  - Chapter 7: Hilton Worldwide
  - Chapter 8: Alibaba
  - Chapter 9: TJX Companies
  - Chapter 10: Avon Products
  - Chapter 11: Domino's Pizza
4. Original, half-page **ACADEMIC RESEARCH CAPSULES** are presented in each chapter to showcase how new strategic-management research is impacting business practice. Two capsules per chapter are provided—for the first time ever in this text.
5. At the end of each chapter are new sections titled **IMPLICATIONS FOR STRATEGISTS** and **IMPLICATIONS FOR STUDENTS** that highlight how companies can best gain and sustain competitive advantages.
6. Brand new **EXEMPLARY COMPANY CAPSULES** appear at the beginning of each chapter and showcase a company that is employing strategic management exceptionally well. The capsules focus on the following companies:
  - Chapter 1: Apple
  - Chapter 2: H&R Block
  - Chapter 3: Chipotle Mexican Grill
  - Chapter 4: Netflix
  - Chapter 5: Signet Jewelers Limited
  - Chapter 6: Smith & Wesson Holding Corp.
  - Chapter 7: Papa John's International
  - Chapter 8: Foot Locker
  - Chapter 9: Nike
  - Chapter 10: Chick-fil-A
  - Chapter 11: Alcoa
7. Chapter 2, The Business Vision and Mission, is 60 percent new, due to current research and practice that reveals the need for “these statements to be more customer-oriented.”
8. Chapter 11, Global and International Issues, is shortened by 30 percent but provides new coverage of cultural and conceptual strategic-management differences across countries. Doing business globally has become a necessity in most industries.
9. Chapter 10, Business Ethics, Social Responsibility, and Environmental Sustainability, provides extensive new coverage of ethics, workplace romance, flirting, hiring away rival firms' employees, wildlife welfare, and sustainability. “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 with respect for the environment—an important concern for consumers, companies, society, and AACSB International.
10. Sixty-four unique **ASSURANCE OF LEARNING EXERCISES** appear at the end of chapters to apply chapter concepts. The exercises prepare students for strategic-management case analysis. An additional excellent exercise for each chapter is provided in the *Chapter Instructor's Manual*.
11. More than 200 new **EXAMPLES** bring the chapters to life.
12. At the end of chapters are 78 new (459 total) **REVIEW QUESTIONS** related to chapter content.
13. All the Current Readings at the end of the chapters are new, and up-to-date research and theories of seminal thinkers are included. However, practical aspects of strategic management are center stage and the trademark of this text.
14. Every sentence and paragraph has been scrutinized, modified, clarified, streamlined, updated, and improved to enhance the content and caliber of presentation.



15. An enhanced, continually updated **AUTHOR WEBSITE** ([www.strategyclub.com](http://www.strategyclub.com)) provides new author videos, case and chapter updates, sample case analyses, and the popular, **FREE EXCEL STUDENT TEMPLATE**. The template enables students to more easily develop strategic-planning matrices, tables, and analyses needed for case analysis.

## New Case Features

1. All 30 cases have a 2015 time setting, offering students up-to-date issues to evaluate.
2. All 30 cases focus on exciting, well-known companies, effective for students to apply strategy concepts.
3. All 30 cases are undisguised, featuring real organizations in real industries using real names (nothing is fictitious in any case).
4. All 30 cases feature an organization and industry undergoing strategic change.
5. All 30 cases provide ample, excellent quantitative information, so students can prepare a defensible strategic plan.
6. All 30 cases are written in a lively, concise writing style that captures the reader's interest.
7. All 30 cases are “comprehensive,” focusing on multiple business functions, rather than a single problem or issue.
8. All 30 cases include current financial statements for the firm, so students can show the impact of a proposed strategic plan.
9. All 30 cases provide an organizational chart and a vision and mission statement—important strategy concepts.
10. All 30 cases are supported by an excellent teacher's note, provided to professors in a new *Case Instructor's Resource Manual*.
11. All 30 cases are available for inclusion in a customized tailored text to meet the special needs of some professors.
12. All 30 cases facilitate coverage of all strategy concepts, but as revealed in the new Concepts by Cases Matrix, some cases especially exemplify some concepts, enabling professors to effectively use an assortment of cases with various chapters in the text.
13. All 30 cases have been class-tested to ensure that they are interesting, challenging, and effective for illustrating strategy concepts.
14. All 30 cases appear in no other textbooks, thus offering a truly fresh, new, up-to-date learning platform.
15. The 30 cases represent an excellent mix of firms performing really well and some performing very poorly, including 14 U.S. service-based organizations, 10 U.S. manufacturing-based firms, and 2 nonprofit organizations (World Relief and World Wildlife Fund for Nature). Also included are 4 outside-U.S. headquartered firms (Michael Kors Holdings Ltd., SABMiller plc, Gruma SAB de CV, and Restaurant Brands International).
16. All 30 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.

## Time-Tested Features

1. This text meets all AACSB International guidelines that support a practitioner orientation rather than a theory/research approach. It 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 back cover. The model is widely used by strategic-planning consultants and companies worldwide.
4. An exciting, new Cohesion Case on Hershey Company 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 the text develops, 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. Eighteen exercises apply text material to the Cohesion Case; 11 exercises apply textual material to a college or university; another 9 exercises send students into the business world to explore important strategy topics.
6. There is excellent pedagogy, including Learning Objectives opening each chapter as well as Key Terms, Current Readings, Discussion Questions, and Assurance of Learning Exercises ending each chapter.
7. The various strategy-formulation issues are outstanding, covering topics 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. Strategy-implementation issues are covered thoroughly and include items 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 color.
11. Chapters-only and e-book versions of the text are available.
12. Custom-case publishing is available whereby an instructor can combine chapters from this text with cases from a variety of sources or select any number of the 30 cases provided.
13. For the chapter material, an outstanding ancillary package includes a comprehensive *Chapter Instructor’s Resource Manual*, *Case Instructor’s Resource Manual*, Test Bank, TestGen, and Chapter PowerPoints, and vastly improved Chapter MyLab and Case MyLab products to promote assurance of learning.

## Why Is This Text Different/Better Than Other Strategic-Management Texts?

*Strategic Management Concepts: A Competitive Advantage Approach* is by far the most practical, skills-oriented strategic management textbook on the market. This text is designed to enable students to learn “how to do strategic planning,” rather than simply memorize seminal theories in strategy. Students using this text follow an integrative model that appears in every chapter as the “process” unfolds. Students learn how to construct strategic planning matrices, such as the Strengths, Weaknesses, Opportunities, and Threats (SWOT) and the Boston Consulting Group (BCG) matrices. Readers also learn how to perform strategic-planning analyses, such as earnings-per-share/earnings-before-interest-and-taxes (EPS/EBIT) and corporate valuation. The focus throughout this text is on “learning by doing.” This overarching, differentiating aspect has been improved with every edition and has led to this text becoming perhaps the leading strategic-management text globally, now available in 10 languages. The practical, skills-oriented approach is manifested through eight specific features:

1. A Cohesion Case that appears after Chapter 1 with 64 end-of-chapter assurance of learning exercises, many that apply concepts to the Cohesion Case, thus allowing students to gain practice doing strategic planning by performing analysis. No other strategic-management textbook provides a Cohesion Case or an array of end-of-chapter exercises.
2. A strategy formulation analytical framework in Chapter 6 integrates nine widely used planning matrices (IFEM, EFEM, CPM, SWOT, BCG, IE, SPACE, GRAND, and QSPM) into three stages (Input, Matching, and Decision), which guide the strategic-planning process in all companies. Firms gather strategic information (Input), array key external with internal factors (Matching), and then make strategic decisions (Decision).
3. A far wider coverage of strategy topics than any other strategic-management textbook, for two primary reasons: (a) As firms formulate and implement strategies, a wide variety of functional business topics arise and (b) as the capstone, integrative course in nearly all Schools of Business, strategic management entails students applying functional business skills to case companies.
4. This text provides 30 comprehensive, exciting, exceptionally up-to-date cases designed to apply chapter concepts as students develop a strategic plan for the case companies. For

example, every case includes (a) the company’s vision/mission statements (if the firm has one); (b) the company’s by-segment revenue breakdown (since allocating resources divisions is perhaps the key strategy decision made by firms); (c) the company’s organizational chart (since structure is a key strategy topic); and (d) the company’s financial statements so students can show the impact of a proposed strategic plan on a firm’s financial statements. Thus, the cases take a total-firm, multifunctional approach, which by definition is the nature of strategic management. In addition, this text offers end-of-chapter mini-cases to further apply chapter concepts.

5. More coverage of business ethics, social responsibility, and sustainability is provided in this text than in any other strategic-management textbook, including topics such as bribery, workplace romance, devising codes of ethics, taking a position (or not) on social issues, and wildlife welfare—topics that other textbooks do not mention, even though companies continually face strategic decisions in these areas.
6. This text offers more coverage of global/international issues than any other strategic-management textbook, including topics such as how business culture and practice vary across countries, as well as how taxes, tariffs, political stability, and economic conditions vary across countries—all framed from a strategic planning perspective.
7. The conversational, concise writing style is supported by hundreds of current examples, all aimed at arousing and maintaining the reader’s interest as the “process” unfolds from start to finish. The unique writing style is in stark contrast to some strategic-management books that seem to randomly present theory and research for the sake of discussion, rather than material being presented in a logical flow that emulates the actual practice of strategic planning among companies and organizations.
8. This text is supported by outstanding ancillaries, including author-developed manuals, and an author website at [www.strategyclub.com](http://www.strategyclub.com) that offers practical author-developed videos, templates, sample case analyses, special resources, and even a Facebook page for the text. Pearson Education also offers outstanding support materials for instructors and students. For more information, visit [www.pearsonhighered.com](http://www.pearsonhighered.com).

## Instructor Resources

At the Instructor Resource Center, [www.pearsonhighered.com/irc](http://www.pearsonhighered.com/irc), instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format. If assistance is needed, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit <http://247.pearsoned.com> for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with this text:

- *Case Instructor’s Resource Manual*
- *Chapter Instructor’s Resource Manual*
- **Case Instructor’s Manual**
- **Test Bank**
- **TestGen® Computerized Test Bank**
- **PowerPoint Presentation**

## Sample of Universities Recently Using This Textbook

Abraham Baldwin Agricultural College	Amberton University
Adelphi University	American Intercontinental University—Weston
Akron Institute	American International College
Albany State University	American International Continental (AIU) University—Houston
Albertus Magnus College	American International University
Albright College	American University
Alcorn State University	Anderson University
Alvernia University	
Ambassador College	

- Angelo State University
- Aquinas College
- Arizona State University—Polytechnic Campus
- Art Institute of California
- Averett University
- Avila University
- Azusa Pacific University
- Baker College—Flint
- Baldwin Wallace College
- Barry University
- Belhaven University—Jackson
- Bellevue University
- Belmont Abbey College
- Benedictine University
- Black Hills State University
- Bloomsburg University
- Briar Cliff University
- Brooklyn College
- Broward College—Central
- Broward College—North
- Broward College—South
- Bryant & Stratton—Orchard Park
- Buena Vista University—Storm Lake
- Caldwell College
- California Polytechnic State University
- California State University—Sacramento
- California State University—San Bernadino
- California University of PA
- Calumet College
- Capella University
- Carlow University
- Carson-Newman College
- Catawba College
- Catholic University of America
- Cedar Crest College
- Central Connecticut State University
- Central Michigan University
- Central New Mexico Community College
- Central Washington University
- Chatham University
- Chestnut Hill College
- Chicago State University
- Christian Brothers University
- Claflin University
- Clarion University of Pennsylvania
- Clarkson College
- Clatsop Community College
- Cleveland State University
- College of William & Mary
- Colorado State University—Pueblo
- Columbia College
- Columbia Southern University—Online
- Concordia University
- Concordia University Wisconsin
- Curry College
- Cuyahoga Community College
- Daniel Webster College
- Davis & Elkins College
- Delaware State University
- Delaware Technology & Community College—Dover
- Delaware Technology & Community College—Wilmington
- DePaul University—Loop Campus
- East Stroudsburg University
- Eastern Michigan University
- Eastern Oregon University
- Eastern Washington University
- ECPI College of Technology—Charleston
- ECPI Computer Institute
- Elmhurst College
- Embry-Riddle Aero University—Prescott
- Ferrum College
- Florida Agricultural & Mechanical University
- Florida Southern College
- Florida State University
- Florida Technical College—Deland
- Florida Technical College—Kissimmee
- Florida Technical College—Orlando
- Fort Valley State College
- Francis Marion University
- Fresno Pacific University
- Frostburg State University
- George Fox University
- Georgetown College
- Georgia Southern University
- Georgia Southwestern State University
- Hampton University
- Harding University
- Harris Stowe State University
- Herzing College—Madison
- Herzing College—New Orleans
- Herzing College—Winter Park
- Herzing University—Atlanta
- High Point University

- Highline Community College
- Hofstra University
- Hood College
- Hope International University
- Houghton College
- Huntingdon College
- Indiana University Bloomington
- Indiana Wesleyan CAPS
- Iona College
- Iowa Lakes Community College—  
Emmetsburg
- Jackson Community College
- Jackson State University
- John Brown University
- Johnson & Wales—Charlotte
- Johnson & Wales—Colorado
- Johnson & Wales—Miami
- Johnson & Wales—Rhode Island
- Johnson C. Smith University
- Kalamazoo College
- Kansas State University
- Keene State College
- Kellogg Community College
- La Salle University
- Lake Michigan College
- Lebanon Valley College
- Lee University
- Lehman College of CUNY
- Liberty University
- Limestone College—Gaffney
- Lincoln Memorial University
- Loyola College Business Center
- Loyola College—Chennai
- Loyola University—Maryland
- Lyndon State College
- Madonna University
- Manhattan College
- Manhattanville College
- Marian University—Indiana
- Marshall University
- Marshall University Graduate College
- Marymount University—Arlington
- Medgar Evers College
- Medical Careers Institute/Newport News
- Mercer University—Atlanta
- Mercer University—Macon
- Miami-Dade College—Homestead
- Miami-Dade College—Kendal
- Miami-Dade College—North
- Miami-Dade College—Wolfson
- Michigan State University
- Mid-America Christian
- Millersville University
- Mississippi University for Women
- Morgan State University
- Morrison College of Reno
- Mount Marty College—South Dakota
- Mount Mercy University
- Mount Wachusett Community College
- Mt. Hood Community College
- Mt. Vernon Nazarene
- MTI Western Business College
- Muhlenberg College
- Murray State University
- New England College
- New Mexico State University
- New York University
- North Carolina Wesleyan College
- North Central College
- North Central State College
- Northwest Arkansas Community College
- Northwestern College
- Northwood University—Cedar Hill
- Notre Dame of Maryland University
- Nyack College
- Oakland University
- Ohio Dominican University
- Oklahoma Christian University
- Oklahoma State University
- Olivet College
- Oral Roberts University
- Pace University—Pleasantville
- Park University
- Penn State University—Abington
- Penn State University—Hazleton
- Pensacola State College
- Philadelphia University
- Point Park University
- Prince George’s Community College
- Queens College of CUNY
- Richard Stockton University
- Rider University
- Roger Williams University
- Saint Edwards University
- Saint Leo University
- Saint Mary’s College
- Saint Mary’s College—Indiana
- Saint Xavier University

San Antonio College	University of Massachusetts—Dartmouth
Santa Fe College	University of Miami
Savannah State University	University of Michigan—Flint
Shippensburg University	University of Minnesota—Crookston
Siena Heights University	University of Mobile
Southern Nazarene University	University of Montevallo
Southern New Hampshire University	University of Nebraska—Omaha
Southern Oregon University	University of Nevada Las Vegas
Southern University—Baton Rouge	University of New Orleans
Southern Wesleyan University	University of North Texas
Southwest Baptist University	University of North Texas—Dallas
Southwest University	University of Pikeville
St. Bonaventure University	University of Sioux Falls
St. Francis University	University of South Florida
St. Louis University	University of St. Joseph
St. Martins University	University of Tampa
Sterling College	University of Texas—Pan American
Stevenson University	University of The Incarnate Word
Strayer University—DC	University of Toledo
Texas A&M University—Commerce	Upper Iowa University
Texas A&M University—Texarkana	Valley City State University
Texas A&M—San Antonio	Virginia Community College System
Texas Tech University	Virginia State University
The College of St. Rose	Virginia Tech
The Masters College	Wagner College
Tri-County Technical College	Wake Forest University
Trinity Christian College	Washington University
Troy State University	Webber International University
Troy University—Dothan	Webster University
Troy University—Main Campus	West Chester University
Troy University—Montgomery	West Liberty University
University of Alabama—Birmingham	West Valley College
University of Arkansas—Fayetteville	West Virginia Wesleyan College
University of Findlay	Western Connecticut State University
University of Houston—Clearlake	Western Kentucky University
University of Louisiana at Monroe	Western Michigan University
University of Maine at Augusta	Western Washington University
University of Maine—Fort Kent	William Jewell College
University of Maryland	Williams Baptist College
University of Maryland—College Park	Winona State University
University of Massachusetts—Boston Harbor	Winston-Salem State University
	WSU Vancouver

### Sample of Countries Outside the United States Where This Textbook Is Widely Used

Mexico, China, Japan, Australia, Singapore, Canada, Indonesia, Pakistan, Iran, Kenya, Congo, Hong Kong, India, England, Argentina, Ecuador, Zambia, Guam, Italy, Cyprus, Colombia, Philippines, South Africa, Peru, Turkey, Malaysia, and Egypt

## The Case Rationale

Case analysis remains the primary learning vehicle used in most strategic-management classes, for five important reasons:

1. Analyzing cases gives students the opportunity to work in teams to evaluate the internal operations and external issues facing various organizations and to craft strategies that can lead these firms to success. Working in teams gives students practical experience in solving problems as part of a group. In the business world, important decisions are generally made within groups; strategic-management students learn to deal with overly aggressive group members as well as timid, noncontributing group members. This experience is valuable because strategic-management students are near graduation and soon enter the working world full time.
2. Analyzing cases enables students to improve their oral and written communication skills as well as their analytical and interpersonal skills by proposing and defending particular courses of action for the case companies.
3. Analyzing cases allows students to view a company, its competitors, and its industry concurrently, thus simulating the complex business world. Through case analysis, students learn how to apply concepts, evaluate situations, formulate strategies, and resolve implementation problems.
4. Analyzing cases allows students to apply concepts learned in many business courses. Students gain experience dealing with a wide range of organizational problems that impact all the business functions.
5. Analyzing cases gives students practice in applying concepts, evaluating situations, formulating a “game plan,” and resolving implementation problems in a variety of business and industry settings.

## The Case MyLab Testing Feature

As revealed in the Concepts by Cases matrix, student learning of 30 key strategic-management concepts can easily be tested by using the 30 cases. The new Case MyLab Testing feature assures that the cases are excellent for testing student learning of the key strategic-management concepts, thus serving as a great mechanism for professors to achieve AACSB’s Assurance of Learning Objectives. This new testing feature simplifies grading for professors in both traditional and online class settings.

The Case MyLab testing feature includes 25 multiple-choice questions for each case, comprised of 10 *Basic* questions that simply test whether the student read the case before class, and 15 *Applied* questions that test the student’s ability to apply various strategic-management concepts. In addition, there are 2 *Discussion* questions per case. This testing feature enables professors to determine, before class if desired, whether students (1) read the case in *Basic* terms, and/or (2) are able to *Apply* strategy concepts to resolve issues in the case. For example, the MyLab case *Basic* question may be: In what country is SABMiller headquartered? Whereas a MyLab case *Applied* question may be: What are three aspects of the organizational chart given in the SABMiller case that violate strategic-management guidelines?

## The New Concepts by Cases Matrix

All 30 cases facilitate coverage of all strategy concepts, but as revealed by purple cells, some cases especially exemplify some key strategy concepts. The purple cells reveal which concepts are tested with multiple-choice questions in the MyLab. The Concepts by Cases matrix enables professors to effectively utilize different cases to assure student learning of various chapter concepts. Note from the purple boxes that two, three, or four cases are used to test each strategic-management concept. This new, innovative ancillary promises to elevate the case learning method to new heights in teaching strategic management.

xxiv CONCEPTS BY CASES MATRIX

		Key Strategic- Management Concepts	Strategy Model/Process	Vision/Mission Statements	Competitive Profile Matrix	Porter's Five Forces	EFE Matrix	Resource Based View	Financial Ratios & Breakeven	Value Chain Analysis	IFE Matrix	Strategy Types	Porter's Five Generic Strategies
Case Number	<u>USA Headquartered</u>		3	3	3	5	4	3	4	2	4	3	4
USA-Based Service Companies													
Case 1	Dunkin' Brands Group, Inc.												
Case 2	Krispy Kreme Doughnuts, Inc.												
Case 3	Marriott International, Inc.												
Case 4	Wynn Resorts Limited												
Case 5	Cinemark Holdings, Inc.												
Case 6	Facebook, Inc.												
Case 7	Zynga, Inc.												
Case 8	The Priceline Group, Inc.												
Case 9	The TJX Companies, Inc.												
Case 10	Tiffany & Company												
Case 11	Citigroup Inc.												
Case 12	JetBlue Airways Corporation												
Case 13	FedEx Corporation												
USA-Based Manufacturing Companies													
Case 14	Tyson Foods, Inc.												
Case 15	Constellation Brands Inc.												
Case 16	GoPro, Inc.												
Case 17	Artic Cat, Inc.												
Case 18	Tesla Motors, Inc.												
Case 19	Ford Motor Company												
Case 20	Harely-Davidson, Inc.												
Case 21	Apple Inc.												
Case 22	International Business Machines Corp.												
Case 23	Taser International, Inc.												
Case 24	Revlon, Inc.												
Case 25	World Relief												
<u>Outside-USA Headquartered</u>													
Case 26	World Wildlife Fund												
Case 27	Michael Kors Holdings Limited												
Case 28	SABMiller plc												
Case 29	Gruma, S.A.B. de C.V.												
Case 30	Restaurant Brands International, Inc.												



First Mover Advantages	Outsourcing	SWOT Matrix	SPACE Matrix	BCG & IE Matrices	Grand Strategy & QSPM	Organizational Structure	Organizational Culture	Product Positioning	EPS-EBIT Analysis	Projected Financial Statements	Company Valuation	Balanced Scorecard	Business Ethics	Environmental Sustainability	Foreign Business Culture
3	1	4	4	4	3	4	1	3	4	3	4	2	2	2	1

## The Case Synopses

### USA-Headquartered Service Firms

#### RESTAURANTS

1. Dunkin' Brands Group, Inc. (DNKN) — Headquartered in Canton, Massachusetts, Dunkin' Brands owns, operates, and franchises quick-service restaurants under the Dunkin' Donuts and Baskin-Robbins brands worldwide.
2. Krispy Kreme Doughnuts, Inc. (KKD) — Headquartered in Winston-Salem, North Carolina, KKD operates about 750 doughnut locations, of which about 650 are franchise owned. Most KKD locations (515) are outside the United States. The company plans to reach 900 stores internationally by 2017. Most restaurants “produce” their own doughnuts.

#### LODGING AND MOVIES

3. Marriott International, Inc. (MAR) — Headquartered in Bethesda, Maryland, and having 127,000 employees worldwide, Marriott owns and manages a broad range of hotels and lodging facilities. Marriott's CEO, Anne Sorenson, is leading the firm's expansion throughout Africa. The Ritz-Carlton is a subsidiary of Marriott.
4. Wynn Resorts Limited (WYNN) — Headquartered in Paradise, Nevada, Wynn Resorts is a global developer and operator of high-end casinos and hotels, especially in Las Vegas and Macau. Wynn Cotai opened in Macau in 2014 amidst overall Macau gambling revenues declining.
5. Cinemark Holdings, Inc. (CNK) — Headquartered in Plano, Texas, Cinemark is a chain of movie theaters operating in North and South America and Taiwan. Cinemark has over 300 theaters in the United States, is the largest movie theater firm in Brazil, the fourth largest in Mexico, and the second largest globally.

#### INTERNET BASED

6. Facebook, Inc. (FB) — Headquartered in Menlo Park, California, Facebook is the largest online social networking website with over 1.3 billion users (but reportedly more than 10 percent are fake). Facebook charges for placing advertisements; its vision is “to connect the world.”
7. Zynga, Inc. (ZNGA) — Headquartered in San Francisco, California, Zynga develops, markets, and operates online social media games primarily under the FarmVille, Words With Friends, and Zynga Poker franchises. Founded in 2007, Zynga's games are accessible on Facebook and Zynga.com.
8. The Priceline Group, Inc. (PCLN) — Headquartered in Norwalk, Connecticut, Priceline is an online travel, car rental, and hotel reservation company with products that include Booking.com and, in Asia, Agoda.com.

#### STORES AND BANKS

9. The TJX Companies, Inc. (TJX) — Headquartered in Framingham, Massachusetts, TJX operates off-price apparel and home fashion retail stores in the United States and globally under the names T. J. Maxx, Marshalls, HomeGoods, Winners, HomeSense, and Sierra Trading Post.
10. Tiffany & Company (TIF) — Headquartered in New York City, Tiffany designs, produces, and sells jewelry, as well as watches, china, crystal, stationery, and fragrances worldwide. The company owns and operates 275 stores in 24 countries.
11. Citigroup Inc. (C) — Headquartered in New York City, Citigroup is one of the world's largest bank holding companies with more than 16,000 offices and 255,000 employees worldwide. Citi operates through two segments: Citicorp (primarily banking) and City Holdings (primarily brokerage).

#### AIRLINES AND AIRFREIGHT

12. JetBlue Airways Corporation (JBLU) — Headquartered in Long Island City, New York, JetBlue is a passenger airline company that serves the United States, the Caribbean, and Latin America.

13. FedEx Corporation (FDX) — Headquartered in Memphis, Tennessee, FedEx is a global delivery services company with over 300,000 employees competing daily with UPS, DHL, USPS, and online emailing.

### USA-Headquartered Manufacturing Firms

#### FOOD

14. Tyson Foods, Inc. (TSN) — Headquartered in Springdale, Arkansas, Tyson Foods is the world's second-largest processor and marketer of chicken, beef, and pork. With 115,000 employees, Tyson is the largest meat producer in the world.
15. Constellation Brands Inc. (STZ) — Headquartered in Victor, New York, Constellation Brands is the largest wine producer in the world and has more than 100 wine, beer, and spirits brands, including Robert Mondavi, Corona, Paul Masson, and Black Velvet Canadian Whisky.

#### LEISURE SPORTS

16. GoPro, Inc. (GPRO) — Headquartered in San Mateo, California, GoPro develops and produces sportswear, sports cameras, and accessories widely used by surfers, divers, and sports enthusiasts. The company has about 700 employees.
17. Arctic Cat Inc. (ACAT) — Headquartered in Plymouth, Minnesota, Arctic Cat designs, produces, and, through independent dealers, markets snowmobiles and all-terrain vehicles (ATVs), and accessory parts, including lights, racks, snow plows, wheels, and a full garment portfolio.

#### AUTOMOBILES AND MOTORCYCLES

18. Tesla Motors, Inc. (TSLA) — Headquartered in Palo Alto, California, Tesla designs, manufactures, and markets all-electric cars and lithium batteries. After 10 years being in business, Tesla turned its first profit ever in Q1 2013. Tesla's sports car, the Roadster, and its Model S are especially popular.
19. Ford Motor Company (F) — Headquartered in Dearborn, Michigan, Ford develops, produces, and markets automobiles, trucks, and accessories globally. The company also has a large financial services segment.
20. Harley-Davidson, Inc. (HOG) — Headquartered in Milwaukee, Wisconsin, Harley develops, produces, and markets motorcycles and related parts and accessories through independent dealers globally. The company also has a large financial services segment.

#### COMPUTERS/SOFTWARE

21. Apple Inc. (AAPL) — Headquartered in Cupertino, California, Apple designs, produces, and markets laptop computers, tablets, smartphones, watches, portable digital music players, and accessories globally.
22. International Business Machines Corporation (IBM) — Headquartered in Armonk, New York, IBM is a large technology and consulting company with about 100,000 employees in the United States and more than 330,000 outside the United States. The IBM's chairman, president, and CEO is Ginni Rometty.

#### PERSONAL PRODUCTS

23. TASER International, Inc. (TASR) — Headquartered in Scottsdale, Arizona, TASER develops, produces, and markets conducted electrical weapons (CEWs) for use in law enforcement, federal, military, security, and personal defense markets globally. The company also offers AXON body cameras.
24. Revlon, Inc. (REV) — Headquartered in New York City, Revlon develops, manufactures, and markets cosmetics, fragrances, and personal care products globally. Revlon competes with L'Oreal, Avon, Estee Lauder, and Mary Kay Cosmetics.

### Nonprofit Organizations

25. World Relief — Headquartered in Baltimore, Maryland, World Relief is a nonprofit, international relief and development agency that offers assistance globally to victims of poverty, disease, hunger, war, disasters, and persecution. With over 100,000 volunteers, World Relief serves over four million vulnerable people annually.

26. World Wildlife Fund for Nature (WWF) — Headquartered in Gland, Vaud, Switzerland, WWF is the world's largest nonprofit conservation organization working on more than 1,300 wildlife projects. Its mission is “to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.”

**Outside-USA Headquartered Firms**

27. Michael Kors Holdings Ltd. (KORS) — Headquartered in Hong Kong, Michael Kors designs, produces, and markets luxury apparel and accessories for men and women, through about 250 stores in North America and 80 stores in Europe and Japan. The firm also licenses its trademarks and products to third parties globally.
28. SABMiller plc (SAB) — Headquartered in London, SABMiller is the world's second-largest beer brewer behind Anheuser-Busch InBev. With operations in over 75 countries, some popular SABMiller brands include Miller, Fosters, Castle, Eagle, and Pilsner. SAB is short for South African Brewery.
29. Gruma, S.A.B. de C.V. (GMK) — Headquartered in Monterrey, Mexico, Gruma is the world's largest producer of corn flour and tortillas. Brand names include Mission, Meseca, and Guerrero. The company's USA headquarters is in Irving, Texas.
30. Restaurant Brands International, Inc. (QSR) — Headquartered in Oakville, Ontario, outside of Toronto, Canada, QSR consists of Burger King and Tim Hortons. Burger King is the world's second-largest hamburger chain (behind McDonald's), with 13,000+ restaurants in the United States and 85 other countries. Burger King acquired the Canadian donut company Tim Hortons in December 2014 as an inversion, moving their headquarters from Miami.

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We 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 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 our attention to specific errors or deficiencies in coverage or exposition will especially be appreciated.

Thank you for using this text.

Fred R. David and Forest R. David



## About the Authors

Fred R. and Forest R. David, a father–son team, have published more than 50 articles in journals such as *Academy of Management Review*, *Academy of Management Executive*, *Journal of Applied Psychology*, *Long Range Planning*, *International Journal of Management*, *Journal of Business Strategy*, and *Advanced Management Journal*. Fred and Forest’s recent article titled “Mission Statement Theory and Practice: A Content Analysis and New Direction,” published in the *International Journal of Business, Marketing, and Decision Sciences*, is changing the way organizations devise and use vision and mission statements.

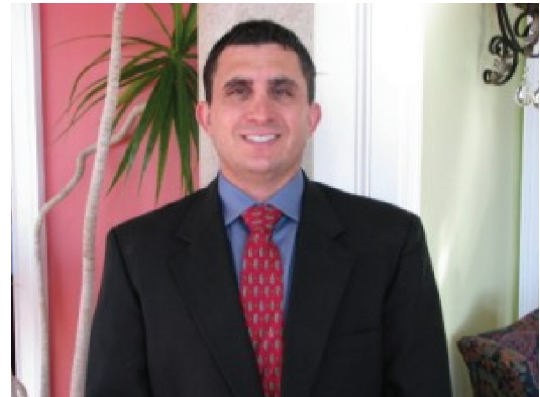
Fred and Forest are coauthors of *Strategic Management: Concepts and Cases—A Competitive Advantage Approach* that has been on a two-year revision cycle since 1987, when the first edition was published. This text has been a leader in the field of strategic management for almost three decades, providing an applications, practitioner–approach to the discipline. More than 500 colleges and universities have used this textbook over the years. For seven editions of this book, Forest has been sole author of the *Case Instructor’s Resource Manual*, having developed extensive teachers’ notes (solutions) for all the cases. Forest is author of the Case MyLab and Chapter MyLab ancillaries, as well as the free Excel Student Template found on the author website ([www.strategyclub.com](http://www.strategyclub.com)).

The authors actively assist businesses globally in doing strategic planning. They have written and published more than 100 strategic-management cases. They were keynote speakers in September 2015 in Monterrey, Mexico, at the “XXII Congreso Industrial,” the largest Congress of Industrial Engineering in Latin America. They were also invited keynote speakers at the Pearson International Forum in Monterrey, Mexico, delivering a one-hour presentation to 80 Spanish-speaking management professors.

With a Ph.D. in Management from the University of South Carolina, Fred is the TranSouth Professor of Strategic Planning at Francis Marion University in Florence, South Carolina. Forest has taught strategic-management courses at Mississippi State University, Campbell University, and Francis Marion University.



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