



# CONTEMPORARY STRATEGY ANALYSIS

NINTH EDITION

ROBERT M. GRANT

WILEY

# CONTENTS

*Preface to Ninth Edition*

*xv*

## **PART I INTRODUCTION**

**1**

### **1 The Concept of Strategy**

**3**

Introduction and Objectives	4
The Role of Strategy in Success	4
The Basic Framework for Strategy Analysis	9
A Brief History of Business Strategy	12
Strategy Today	15
How Is Strategy Made? The Strategy Process	21
Strategic Management of Not-For-Profit Organizations	25
Summary	28
Self-Study Questions	29
Notes	30

## **PART II THE TOOLS OF STRATEGY ANALYSIS**

**33**

### **2 Goals, Values, and Performance**

**35**

Introduction and Objectives	36
Strategy as a Quest for Value	37
Putting Performance Analysis into Practice	43
Beyond Profit: Values and Corporate Social Responsibility	51
Beyond Profit: Strategy and Real Options	54
Summary	58
Self-Study Questions	59
Notes	60

### **3 Industry Analysis: The Fundamentals**

**63**

Introduction and Objectives	64
From Environmental Analysis to Industry Analysis	64
Analyzing Industry Attractiveness	66
Applying Industry Analysis to Forecasting Industry Profitability	76
Using Industry Analysis to Develop Strategy	77
Defining Industries: Where to Draw the Boundaries	80

From Industry Attractiveness to Competitive Advantage:	
Identifying Key Success Factors	82
Summary	86
Self-Study Questions	87
Notes	87
<b>4 Further Topics in Industry and Competitive Analysis</b>	<b>89</b>
Introduction and Objectives	90
Extending the Five Forces Framework	90
Dynamic Competition: Hypercompetition, Game Theory, and Competitor Analysis	93
Segmentation and Strategic Groups	102
Summary	109
Self-Study Questions	109
Notes	110
<b>5 Analyzing Resources and Capabilities</b>	<b>113</b>
Introduction and Objectives	114
The Role of Resources and Capabilities in Strategy Formulation	114
Identifying Resources and Capabilities	118
Appraising Resources and Capabilities	126
Developing Strategy Implications	130
Summary	136
Self-Study Questions	137
Notes	138
<b>6 Organization Structure and Management Systems: The Fundamentals of Strategy Implementation</b>	<b>139</b>
Introduction and Objectives	140
From Strategy to Execution	141
Organizational Design: The Fundamentals of Organizing	144
Organizational Design: Choosing the Right Structure	154
Summary	161
Self-Study Questions	162
Notes	163
<b>PART III BUSINESS STRATEGY AND THE QUEST FOR COMPETITIVE ADVANTAGE</b>	<b>165</b>
<b>7 The Sources and Dimensions of Competitive Advantage</b>	<b>167</b>
Introduction and Objectives	168
How Competitive Advantage Is Established and Sustained	168
Types of Competitive Advantage: Cost and Differentiation	178
Cost Analysis	178

Differentiation Analysis	186
Implementing Cost and Differentiation Strategies	197
Summary	200
Self-Study Questions	200
Notes	201
<b>8 Industry Evolution and Strategic Change</b>	<b>205</b>
Introduction and Objectives	206
The Industry Life Cycle	207
The Challenge of Organizational Adaptation and Strategic Change	216
Managing Strategic Change	221
Summary	235
Self-Study Questions	236
Notes	237
<b>9 Technology-based Industries and the Management of Innovation</b>	<b>241</b>
Introduction and Objectives	242
Competitive Advantage in Technology-intensive Industries	243
Strategies to Exploit Innovation: How and When to Enter	250
Standards, Platforms, and Network Externalities	255
Platform-based Markets	258
Implementing Technology Strategies: Creating the Conditions for Innovation	262
Accessing External Sources of Innovation	263
Summary	269
Self-Study Questions	270
Notes	271
<b>10 Competitive Advantage in Mature Industries</b>	<b>273</b>
Introduction and Objectives	274
Competitive Advantage in Mature Industries	274
Strategy Implementation in Mature Industries: Structure, Systems, and Style	280
Strategies for Declining Industries	282
Summary	286
Self-Study Questions	286
Notes	287
<b>PART IV CORPORATE STRATEGY</b>	<b>289</b>
<b>11 Vertical Integration and the Scope of the Firm</b>	<b>291</b>
Introduction and Objectives	292
Transaction Costs and the Scope of the Firm	293
The Benefits and Costs of Vertical Integration	295

The Benefits from Vertical Integration	297
The Costs of Vertical Integration	298
Applying the Criteria: Deciding Whether to Make or Buy	302
Designing Vertical Relationships	302
Different Types of Vertical Relationship	304
Choosing Among Alternative Vertical Relationships	305
Recent Trends	306
Summary	307
Self-Study Questions	307
Notes	308
<b>12 Global Strategy and the Multinational Corporation</b>	<b>311</b>
Introduction and Objectives	312
Implications of International Competition for Industry Analysis	313
Analyzing Competitive Advantage in an International Context	315
Internationalization Decisions: Locating Production	318
Internationalization Decisions: Entering a Foreign Market	322
Multinational Strategies: Global Integration versus National Differentiation	324
Implementing International Strategy: Organizing the Multinational Corporation	331
Summary	337
Self-Study Questions	338
Notes	339
<b>13 Diversification Strategy</b>	<b>341</b>
Introduction and Objectives	342
Motives for Diversification	343
Competitive Advantage from Diversification	348
Diversification and Performance	352
The Meaning of Relatedness in Diversification	355
Summary	356
Self-Study Questions	357
Notes	358
<b>14 Implementing Corporate Strategy: Managing the Multibusiness Firm</b>	<b>361</b>
Introduction and Objectives	362
The Role of Corporate Management	363
Managing the Corporate Portfolio	363
Managing Linkages Across Businesses	366
Managing Individual Businesses	369
Managing Change in the Multibusiness Corporation	376
Governance of Multibusiness Corporations	381

---

Summary	386
Self-Study Questions	386
Notes	387
<b>15 External Growth Strategies: Mergers, Acquisitions, and Alliances</b>	<b>389</b>
Introduction and Objectives	390
Mergers and Acquisitions	391
Strategic Alliances	401
Summary	406
Self-Study Questions	407
Notes	407
<b>16 Current Trends in Strategic Management</b>	<b>409</b>
Introduction	410
The New Environment of Business	410
New Directions in Strategic Thinking	415
Redesigning Organizations	419
The Changing Role of Managers	422
Summary	424
Notes	424
<i>Glossary</i>	427
<i>Index</i>	435