

CONCEPTS & CASES

# STRATEGIC MANAGEMENT

17th Edition

A Competitive Advantage Approach



Fred David Forest David Meredith David

# STRATEGIC MANAGEMENT CONCEPTS AND CASES: A COMPETITIVE ADVANTAGE APPROACH

by

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- \* JOIN HUNDREDS IN ADOPTING THE 17<sup>TH</sup> EDITION
- \* AVAILABLE FOR USE IN CLASSES JANUARY 2, 2019
- \* SEE MANY GREAT REASONS BELOW TO ADOPT  
THE 17<sup>TH</sup> EDITION FOR THE SPRING 2019 SEMESTER
- \* CONTACT DR. FRED DAVID WITH ANY QUESTIONS
- \* THANK YOU!
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**THE ALL-NEW (NO REPEATS FROM 16<sup>TH</sup> EDITION), 17<sup>TH</sup> ED. CASES ARE ALL 2018-BASED AND WRITTEN ON STUDENT-FRIENDLY FIRMS IN THE NEWS AND NEEDING A CLEAR STRATEGIC PLAN**

### **The Outstanding 17<sup>th</sup> Edition Case Lineup**

#### **Service Companies**

#### **Clothing Stores**

1. Macy's, Inc. (M)
2. The Gap, Inc. (GPS)

#### **Supply Stores**

3. Lowe's Companies, Inc. (LOW)
4. Office Depot, Inc. (ODP)
5. Dick's Sporting Goods, Inc. (DKS)

### **Financial Institutions**

6. Bank of America Corporation (BAC)
7. JPMorgan Chase & Co. (JPM)

### **Restaurants**

8. Chipotle Mexican Grill (CMG)
9. Cracker Barrel Old Country Store (CBRL)
10. Domino's Pizza, Inc. (DPZ)

### **Medical**

11. PetMed Express, Inc. (PETS)
12. CVS Health Corporation (CVS)
13. Ulta Beauty, Inc. (ULTA)

### **Hospitality/Entertainment**

14. The Walt Disney Company (DIS)
15. Caesars Entertainment Corporation (CZR)

### **Airlines**

16. Spirit Airlines, Inc. (SAVE)
17. Southwest Airlines Company (LUV)

### **Online Technology**

18. Microsoft Corporation (MSFT)
19. Amazon.com, Inc. (AMZN)

### **Manufacturing Companies**

### **Sports**

20. Nike, Inc. (NKE)
21. Under Armour, Inc. (UA)
22. Polaris Industries Inc. (PII)

### **Personal Care**

23. The Estee Lauder Companies (EL)
24. L’Oreal SA (LRLCF)

### **Diversified Machinery**

25. General Electric Company (GE)
26. Whirlpool Corporation (WHR)

### **Food and Drink**

27. Starbucks Corporation (SBUX)
28. PepsiCo, Inc. (PEP)

### **Nonprofit Organizations**

29. National Audubon Society ([www.audubon.org](http://www.audubon.org))
30. Ducks Unlimited ([www.ducks.org](http://www.ducks.org))

## **Why Adopt The David Text?**

- The David text is the most practical, skills-oriented strategic management textbook on the market. All chapters unfold from a widely used integrative model of strategic planning, so students learn the “process of doing strategic planning,” rather than focusing on seminal theories in strategy. The David approach is “learning by doing” - students develop skills that can enhance their own employability through numerous features, such as 62 new Assurance of Learning end-of-chapter exercises in this edition.
- The David text offers more coverage of business ethics, social responsibility, and sustainability than 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 preserving wildlife – topics that other textbooks do not mention, even though companies continually face strategic decisions in these areas. A new Ethics Capsule appears in each chapter in this edition, to supplement Chapter 10 on business ethics, environmental sustainability, and social responsibility.
- The David text offers more coverage of global/international issues than any other strategic management textbook, including topics such as how business culture, taxes, tariffs, political stability, and economic conditions vary across countries – all framed from a strategic planning perspective. A new Global Capsule appears in each chapter in this edition, to supplement Chapter 11 on global and international issues.
- The David text offers a conversational, concise writing style 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 fun, exciting writing style complements the logical flow of chapter material that emulates the actual practice of strategic planning.

- This textbook is trusted across five continents to provide students (and 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 advantages 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. This text 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 the seventeenth edition to be the most effective 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. In addition to universities, hundreds of companies, organizations, and governmental bodies also use this text as a management guide.

Eric Seiden, an MBA student that recently used this text 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 in 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.

## Why Switch to the 17<sup>th</sup> Edition? The New 17th Edition Chapter Features Are:

1. This 17th edition provides 40 percent new chapter material, 30 brand new comprehensive student-friendly cases, 11 new end-of-chapter mini-cases, and virtually all new examples in the chapters. Special features of this edition include the following:
  2. A brand new **COHESION CASE** on Coca-Cola Company (2018) is provided at the end of Chapter One. Students apply strategy concepts to Coca-Cola through 25 new, innovative Assurance of Learning Exercises at the end of each chapter. Coca-Cola is one of the most successful, well-known, and best-managed global companies in the world.
  3. Eleven brand new, one-page **MINI-CASES** are included, one at the end of each chapter, complete with questions designed to apply chapter concepts. The new mini-cases focus on the following companies:

Chapter 1: Tesla, Inc.  
Chapter 2: Ford Motor Company  
Chapter 3: Walmart, Inc.  
Chapter 4: Procter & Gamble (P&G)  
Chapter 5: Facebook, Inc.  
Chapter 6: Boston Consulting Group  
Chapter 7: De Beers Group  
Chapter 8: Hasbro, Inc.  
Chapter 9: TJX Companies, Inc.  
Chapter 10: Chick-fil-A  
Chapter 11: Lynk and Company

4. Eleven brand new **EXEMPLARY STRATEGIST CAPSULES** are provided, one at the beginning of each chapter, to showcase an individual that is employing strategic management exceptionally well. The capsules focus on the following persons:

Chapter 1: Legendary Coach of the Green Bay Packers – Vince Lombardi  
Chapter 2: CEO and Founder of FedEx Corporation - Frederick Smith,  
Chapter 3: CEO and Cofounder of Pinterest - Ben Silbermann,  
Chapter 4: CEO and Cofounder of Tesla and SpaceX – Elon Musk  
Chapter 5: CEO of Apple, Inc. - Tim Cook,  
Chapter 6: CEO of Hobby Lobby - David Green,  
Chapter 7: CEO of PepsiCo - Indra Nooyi,  
Chapter 8: CEO of JPMorgan Chase, Jamie Diamond  
Chapter 9: CEO and Founder of Roku Inc. – Anthony Wood  
Chapter 10: CEO (former) and Chairman of Microsoft – Bill Gates  
Chapter 11: CEO of Philip Morris International – Andre Calantzopoulos

5. Eleven brand new **GLOBAL CAPSULES** are provided, one in each chapter, to showcase the strategic relevance of material to global operations, issues, and conditions. The global capsules focus on the following topics:

Chapter 1: Mobike - Global Bike Renting Takes Off Like a Jet Plane  
Chapter 2: LinkedIn - Clear Core Values, Vision, and Mission Lead to Global Prominence  
Chapter 3: Netflix – What Company is Growing Fastest Globally?  
Chapter 4: Bitcoin – The New Global Currency.  
Chapter 5: How Can a Firm Determine Where to Initiate New Business Use GDP?  
Chapter 6: India’s Economy is Booming  
Chapter 7: Four Guidelines to Follow in Global Marketing  
Chapter 8: The Most and Least Corrupt Countries in the World  
Chapter 9: What Country’s New Strategy is Called Vision 2030?  
Chapter 10: The 20 Least (and Most) Corrupt Countries in the World for Doing Business  
Chapter 11: The Strategic Plan of a Country: China Aims for Superiority in Quantum Computing

**6.** Eleven brand new **ETHICS CAPSULES** are provided, one in each chapter, to bring chapter material to life from an ethics perspective. The ethics capsules focus on the following topics:

Chapter 1: What Ethics Variable is Most Important in Doing Business?  
Chapter 2: Facebook - Changing Our Mission to Enhance Our Ethics and Integrity  
Chapter 3: Preserve Alaska Wildlife or Boost Alaska Economy?  
Chapter 4: The Sagebrush Lizard Versus The Big Oil Man  
Chapter 5: Are CEOs Less Ethical Today Than in the Past?  
Chapter 6: As We Strategize We Must Not Jeopardize Animal Welfare  
Chapter 7: Do Firms Need a Policy Against Workplace Phubbing?  
Chapter 8: Projected Financial Statement Manipulation  
Chapter 9: Achieving Exemplary Business Ethics Through Exemplary Transparency  
Chapter 10: TOMS Shoes, Inc. – Shoes are Magic - Put Shoes on Every Child on the Planet  
Chapter 11: What Airlines are Worst on Customer Service?

**7.** The 62 end-of-chapter **ASSURANCE OF LEARNING EXERCISES** are nearly all new, and, **for the first time ever, are organized into four sets** as follows that apply chapter concepts, tools, and techniques:

**Set 1: Strategic Planning for Coca-Cola** – 25 exercises apply chapter material to the Coca-Cola Cohesion Case Company to ready students for doing case analysis in for-profit companies

**Set 2: Strategic Planning for My University** – 12 exercises apply chapter material to your college or university to ready students for doing case analysis in nonprofit organizations

**Set 3: Strategic Planning to Enhance My Employability**– 14 exercises apply chapter material to individuals instead of companies to prepare students for making career choices

**Set 4: Individual vs Group Strategic Planning** – 11 exercises apply chapter material by comparing the effectiveness of individual vs group decisions; these are fun, in-class group exercises that yield “a winning individual and winning group for each activity.”

**8.** Each chapter ends with **REVIEW QUESTIONS** that apply chapter content. In total there are 475



review questions, mostly new and dispersed across the eleven chapters as follows: 52, 36, 40, 54, 56, 56, 55, 32, 31, 25, and 38.

**9.** The continually updated **AUTHOR WEBSITE** at ([www.strategyclub.com](http://www.strategyclub.com)) provides 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.

**10.** A brand new **WEB RESOURCES** section appears at the end of each chapter to reveal special places on the Internet where additional information can be located regarding chapter content.

**11.** All new **CURRENT READINGS** at the end of chapters (18 readings on average per chapter) are new with research and theories of seminal thinkers highlighted; however, practical aspects of strategic management are center stage and the trademark of this text.

**12.** A new, written-by-the-authors, **CHAPTER INSTRUCTOR'S RESOURCE MANUAL** is available to professors to reveal answers to all exercises, mini-cases, review questions, and more.

#### **OTHER KEY CHANGES IN THE 17<sup>TH</sup> EDITION CHAPTERS ARE:**

Chapter 1 – THE NATURE OF STRATEGIC MANAGEMENT – SWOT analysis is introduced; the integrative comprehensive strategic-management model is repositioned to the opening page of each chapter; the model is enhanced to accent the process of strategic planning being fluid rather than merely a sequence of silo activities

Chapter 2 – BUSINESS VISION AND MISSION – new material is provided on core value statements; new examples abound throughout

Chapter 3 – THE EXTERNAL ASSESSMENT – new material is provided on Porter's Five-Forces Model; more guidance is provided regarding how to assign weights and ratings in matrices; new examples abound throughout; the ratings for a Competitive Profile Matrix now match the EFE Matrix in form and meaning

Chapter 4 – THE INTERNAL ASSESSMENT - this chapter has been revamped and shortened; the marketing material is enhanced; new examples abound throughout; the ratings for an IFE Matrix now match the EFE Matrix ratings in form and meaning

Chapter 5 – STRATEGIES IN ACTION - new material includes Blue Ocean Strategy, Value Chain Analysis, Porter's Two Generic Strategies, and the need for firms to "BUILD, BORROW, or BUY"

Chapter 6 – STRATEGY ANALYSIS AND CHOICE - the presentation of this chapter that includes SWOT, BCG, IE, SPACE, GRAND, and QSPM analyses is enhanced and shortened; two new pages reveal how to estimate costs of recommendations

Chapter 7 – IMPLEMENTATING STRATEGIES: MANAGEMENT AND MARKETING ISSUES; the title of this chapter changed to reflect new marketing material; our new coauthor is a marketing

professor at Baylor University; this chapter is fully updated and enhanced, especially with new target marketing, segmentation, and positioning analyses

Chapter 8 – IMPLEMENTATING STRATEGIES: FINANCE AND ACCOUNTING ISSUES - the title of this chapter changed since marketing material moved; there is enhanced presentation of financial and accounting tools, such as EPS/EBIT analysis, Corporate Valuation, and Projected Financial Statements; a new running example for P&G is provided; numerous author comments are given regarding the strategic planning template at [www.strategyclub.com](http://www.strategyclub.com)

Chapter 9 – STRATEGY EVALUATION AND GOVERNANCE - the title of this chapter changed to include governance; new material on corporate governance is excellent

Chapter 10 – BUSINESS ETHICS, ENVIRONMENTAL SUSTAINABILITY, AND SOCIAL RESPONSIBILITY – this chapter provides updated and new coverage of ethics, workplace romance, hiring rival firms’ employees, wildlife welfare, and sustainability. This text reveals why “good ethics is good business” and why this is a strategic issue. The sustainability discussion is improved to promote and encourage firms to conduct operations with respect for the environment, an important concern for consumers, companies, society, and AACSB.

Chapter 11 – GLOBAL AND INTERNATIONAL ISSUES – this chapter is enhanced and shortened but provides new coverage of cultural and conceptual strategic-management differences across countries. Doing business globally has become a necessity in most industries.

Part 6 – STRATEGIC MANAGEMENT CASE ANALYSIS – this section that follows all chapters and has been totally re-written to be more concise and revealing for students performing case analysis.

### **Why Switch to the 17<sup>th</sup> Edition? The New 17th Edition Case Features Are:**

1. All 30 case companies are brand new with this edition; no prior 16<sup>th</sup> edition cases are repeated; it’s a total fresh start; all cases have a 2018 setting, offering students up-to-date issues to evaluate.
2. All 30 cases focus on exciting, well-known, undisguised, in-the-news, student-friendly companies.
3. All 30 cases provide ample, excellent quantitative information, so students can prepare a defensible strategic plan.
4. All 30 cases are written in a lively, concise writing style that captures the reader’s interest.
5. All 30 cases are “comprehensive,” focusing on multiple business functions, rather than a single problem or issue. Every case includes (a) the firm’s vision/mission statements (if the firm has one); (b) the firm’s by-segment revenue breakdown (since allocating resources across divisions is a key strategy decision); (c) the firm’s organizational chart (since structure is a key strategy topic); and (d) the firm’s financial statements so students can show the impact of a proposed strategic plan on a firm’s financial statements. Thus, all 30 cases take a total-firm, multifunctional approach, which by definition is the nature of strategic management.
6. All 30 cases are supported by an excellent teacher’s note, provided to professors in a new, written-by-the-authors, *Case Instructor’s Resource Manual*.
7. All 30 cases are available for inclusion in a customized tailored text to meet the special needs of

some professors.

**8.** All 30 cases facilitate coverage of all strategy concepts, but as revealed in the new Concepts by Cases Matrix, some cases especially exemplify various concepts, enabling professors to effectively use an assortment of cases with various chapters in the text.

**9.** All 30 cases have been class-tested to ensure that they are interesting, challenging, and effective for illustrating strategy concepts.

**10.** All 30 cases appear in no other textbooks, thus offering a truly fresh, new, up-to-date, learning platform.

**11.** The 30 cases represent an excellent mix of firms performing exceptionally well and some performing very poorly, including 19 service-based organizations, 19 manufacturing-based firms, plus 2 nonprofit organizations (National Audubon Society and Ducks Unlimited); one case firm (L’Oreal SA) is headquartered outside the USA, but nearly all the case firms do business globally.

**12.** 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.

## **Solving Teaching and Learning Challenges**

The primary challenge facing strategy professors is to keep students engaged while making sure business skills are learned. The David text leads all others in being practical, skills-oriented, and unfolding in the same manner as the process of actually doing strategic planning unfolds. Students and professors alike appreciate this practical approach presented in a concise, conversational, exciting manner – beginning with the integrative model of the strategic-management process that unifies all chapters. All 30 brand new cases are designed specifically to apply chapter concepts, as are the 11 end-of-chapter Mini-Cases, 471 Review Questions, and 62 Assurance of Learning exercises. All of these exercises are developed by the textbook authors themselves.

## **Developing Employability Skills**

Developing employability skills is a major new thrust in the 17<sup>th</sup> edition. Using this text, students learn how to actually do strategic planning and this is a huge employability skill – because employers recognize the benefits of employees having an understanding of what a firm is trying to achieve and why. Nearly all students using this text also use the free strategic-planning template at the [www.strategyclub.com](http://www.strategyclub.com) author website; many students include this skill on their resume to showcase their experience using this excel software commonly used by businesses for actually doing strategic planning.

## **Instructor Teaching 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 supple-

ments that accompany this text. Visit <http://247.pearsoned.com> for answers to frequently asked questions and toll-free user support phone numbers.

A chapters-only paperback and e-book version of this text are available.

Custom-case publishing is available with this text 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.

Extensive, author-developed chapter MyLab and case MyLab testing products are available with this text to promote assurance of learning – including 750 Chapter MyLab and 750 Case MyLab questions – all aimed at applying strategic-management concepts, tools, and techniques. Mini-simulations and videos are also available in the MyLab.

The following supplements are available with this text:

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

## Universities Currently or Recently Using This Textbook

### University

### City, State

Abraham Baldwin Agricultural College	Tifton, Georgia
Adelphi University	Garden City, New York
Alamo – San Antonio College	San Antonio, Texas
Albany State University	Albany, Georgia
Albertus Magnus College	New Haven, Connecticut
Albright College	Reading, Pennsylvania
Alcorn State University	Lorman, Mississippi
Alvernia University	Reading, Pennsylvania
Ambassador College	Pasadena, California
Amberton University	Garland, Texas
American Intercontinental University	Schaumburg, Illinois
American International College	Springfield, Massachusetts
American International Continental (AIU) University	Houston, Texas
American International University	Springfield, Massachusetts
American University	Washington, DC
Anderson University	Anderson, South Carolina
Andrews University	Berrien Springs, Michigan
Angelo State University	San Angelo, Texas
Aquinas College	Grand Rapids, Michigan
Arizona State University—Polytechnic Campus	Mesa, Arizona
Art Institute of California	San Francisco, California

Auburn University – Main Campus	Auburn, Alabama
Averett University	Danville, Virginia
Avila University	Kansas City, Missouri
Azusa Pacific University	Azusa, California
Baker College—Flint	Flint, Michigan
Baldwin Wallace College	Berea, Ohio
Barry University	Main Shores, Florida
Belhaven University	Jackson, Mississippi
Bellevue University	Bellevue, Nebraska
Belmont Abbey College	Belmont, North Carolina
Benedictine University	Lisle, Illinois
Black Hills State University	Spearfish, South Dakota
Bloomsburg University	Bloomsburg, Pennsylvania
Bowie State University	Bowie, Maryland
Brazosport College	Lake Jackson, Texas
Briar Cliff University	Sioux City, Iowa
Brooklyn College	Brooklyn, New York
Broward College—Central	Davie, Florida
Broward College—North	Coconut Creek, Florida
Broward College—South	Pembroke Pines, Florida
Bryant & Stratton—Orchard Park	Orchard Park, New York
Buena Vista University	Storm Lake, Iowa
Caldwell University	Caldwell, New Jersey
California Polytechnic State University	San Luis Obispo, California
California State University—Sacramento	Sacramento, California
California State University—San Bernadino	San Bernadino, California
California University of PA	California, Pennsylvania
Calumet College of St. Joseph	Whiting, Indiana
Capella University	Minneapolis, Minnesota
Carlow University	Pittsburgh, Pennsylvania
Carson-Newman College	Jefferson City, Tennessee
Catawba College	Salisbury, North Carolina
Catholic University of America	Washington, DC
Cedar Crest College	Allentown, Pennsylvania
Central Connecticut State University	New Britain, Connecticut
Central Michigan University	Mt. Pleasant, Michigan
Central New Mexico Community College	Albuquerque, New Mexico
Central Piedmont Community College	Charlotte, North Carolina
Central Washington University	Ellensburg, Washington
Chatham University	Pittsburgh, Pennsylvania
Chestnut Hill College	Philadelphia, Pennsylvania
Chicago State University	Chicago, Illinois
Christian Brothers University	Memphis, Tennessee
Claflin University	Orangeburg, South Carolina
Clarion University of Pennsylvania	Clarion, Pennsylvania
Clarkson College	Omaha, Nebraska

Clatsop Community College	Astoria, Oregon
Cleveland State University	Cleveland, Ohio
College of William & Mary	Williamsburg, Virginia
College of Wooster	Wooster, Ohio
Colorado State University	Pueblo, Colorado
Columbia College	Columbia, South Carolina
Columbia Southern University—Online	Orange Beach, Alabama
Concordia University	Seward, Nebraska
Concordia University Wisconsin	Mequon, Wisconsin
Cornerstone University	Grand Rapids, Michigan
Christian Brothers University	Memphis, Tennessee
Curry College	Milton, Massachusetts
Cuyahoga Community College - Metro	Cleveland, Ohio
Cuyahoga Community College - East	Highland Hills, Ohio
Cuyahoga Community College – Western	Parma Heights, Ohio
Daniel Webster College	Nashua, New Hampshire
Daytona State College – Deland	Deland, Florida
Daytona State College – Main Campus	Daytona Beach, Florida
Davis & Elkins College	Elkins, West Virginia
Delaware State University	Dover, Delaware
Delaware Technology & Community College	Dover, Delaware
Delaware Technology & Community College	Wilmington, Delaware
DePaul University—Loop Campus	Chicago, Illinois
Dominican College	Orangeburg, New York
Drake University	Des Moines, Iowa
Dyouville College	Buffalo, New York
East Stroudsburg University	East Stroudsburg, Pennsylvania
Eastern Michigan University	Ypsilanti, Michigan
Eastern Oregon University	La Grande, Oregon
Eastern Washington University	Cheney, Washington
ECPI College of Technology—Charleston	North Charleston, South Carolina
ECPI University	Richmond, Virginia
Edison Community College	Piqua, Ohio
Elmhurst College	Elmhurst, Illinois
Elmira College	Elmira, New York
Embry-Riddle Aero University	Prescott, Arizona
Empire State College	East Syracuse, New York
Emporia State University	Emporia, Kansas
Farmingdale State College	Farmingdale, New York
Ferrum College	Ferrum, Virginia
Florida Agricultural & Mechanical University	Tallahassee, Florida
Florida Gulf Coast University	Fort Myers, Florida
Florida Southern College	Lakeland, Florida
Florida State University – Tallahassee	Tallahassee, Florida
Florida Technical College—Deland	Deland, Florida
Florida Technical College—Kissimmee	Kissimmee, Florida

Florida Technical College—Orlando	Orlando, Florida
Fort Valley State University	Fort Valley, Georgia
Francis Marion University	Florence, South Carolina
Fresno Pacific University	Fresno, California
Frostburg State University	Frostburg, Maryland
Gallaudet University	Washington, DC
George Fox University	Newberg, Oregon
Georgetown College	Georgetown, Kentucky
Georgia Southern University	Statesboro, Georgia
Georgia Southwestern State University	Americus, Georgia
Grand Canyon University	Phoenix, Arizona
Hampton University	Hampton, Virginia
Harding University	Searcy, Arizona
Harris Stowe State University	St. Louis, Missouri
Herzing University - Akron	Akron, Ohio
Herzing University - Madison	Madison, Wisconsin
Herzing University - New Orleans	New Orleans, Louisiana
Herzing University - Winter Park	Winter Park, Louisiana
Herzing University – Atlanta	Atlanta, Georgia
High Point University	Highpoint, North Carolina
Highline College	Des Moines, Washington
Hodges University	Fort Myers, Florida
Hofstra University	Hempstead, New York
Hood College	Frederick, Maryland
Hope International University	Fullerton, California
Houghton College	Houghton, New York
Huntingdon College	Montgomery, Alabama
Indiana State University, Main Campus	Terre Haute, Indiana
Indiana University East	Richmond, Indiana
Indiana University	Bloomington, Indiana
Indiana Wesleyan University	Marion, Indiana
Iona College	New Rochelle, New York
Iowa Lakes Community College	Emmetsburg, Iowa
Iowa State University, Main Campus	Ames, Iowa
Jackson College	Jackson, Mississippi
Jackson State University	Jackson, Mississippi
John Brown University	Siloam Springs, Arkansas
Johnson C. Smith University	Charlotte, North Carolina
Johnson & Wales University—Charlotte	Charlotte, North Carolina
Johnson & Wales University – Denver	Denver, Colorado
Johnson & Wales University—Miami	Miami, Florida
Johnson & Wales University—Rhode Island	Providence, Rhode Island
Kalamazoo College	Kalamazoo, Michigan
Kansas State University, Main Campus	Manhattan, Kansas
Keene State College	Keene, New Hampshire
Keiser University	Ft. Lauderdale, Florida

Kellogg Community College	Battle Creek, Michigan
La Salle University	Philadelphia, Pennsylvania
Lake Michigan College	Benton Harbor, Michigan
Lebanon Valley College	Annville, Pennsylvania
Lee University	Cleveland, Tennessee
Lehman College of CUNY	Bronx, New York
Lewis University	Romeoville, Illinois
Liberty University	Lynchburg, Virginia
Limestone College	Gaffney, South Carolina
Lincoln Memorial University	Harrogate, Tennessee
Louisiana State University (LSU) Main Campus	Baton Rouge, Louisiana
Loyola – Chicago	Chicago, Illinois
Loyola College—Chennai	Tamil Nadu, India
Loyola University—Maryland	Baltimore, Maryland
Lyndon State College	Lyndonville, Vermont
Madonna University	Livonia, Michigan
Manhattan College	Riverdale, New York
Manhattanville College	Harrison, New York
Marian University	Indianapolis, Indiana
Marshall University	Huntington, West Virginia
Marshall University Graduate College	Huntington, West Virginia
Marymount University	Arlington, Virginia
Medgar Evers College	Brooklyn, New York
Medical Careers Institute	Newport News, Virginia
Mercer University—Atlanta	Atlanta, Georgia
Mercer University—Macon	Macon, Georgia
Miami-Dade College—Homestead	Homestead, Florida
Miami-Dade College—Kendal	Kendal, Florida
Miami-Dade College—North	Miami, Florida
Miami-Dade College—Wolfson	Miami, Florida
Michigan State University, Main Campus	East Lansing, Michigan
Mid-America Christian University	Oklahoma City, Oklahoma
Midlands Technical College	Columbia, South Carolina
Millersville University	Millersville, Pennsylvania
Mississippi University for Women	Columbus, Mississippi
Missouri State University	Springfield, Missouri
Montana Technology	Butte, Montana
Moravian College	Bethlehem, Pennsylvania
Morgan State University	Baltimore, Maryland
Morningside College	Sioux City, Iowa
Morrison College of Reno	Reno, Nevada
Mount Marty College	Yankton, South Dakota
Mount Mercy University	Cedar Rapids, Iowa
Mount Wachusett Community College	Gardner, Massachusetts
Mt. Hood Community College	Gresham, Oregon
Mt. Vernon Nazarene University	Mt. Vernon, Ohio



MTI Western Business College	Sacramento, California
Muhlenberg College	Allentown, Pennsylvania
Murray State University	Murray, Kentucky
Nebraska Wesleyan University	Lincoln, Nebraska
New England College	Henniker, New Hampshire
New Mexico State University	Las Cruces, New Mexico
New York Institute of Technology – New York	New York, New York
New Mexico State University	Las Cruces, New Mexico
New York University	New York, New York
North Carolina Wesleyan College	Rocky Mount, North Carolina
North Central College	Naperville, Illinois
North Central State College	Mansfield, Ohio
Northern Kentucky University	Newport, Kentucky
Northwest Arkansas Community College	Bentonville, Arkansas
Northwestern College	Orange City, Iowa
Northwood University—Cedar Hill	Cedar Hill, Texas
Notre Dame of Maryland University	Baltimore, Maryland
Nova Southeastern University	Ft. Lauderdale, Florida
Nyack College	New York, New York
Oakland University	Rochester, Michigan
Ohio Dominican University	Columbus, Ohio
Ohio State University – Main	Columbus, Ohio
Oklahoma Christian University	Edmond, Oklahoma
Oklahoma State University, Main Campus	Stillwater, Oklahoma
Olivet College	Olivet, Michigan
Oral Roberts University	Tulsa, Oklahoma
Orange Coast College	Costa Mesa, California
Pace University—Pleasantville	Pleasantville, New York
Palm Beach State College	Lake Worth, Florida
Park University	Parkville, Missouri
Pellissippi State Community College	Knoxville, Tennessee
Penn State University—Abington	Abington, Pennsylvania
Penn State University—Hazleton	Hazleton, Pennsylvania
Penn State University – University Park	University Park, Pennsylvania
Pensacola State College	Pensacola, Florida
Philadelphia University	Philadelphia, Pennsylvania
Point Park University	Pittsburgh, Pennsylvania
Prince George’s Community College	Largo, Maryland
Purdue University	Indianapolis, Indiana
Queens College of CUNY	Flushing, New York
Rider University	Lawrenceville, New Jersey
Robert Morris University	Chicago, Illinois
Roger Williams University	Bristol, Rhode Island
Rollins College	Winter Park, Florida
Rutgers University, Main Campus	Camden New Jersey
Sacramento City College	Sacramento, California

Saint Cloud State University	Saint Cloud, Minnesota
Saint Edwards University	Austin, Texas
Saint Leo University	St. Leo, Florida
Saint Mary's College	Notre Dame, Indiana
Saint Xavier University	Chicago, Illinois
Salisbury University	Salisbury, Maryland
Salve Regina University	Newport, Rhode Island
Sam Houston State University	Huntsville, Texas
San Antonio College	San Antonio, Texas
San Joaquin Valley College	Fresno, California
San Jose State University	San Jose, California
Santa Fe College	Gainesville, Florida
Savannah State University	Savannah, Georgia
Shippensburg University	Shippensburg, Pennsylvania
Siena Heights University	Adrian, Michigan
Sitting Bull College	Fort Yates, North Dakota
Sonoma State University	Rohnert Park, California
South Florida University	Sarasota, Florida
Southeastern Oklahoma State University	Durant, Oklahoma
Southern Maine Community College	South Portland, Maine
Southern Nazarene University	Bethany, Oklahoma
Southern New Hampshire University	Manchester, New Hampshire
Southern Oregon University	Ashland, Oregon
Southern University	Baton Rouge, Louisiana
Southern Wesleyan University	Central, South Carolina
Southwest Baptist University	Bolivar, Missouri
Southwest University	El Paso, New Mexico
Sowela Technical Community College	Lake Charles, Louisiana
Spokane Community College	Spokane, Washington
St. Bonaventure University	Saint Bonaventure, New York
St. Francis University	Loretto, Pennsylvania
St. Louis University	St. Louis, Missouri
St. Mary's University	Winona, Minnesota
St. Martin's University	Lacey, Washington
St. Thomas University	Miami Gardens, Florida
Sterling College	Sterling, Kansas
Stevenson University	Greenspring Valley, Maryland
Stockton University	Galloway, New Jersey
Strayer University—DC	Washington, DC
Texas A&M University—Commerce	Commerce, Texas
Texas A&M University—Texarkana	Texarkana, Texas
Texas A&M—San Antonio	San Antonio, Texas
Texas Tech University, Main Campus	Lubbock, Texas
Texas State Technical College	Harlingen, Texas
Texas Wesleyan University	Fort Worth, Texas
The College of New Jersey	Ewing Township, New Jersey

The College of St. Rose	Albany, New York
The Masters University	Santa Clarita, California
Towson University	Towson, Maryland
Tri-County Technical College	Pendleton, South Carolina
Trinity Christian College	Palos Heights, Illinois
Thomas College	Waterville, Maine
Trinity University	Washington, DC
Troy University—Dothan	Dothan, Alabama
Troy University—Main Campus	Troy, Alabama
Troy University—Montgomery	Montgomery, Alabama
University at Buffalo	Buffalo, New York
University of Alabama—Birmingham	Birmingham, Alabama
University of Antelope Valley	Lancaster, California
University of Arkansas, Main Campus	Fayetteville, Arkansas
University of Findlay	Findlay, Ohio
University of Hawaii – Manoa Campus	Honolulu, Hawaii
University of Houston—Clearlake	Clearlake, Texas
University of Louisiana at Monroe	Monroe, Louisiana
University of Maine at Augusta	Augusta, Maine
University of Maine—Fort Kent	Fort Kent, Maine
University of Maryland, Main Campus	College Park, Maryland
University of Massachusetts—Boston Harbor	Boston, Massachusetts
University of Massachusetts	Dartmouth, Massachusetts
University of Miami, Main Campus	Miami, Florida
University of Michigan—Flint	Flint, Michigan
University of Minnesota—Crookston	Crookston, Minnesota
University of Mobile	Mobile, Alabama
University of Montevallo	Montevallo, Alabama
University of Nebraska—Omaha	Omaha, Nebraska
University of Nevada Las Vegas	Las Vegas, Nevada
University of New Mexico	Albuquerque, New Mexico
University of New Orleans	New Orleans, Louisiana
University of North Texas—Dallas	Dallas, Texas
University of North Texas—Denton	Denton, Texas
University of Pikeville	Pikeville, Kentucky
University of Sioux Falls	Sioux Falls, South Dakota
University of South Alabama	Mobile, Alabama
University of South Florida	Tampa, Florida
University of Southern Maine	Portland, Maine
University of St. Joseph	West Hartford, Connecticut
University of Tampa	Tampa, Florida
University of Texas—Pan American	Edinburg, Texas
University of Texas Rio Grande – Brownsville	Brownsville, Texas
University of Texas Rio Grande – Edinburg	Edinburg, Texas
University of The Cumberland	Williamsburg, Kentucky
University of The Incarnate Word	San Antonio, Texas

University of Toledo	Toledo, Ohio
University of West Alabama	Livingston, Alabama
University of West Florida	Pensacola, Florida
Upper Iowa University	Fayette, Iowa
Valley City State University	Valley City, North Dakota
Virginia Community College System	Franklin, Virginia
Virginia State University	Petersburg, Florida
Virginia Tech	Blacksburg, Virginia
Wagner College	Staten Island, New York
Wake Forest University	Winston-Salem, North Carolina
Washington State University, Main Campus	Pullman, Washington
Washington University	Saint Louis, Missouri
Webber International University	Babson Park, Florida
Webster University – Saint Louis	St. Louis, Missouri
West Chester University	West Chester, Pennsylvania
West Liberty University	West Liberty, West Virginia
West Valley College	Saratoga, California
West Virginia Wesleyan College	Buckhannon, West Virginia
Western Connecticut State University	Danbury, Connecticut
Western New Mexico University	Silver City, New Mexico
Western Kentucky University	Bowling Green, Kentucky
Western Piedmont College	Morganton, North Carolina
Western Michigan University, Main Campus	Kalamazoo, Michigan
Western Washington University	Bellingham, Washington
Widener University	Chester, Pennsylvania
William Jewell College	Liberty, Missouri
William Penn University	Oskaloosa, Iowa
Williams Baptist College	Walnut Ridge, Arkansas
Winona State University	Winona, Minnesota
Winston-Salem State University	Winston-Salem, North Carolina
WSU Vancouver	Vancouver, Washington
Zane State College	Zanesville, Ohio

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

Mexico, China, Japan, Australia, Singapore, Canada, Indonesia, Pakistan, Iran, Kenya, Congo, Hong Kong, India, United Kingdom, Argentina, Equador, Zambia, Guam, Italy, Cyprus, Colombia, Philippines, South Africa, Peru, Turkey, Malaysia, Egypt, and Germany. For example more than 40 universities in China currently use this textbook and more than 20 colleges in Malaysia. In Egypt, two universities currently using this text are Cairo University and Beni Suwaif University; two universities in Germany currently using this text are International School of Management ISM and University of Applied Sciences Augsburg. The huge Monterrey Institute of Technology and Higher Education in Mexico is among scores of institutions in Mexico that use this text.

## 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

The new Concepts by Cases matrix presented in the Preface facilitates student learning of 30 key strategic-management concepts applied to 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 with this textbook 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. The 15 *Applied* questions are presented in three sets of five that pertain to key concepts of particular importance for the respective 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 Dominos Pizza headquartered? Whereas a MyLab case *Applied* question may be: What are three aspects of the organizational chart given in the Dominos Pizza case that violate strategic-management guidelines?

All 30 cases facilitate coverage of all strategy concepts, but as revealed by purple cell, some cases especially exemplify particular key strategy concepts. The purple cells reveal which concepts are tested with multiple-choice questions in the MyLab. The Concepts by Cases matrix enables pro-

fessors 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.

## Acknowledgments

Many persons have contributed time, energy, ideas, and suggestions for improving this text over many editions, especially professors at the colleges and universities listed above. The strength of this text is largely attributed to the collective wisdom, work, and experiences of strategic-management professors, researchers, students, and practitioners. Names of particular individuals whose published research is referenced in this edition are listed alphabetically in the Name Index. To all individuals involved in making this text so popular and successful, we are indebted and thankful. Thank you also Dr. Yajiang Wang at Hebei University for your emails to us regarding the IFE Matrix.

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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 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 [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, Forest R. David, and Meredith E. David

## About the Authors

Fred R. David, Forest R. David, and Meredith E. David are a father–son–daughter team that 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*. Two recent articles, listed below, are changing the way some strategic management courses are taught.

David, Fred R., Meredith E. David, and Forest R. David, “The Integration of Marketing Concepts in Strategic Management Courses: An Empirical Analysis,” *SAM Advanced Management Journal*,

(Winter 2017).

David, Fred R., Meredith E. David, and Forest R. David, “How Important is Finance Coverage in Strategic Management? A Content Analysis of Textbooks,” *International Journal of Business, Marketing, and Decision Sciences (IJBMDs)*, 4, no. 1, (Winter 2016), p. 64-78.

### **Fred R. David**

Fred has been lead author of this textbook for three decades. This text is a global leader in the field of strategic management providing an applications, practitioner-approach to the discipline. Nearly 500 colleges and universities currently use this textbook across about 20 countries. With a Ph.D. in Management from the University of South Carolina, Dr. David is currently the TranSouth Professor of Strategic Planning at Francis Marion University in Florence, South Carolina. He has published more than 40 academic journal articles.

### **Forest R. David**

Forest has been sole author of the *Case Instructor’s Resource Manual* for seven editions of this textbook. This *Manual* provides extensive teachers’ notes (solutions) for all the cases. Forest has also been sole author of the *Chapter Instructor’s Manual*, Case MyLab Questions, and Chapter MyLab Questions, as well as the free Excel Student Template found on the author website. ([www.strategyclub.com](http://www.strategyclub.com)). Forest has published more than 80 strategic management cases, articles, and papers. He has taught strategic-management courses at Mississippi State University and Francis Marion University, and management courses at Campbell University.

### **Meredith E. David**

Meredith holds a PhD in Business Administration from the University of South Carolina and an MBA Degree from Wake Forest University. She currently is an Assistant Professor Marketing at Baylor University in Waco, Texas, and for Summer 2018 is teaching strategic management at the prominent Jiao Tong University in Shanghai, China. She has published more than 30 articles, cases, and papers on marketing and strategic management in such journals as “*Journal of Consumer Behavior*, *Journal of Advertising*, *Journal of Strategic Marketing*, *European Journal of Marketing*, and *Journal of Business Research*. Meredith has traveled the world over as a professor and student. Before joining the coauthor team on this textbook, Meredith received the prestigious Young Researcher Award in the Hankamer School of Business at Baylor University.

