Cases to Accompany *Contemporary Strategy Analysis*, Fifth Edition

Robert M. Grant

Georgetown University

Blackwell Publishing

Contents

AES was like no other company in the electricity-generation industry. It was committed to social responsibility and providing fun for employees. Its management system had been described as "empowerment gone mad." During the 1990s it had enjoyed phenomenal growth and startling shareholder returns. By early 2002, it was reeling from the effects of Enron, the California power crisis, and overseas difficulties – notably in Venezuela, Brazil, Argentina, and Pakistan. Should AES maintain its commitment to social responsibility, fun, and employee empowerment, or is a more conventional approach to management needed?

Preface

This new edition of *Cases in Contemporary Strategy Analysis* has been retitled *Cases to Accompany* Contemporary Strategy Analysis, *Fifth Edition* to more clearly indicate that the cases have been written and selected to complement the new edition of the textbook (Robert M. Grant, *Contemporary Strategy Analysis*, 5th edn, also recently published by Blackwell Publishing).

This casebook embodies a continuing commitment to examining the concepts and techniques of business strategy analysis in the context of real business situations. Thus, each of the cases presents issues that illuminate the ideas, concepts, and analytical techniques covered in one or more chapters of the textbook. For example: Cases Three and Four ("The US Airline Industry in 2004" and "Ford and the World Automobile Industry") are industry cases that allow readers to apply the tools of industry and competitive analysis discussed in chapters 3 and 4 of the textbook; Cases Five and Six ("Wal-Mart Stores Inc., March 2004" and "Eastman Kodak: Meeting the Digital Challenge") are primarily cases in the analysis of resources and capabilities that apply the tools of textbook chapter 5.

The cases in this collection represent the challenges faced by managers at the beginning of a new century. Most of the cases relate to company situations from 2001 to 2004, though a few discuss situations further back in time. However, no matter how up to date at the time of writing, by the time the book reaches the market, the business environment of 2005 will be different from that which existed between 2001 and 2004. This use of teaching cases that refer to recent history rather than the immediate present is not an impediment. The challenge for students, and their instructors, is to address the business situation as it existed at the time of the case. The only danger here is that hindsight does not necessarily yield wisdom. We now know that Vodafone and other wireless telecom companies overpaid for their 3G licenses. However, the critical strategic issue is this: going back to 1999, look at the information available at the time and ask, "How much should the companies pay for these licenses?"

The cases outline situations where decision making is required: How can Laura Ashley avoid disaster? What can Wal-Mart do to sustain its competitive advantage into the future? How can Microsoft supplant Sony as leader of the worldwide market for video game consoles? Other cases focus more on gaining understanding of strategy formulation and the determinants of competitive advantage: How has a niche player like Harley-Davidson become one of the most profitable motorcycle companies in the world? What lessons can we learn from Kodak's difficulties in adjusting to the digital revolution in photography? By being more focused than the typical strategy cases, the cases are typically shorter than is normal for business strategy teaching cases. Brevity means also limits on the amount of information that is supplied to students. Does this mean that students should seek out additional information? Preferably not – the cases provide all the data needed to identify and analyze the key issues. More data permits more detailed analysis, but at the cost of slowing and overloading the decision process. For most companies strategic decisions must be taken with only a fraction of the relevant information available – events are moving too quickly to allow the luxury of extensive, in-depth research.

I hope you will find the cases instructive and enjoyable. I intend to continue updating the casebook regularly and I would appreciate any comments and suggestions that you have. I would also appreciate any suggestions for new cases that you might have.

Rob Grant
Washington, DC
grant@georgetown.edu

Acknowledgments

The editor and publishers gratefully acknowledge the following for permission to reproduce copyright material:

Stern Stewart & Co. for table 4.1 "Economic Value Added of major automobile producers," *Best of Times, Worst of Times*, Stern Stewart & Co., December 2000.

Wal-Mart for extracts from www.walmartstores.com, "Sam Walton's Three Basic Beliefs," "Exceeding Customer Expectation," "Helping People Make Difference," "Sam's Rules for Building a Business," "Sundown Rule." Reprinted by permission of Wal-Mart.

A. Bakhru and A. Brown for *On-line broking strategies: Merrill Lynch, Charles Schwab, and E*Trade*. London: City University Business School, 2002. Copyright © 2002 A. Bakhru and A. Brown. Reprinted by permission of the authors.

Christopher A. Bartlett for *EMI and the CT Scanner [A] and [B]*. Copyright © 1993 President and Fellows of Harvard College. Reprinted by permission of Harvard Business School Publishing.

C. Baden Fuller for table 12.4 "Shares of UK packaged grocery sales by type of retailer." From C. Baden Fuller, *Rising Concentration: The UK Grocery Trade 1970–82*, London Business School, 1984. Reprinted by permission of C. Baden Fuller.

Virgin Group of Companies for figure 15.1 and Virgin's Vision taken from Virgin Management Company. Reprinted by permission of The Virgin Group.

Noel Tichy and Ram Charan for extracts from interview with Jack Welch in *Harvard Business Review*. "Speed, simplicity, and self confidence: an interview with Jack Welch," *Harvard Business Review*, September/October 1989. Reprinted by permission of Harvard Business School Publishing.

The publishers apologize for any errors or omissions in the above list and would be grateful to be notified of any corrections that should be incorporated in the next edition or reprint of this book.