## CONTENTS

*Preface viii*

*About the Author x*

### Chapter 1  The Origins of Strategy  1
- Background  2
- Academic Underpinnings  4
- The Rise of Strategy Consultants  7
  - BCG and the Experience Curve  8
  - From the Experience Curve to Portfolio Planning  8
  - Strategic Business Units and Portfolio Planning  10
- Problems and Promise  11
  - Summary  13 • Glossary  14 • Notes  14

### Chapter 2  Mapping the Business Landscape  17
- Supply-Demand Analysis  19
- The “Five Forces” Framework  21
  - Force 1: The Degree of Rivalry  24
  - Force 2: The Threat of Entry  25
  - Force 3: The Threat of Substitutes  26
  - Force 4: Buyer Power  27
  - Force 5: Supplier Power  28
- The Value Net and Other Generalizations  28
- The Process of Mapping Business Landscapes  31
  - Step 1: Gathering Information  31
  - Step 2: Drawing the Boundaries  33
  - Step 3: Identifying Groups of Players  34
  - Step 4: Understanding Group-Level Bargaining Power  34
  - Step 5: Thinking Dynamically  35
  - Step 6: Responding to/Shaping the Business Landscape  39
    - Summary  41 • Glossary  42 • Notes  42

### Chapter 3  Creating Competitive Advantage  44
- The Development of Concepts for Competitive Positioning  47
- Cost Analysis  47
- Differentiation Analysis  48
Threats of Retaliation 102
Imitation Lags 102
Upgrading 103
The Threat of Substitution 105
Not Responding 106
Migrating/Harvesting 106
Defending 107
Straddling 107
Switching 107
Recombining 107
Leapfrogging 108
The Threat of Holdup 108
Contracting 109
Integrating 109
Increasing (and Using) Bargaining Power 110
Building Mutual Dependence 110
Developing Trust 111
The Threat of Slack 112
Generating Information 114
Monitoring Behavior 114
Offering Performance Incentives 115
Shaping Norms 115
Bonding Resources 115
Changing Governance 115
Mobilizing for Change 115
An Integrative Example: Wal-Mart 116
Summary 119  •  Glossary 120  •  Notes 120

Chapter 6 Choosing Corporate Scope 123
The Practice of Corporate Strategy over Time 124
Two Tests 126
The Better-Off Test 129
Industry Attractiveness 129
Competitive Advantage 130
Cost Effects 131
Willingness-to-Pay/Price Effects 132
Dual Effects 134
Risk Considerations 135