



Comment by RG : the following are my notes from the referenced documents which are all thought provoking and worth reading in full.

Top Management Strategy Tregoe and Zimmerman Simon & Schuster 1980.

Strategy – what is it?

May be used as

“pricing strategy”

“financial strategy”

really operational

HOW to realize the future

“Long range planning”

again HOW

“nature and direction of the organization”

its basic purpose

Framework which guides choices to determine the nature and direction of the organization.

Without strategy -- circumstances will dictate your future.

Strategy tells you WHAT

Why do you need it?

Organizations are like living things, they adapt to survive.

Some focus on the present operations improving effectiveness. – the HOW.

Action oriented

Vary operation levers – capital, staff, pricing.

Some focus on future product scope & market area as a framework for operational effectiveness



		what	Strategy	
		how	Clear	Unclear
O p e r a t i o n s	e f f e c t		I Success in the past and likely in the future	II Success in the past but doubtful in the future
	I n t e n s i v e		III Success in the past in the short run but increasing competition threatens the future	IV Failure in the past and likely in the future

Examples

- I. General Electric
- II. Sears [or III]
- III. K Mart
- IV. Polaroid

Strategic IQ

1. Need for Focus
 - Not too abstract
 - Not too massive [detailed]
 - No priorities
2. Need for Congruence
 - Organization must pull together [Fibreboard]
3. Need for strategic response to change
 - We all face change
 - Is it an opportunity or a threat?

Strategic Framework

What should the scope of our products and markets be? -- The driving force?
 There may be initial disagreement. This is not a moral choice but a tough practical decision considering
 Strengths/ weaknesses
 Threats and opportunities
 Basic Beliefs.

Types of Driving Forces

Products Offered

- Functions performed, customer needs satisfied.



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- Provide products similar to those it how has -- new geography, segments
Examples – Ford, MGM, Bank of America.

Market Needs

- Provide a range of products to full current and emerging needs in the market segments or customer groups – new products.
Examples : Playboy, Gillette, US dept of Health, Merrill Lynch.

Technology

- Learned body of knowledge is the only basis for products.
Examples: DuPont, TI, US Center for Disease Control

Production Capability – production know how, processes

- Commodity products – long runs, economies of scale
- Job Shop – wide range
Examples – US Steel, Service Bureau corp, RR Donnelly, Intl Paper.

Method of Sale

- May sell products from others
Examples: Avon, Book of the Month, Franklin Mint, Spiegel Catalogue

Method of Distribution

- Way product reaches the customer, include field or in route storage.
- Significant know how, systems and equipment to support
- Goes with method of sale
Examples: McDonalds, AT&T, Canteen

Natural Resources

- Wealth supplied by nature
- User or conservation of natural resources
Examples: Gulf, DeBeers, Province of Alberta, U.S. Forest Service.

Size/Growth

- Not likely to be a long term driving force
Examples: Continental Group, Shearson, Loeb, Boise Cascade [60's]

Return Profit

Examples: ITT, Berkshire Hathaway, RJR Nabisco.

Power of the Driving Force

- Provides a boundary for focus
- A standard to test decisions

Examples



- Technology – Health Care Chemical Test
 - Changes – State of the art products [not me too], products based on biology, products within the area of polymer chemistry.
- Production Capability – Electrical Energy Producer
 - Broadened Product line to include Industrial products, High quality and reliability, after sale service, low content of ferrous metals.
 - Geographically – concentrate on major industrial areas.
 - Few large customers
- Market Needs – Toy Kit
 - Expanded product line to meet market needs of 6-16 year old males, average IQ, low to middle income, high creative.
 - New materials used.
 - More production skill acquired.

Other Choices for Driving force are also capabilities which support it. Must be competent in these areas.

Mission Statements –

Express in active terms of the driving force. Who is doing WHAT to WHOM, WHY and HOW.

Misconceptions

- 1) Profit/Return is always the driving force.
 - It is essential to survive but does it determine products and markets
- 2) Driving Force means no flexibility
 - On the contrary, it promotes it.
 - Forcing examination of purpose
- 3) Division Driving force Must be the same as the “corporate driving force”
 - Dupont is Technology.
 - Operating units DF are the products offered
- 4) Aren't all strategic needs important?
 - Yes – as capabilities.
 - DF is just another name for product emphasis, market emphasis etc.
 - Coca Cola is known for marketing. The DF was products offered now is market needs.
 - Drug companies are High Return but the DF is Technology

Uses of Driving Force

- Decide about growth/ no growth
- Resolve a house divided.
- Reduce expensive diversions.
- Resolve critical issues such as resource use, environment opportunities.