Corporate Strategy Cheat Sheet

A comprehensive cheat sheet covering key concepts, frameworks, and tools in corporate strategy, designed to aid in strategic decision-making and analysis.

Core Concepts

Defining Strategy

Strategy: A set of actions that managers take to increase their company's performance relative to rivals. It's about making choices and trade-offs.

Competitive Advantage: When a firm consistently outperforms its rivals. Sustainable competitive advantage is when a firm maintains this outperformance over a prolonged period.

Value Creation: The process of increasing the difference between the value a company provides to customers and the cost the company incurs to produce that value.

Levels of Strategy

Corporate Strategy:	Defines the scope of the firm across industries and markets. Addresses questions of diversification, acquisitions, and resource allocation across business units.
Business Strategy:	Focuses on how to compete within a specific industry or market. Addresses questions of competitive positioning and value creation within a business unit.
Functional Strategy:	Defines how specific functions (e.g., marketing, operations, finance) will support the business strategy. Focuses on improving efficiency and effectiveness within functional areas.

Strategic Management Process

1. **Vision, Mission, and Values:** Defining the organization's purpose and guiding principles.
2. **External Analysis:** Assessing the competitive environment and identifying opportunities and threats.
3. **Internal Analysis:** Evaluating the organization's resources and capabilities to identify strengths and weaknesses.
4. **Strategy Formulation:** Developing strategic options and selecting the most appropriate strategy.
5. **Strategy Implementation:** Putting the strategy into action through organizational design, resource allocation, and leadership.
6. **Strategy Evaluation and Control:** Monitoring performance, evaluating results, and making adjustments as needed.

External Analysis

Porter's Five Forces

A framework for analyzing the competitive intensity and attractiveness of an industry.

1. **Threat of New Entrants:** Barriers to entry, economies of scale, brand loyalty.
2. **Bargaining Power of Suppliers:** Supplier concentration, availability of substitutes, switching costs.
3. **Bargaining Power of Buyers:** Buyer concentration, price sensitivity, product differentiation.
4. **Threat of Substitute Products or Services:** Availability of close substitutes, price-performance trade-off.
5. **Rivalry Among Existing Competitors:** Industry growth rate, product differentiation, switching costs, exit barriers.

PESTEL Analysis

A framework for analyzing the macro-environmental factors that can affect an organization.

Political: Government regulations, political stability.

Economic: Economic growth, interest rates, inflation.

Social: Cultural trends, demographics, lifestyle changes.

Technological: Technological advancements, automation, research and development.

Environmental: Environmental regulations, climate change, resource availability.

Legal: Laws and regulations, intellectual property rights.

Industry Life Cycle

Stages of an industry's evolution, from introduction to growth, maturity, and decline.

Introduction: Low competition, high growth potential.

Growth: Increasing competition, rapid growth.

Maturity: Intense competition, slowing growth.

Decline: Decreasing competition, declining sales.

Internal Analysis

Resource-Based View (RBV)

A framework for identifying and evaluating a firm's strategic resources to determine if they can provide a competitive advantage.

Valuable: Resources that enable a firm to exploit opportunities or neutralize threats.

Rare: Resources that are not widely available to competitors.

Inimitable: Resources that are difficult or costly for competitors to duplicate.

Organized: The firm is organized to capture value from its resources.

Value Chain Analysis

A framework for analyzing the activities within a firm to identify sources of competitive advantage.

Primary Activities: Activities directly involved in creating and delivering a product or service (e.g., inbound logistics, operations, outbound logistics, marketing and sales, service).

Support Activities: Activities that support the primary activities (e.g., firm infrastructure, human resource management, technology development, procurement).

SWOT Analysis

A framework for summarizing the key issues facing an organization, combining internal and external analysis.

Strengths: Internal capabilities that can help the organization achieve its objectives.

Weaknesses: Internal limitations that can interfere with the organization's ability to achieve its objectives.

Opportunities: External factors that the organization can exploit to its advantage.

Threats: External factors that can challenge the organization's performance.

Strategic Choices

Generic Strategies (Porter)

Strategies for achieving competitive advantage within a specific industry.

Cost Leadership: Achieving lower costs than rivals, enabling the firm to offer products or services at a lower price.

Differentiation: Offering products or services with unique features or benefits that customers value, allowing the firm to charge a premium price.

Focus: Concentrating on a specific market segment or niche, and either pursuing cost leadership or differentiation within that segment.

Growth Strategies

Strategies for expanding the firm's operations and market presence.

Market Penetration: Increasing sales of existing products in existing markets.

Market Development: Entering new markets with existing products.

Product Development: Developing new products for existing markets.

Diversification: Entering new markets with new products.

Corporate-Level Strategies

Strategies that define the scope of the firm across industries and markets.

Vertical Integration: Expanding into activities along the industry value chain (e.g., backward or forward integration).

Related Diversification: Entering new industries that are related to the firm's existing businesses.

Unrelated Diversification: Entering new industries that are unrelated to the firm's existing businesses.

Mergers and Acquisitions: Combining with or acquiring other firms to achieve strategic objectives.