

Book Review: Understanding Strategic Management

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BOOK REVIEW

In Strategic Management theory and application go well together. However, as an academic teacher I note, that there is often a need for attention to applied Case Studies in order to improve students' understanding of the business world. Teaching theory alone is not always so fruitful, and the understanding of Strategic Management should include a balanced mix of synergies between theory and practice. The book *Understanding Strategic Management* by Claire Capon therefore provides sound support in that direction.

Altogether there are 12 chapters that cover the main areas of strategic management, followed by a glossary and a subject index at the end of the book. All chapters introduce the reader to the topic to be covered with a graphical illustration of the essential strategy model to be discussed, an exposition of chapter's objectives, and more importantly an "Entry Case Study" that facilitates enormously students to "break in" the topic that follows. "Margin Definitions" and "Important Key Terms" are also included and highlighted throughout the entire text. At the end of every chapter the authoress includes five successive sections on "Check your Understanding", on "Review Questions", on "Conclusion", on "Learning Outcomes and Summary" and on one "Exit Case Study" that round up students' learning objectives for the topics presented. This is followed with a "Discussion Topic" and a "Widen your Horizons" themes that enhance further students' critical thinking and understanding, and the educational task in every chapter reaches a climax with the incorporation of a "Weblinks" section that cites accessible to the topics covered web links, and also by two reference sections, one for "Further Reading" and one with topic specific "References".

Chapter 1 introduces the reader to the question of "What is Strategy?" and how it matters to business firms, by giving a thorough emphasis on the definition and the understanding of the essential concepts and approaches of the three strategic Cs, the EVR model, the various levels of strategy, the 7-S framework, the prescriptive and the emergent strategies, and Mintzberg's 5Ps of strategy approach. In Chapter 2 a well organised and presented environmental analysis is included, that contains the standard tools of PEST analysis and Porter's five forces of competition model. PEST analysis incorporates an informed presentation of the UK "political and economic environments", and, a very useful to the student of strategic management, presentation of the regulation of competition in the United Kingdom. The authoress could add, in a future edition of the present text, the inclusion of strategic groups analysis next to Porter's five forces of competition model, something that will enable students to have a better grasp of both the competitive environment and the competitive rivalry principles that promote market segmentation. Chapter 3 switches the focus on strategic management from the firm's external environment to "a within the company" perspective, via the discussion of the issue of "Managing Resources Competitively". Thompson's and Richardson's generic competence categories and Prahalad's and Hamel's criteria for identifying the "resource based" core competencies of the corporation are exposed well, followed by a technically competent value chain analysis and its associated value system and value chain linkages. Moving on to Chapter 4, there exists a thorough analysis of company's financial resources that every strategic management team must know to handle. A strong asset of the chapter in question is the "Evaluating Financial Performance" part, where a number of accounting performance ratios are juxtaposed effectively within short space. Chapter 5, that follows, is concerned with the power and the interest of the stakeholders of the firm, the organizational culture of the company, and the driving and restraining forces for organisational change processes that take place within companies. The next chapter, Chapter 6, tackles the issues of human resource management and the role and the kind of leadership in organisations. The chapter discusses effectively the different ways to manage staff and resources in companies, and additionally the various approaches to managerial leadership under different circumstances. In Chapter 7 the task in hand is to analyse and to develop competitive and marketing strategies in company's favour. The discussion and the examples on Porter's three generic strategies on United Kingdom supermarkets, as well as the inclusion of the "Strategy Clock" and the "Product Life Cycle" techniques, clearly assist the understanding of the concepts of the cost and differentiation competitive advantages on the company's pursued broad and narrow market targets and competitive position. The theme that follows in Chapter 8 relates the reader to strategic options open to firms for successful expansion. Growth for success may take place in the form of acquisition, organic growth, exporting, licensing or franchising and the company's competitive stature can also be strengthened via strategic alliances. A missing link in Chapter 8 is that Williamson's transaction cost economics approach on the firm's motives to expand in local and in international markets is not properly addressed. Chapter 9 on developing international strategy is a smooth and well-placed continuation of Chapter 8, as the firm now is engaged in an effort to develop an international strategy or to place its superior products in foreign markets via the form of foreign direct investment. Chapter 10, on structure, culture and groups in organisations, consists one of the best chapters of the

book as it includes a detailed analysis of competitive organisational structures in local and in international markets. In Chapter 11 the issue of strategic control of the value chain and of the value system are presented. In the relevant chapter the authoress develops effectively the issues of diversification and vertical integration under the umbrella of the strategic control of the value system. Finally, Chapter 12 on managing company failure and turnaround offers a standard package of causes of failure and recommended remedies for company recovery and retrenchment.

The text is full of case studies that link in an effective manner the understanding of the theory and the practice of Strategic Management. In addition, the text is linked to supporting resources in the form of a Companion Website for both Students and Instructors. The book is primarily addressed to the audience of BA Business Studies and HND Business Studies students, but it may also be used selectively to specific postgraduate courses. In conclusion the text by Claire Capon provides a very useful tool to the increasingly important subject of Strategic Management.