

Strategic Management

John D. Macomber

Lecture Notes: Introduction
Concepts and Calendar

Strategic Management Course Introduction

- **Welcome and Introductions**
- **About John Macomber**
- **Why Strategy?**
- **About You**
- **Overview of Topics and Calendar**
- **Introduction of Concepts**
- **Expectations**

Why Strategy?

- **It's about how businesses compete.**
- **How to earn above average returns.**

- **Selection of industries**
- **Selection of segments**
- **Choice of tactics**
- **How to IMPLEMENT!**

Sample Analytical Framework - Technology Strategies

Scope of IT Initiative:

Intent of IT Initiative:

Change
Industry
Structure

Compete
in Same
Arenas

External
Advantage

Internal
Processes

DELL

WALMART

L.L. Bean

BECHTEL

Why You?

- **You will be principals in firms**
- **You will have to decide what to do:**
 - **What markets?**
 - **What services?**
 - **Where to dedicate your time?**
 - **What kinds of people?**
- **You probably will be part of a team.**

Who are *You*? - Self Introductions

- **Name**
- **From**
- **Undergraduate Studies**
- **Work experience, if any**
- **What are you interested in?**
- **What do you hope to gain from this course?**

John Macomber Background

- **Construction CEO**
 - George B. H. Macomber Co., \$250 mm GC
 - Cisco, MIT Media Lab, Children's Hospital
- **Real Estate Partner**
 - 2,000,000 SF
- **Academic Thought Leader**
 - MIT: Strategic Management in the Design and Construction Value System
 - Harvard: E-Commerce and the Internet in Real Estate and Construction
- **Dot.com Entrepreneur**
 - Collaborative Structures, Inc. (sold to e-Builder)
- **Consultant, Director, and Angel Investor**
 - BuildingVision - Pursuing industry transformation

Why these tools?

- **Linear conversation**
- **Lots of information**
- **Organize thinking**
- **Lay out assumptions**
- **Plan *ACTION!***

Industry Value System

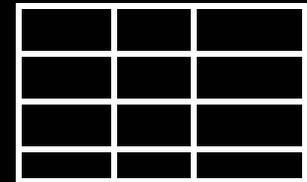
Calendar and Topics

Strategic Planning: Key Concepts

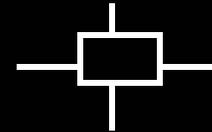
Steps in Planning



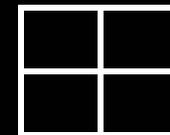
Market Segmentation



Attractiveness: 5 Forces



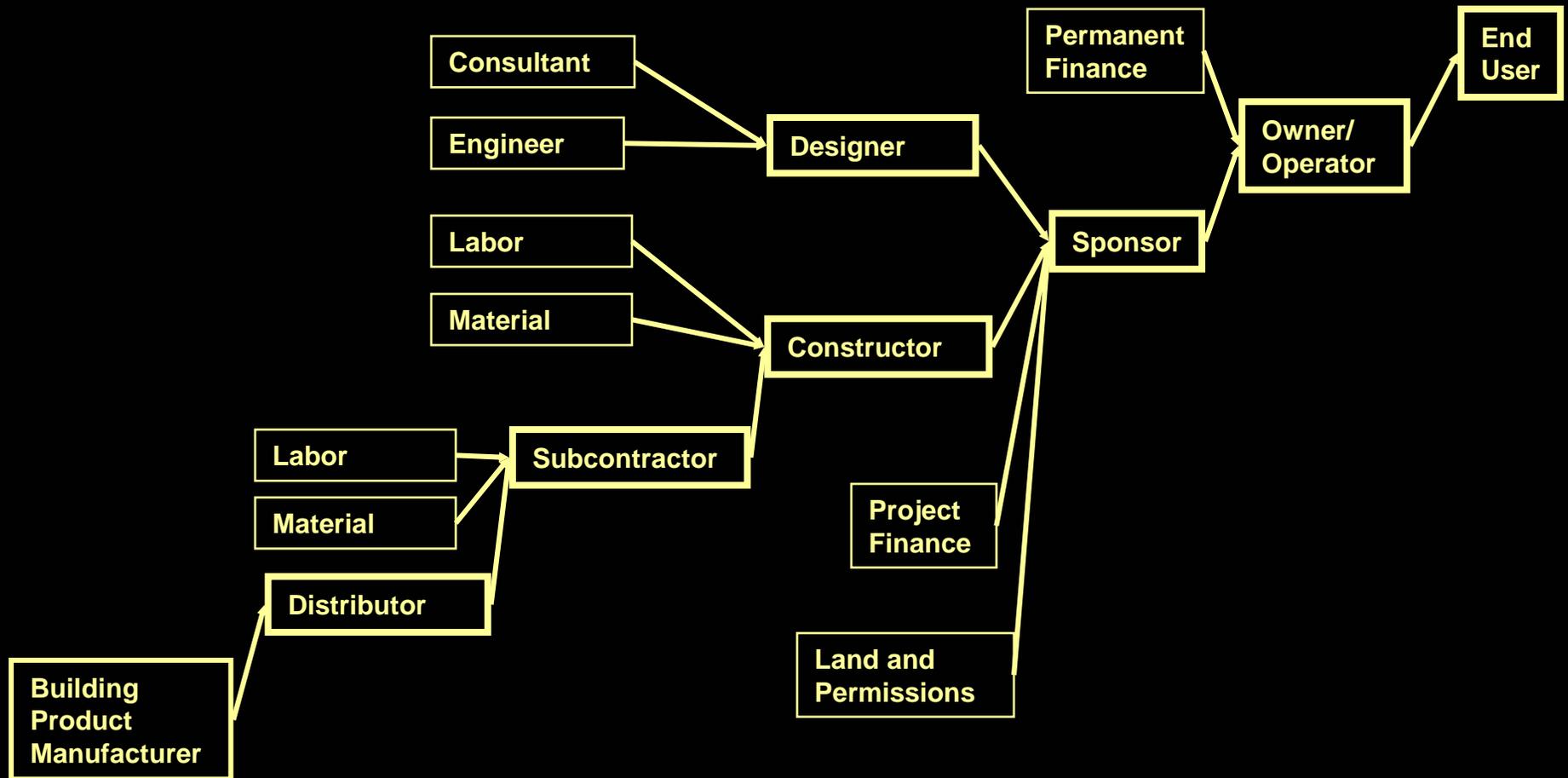
Generic Strategies



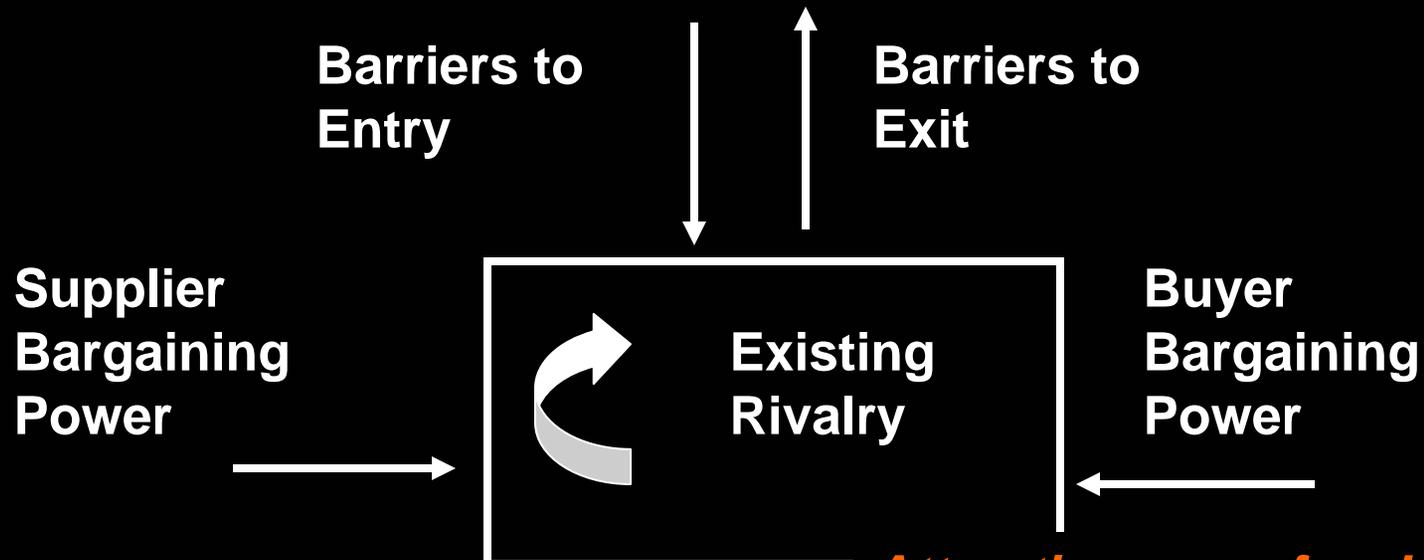
The Firm Value Chain



The AEC/EPC Value System:



Indicators of Segment Profitability: “Five Forces” Model - M. Porter



Attractiveness of an Industry or of a Segment is a function of these forces. Use them in selection of segments - and in defense of segments.

Administration

Course Web Pages

About the Case Method

- **“Case Study” = a business story**
- **Actual situation (could be fiction)**
- **Messy!**
- **Lots of information**
- **Often no right answer**
- **Like real life**

The Case Method and You: Preparation

- **Skim first for key issues**
- **Read carefully for relevant detail**
- **What is going on?**
- **How can you describe the choices?**
- **Can you use ideas from the other readings?**

Case Method: Class Discussions

- Usually the instructor will have a **structure** to guide the discussion
- Talk about the **issues and choices**
- **Discuss (argue)** with your classmates
- Sometimes there is a **consensus**
- Sometimes you can find out **what happened**
- Sometimes **not!**
- **The learning is in the struggle.**

Expectations for the Course: You Will...

- Study many real business situations
- Practice the core planning tools
- Struggle with figuring out what to do
- Be prepared to participate in planning for your own firms
- *Be prepared to do the work to earn above average returns.*

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