Contents

1.	Strategy		7
	1.1	Definition and history	7
	1.2	Why is strategy important?	9
2.	Strategy, Performance, and Financial Measures		
	2.1	Value creation and value capture	13
	2.2	Accounting and financial measures	14
	2.3	Social performance and economic performance	16
	App	pendix	19
3.	Sector Analysis		21
	3.1	Definition	21
	3.2	Actual competition in the sector	22
	3.3	Future competition in the sector	24
	3.4	Power of buyers and suppliers	27
	3.5	Presence of substitutes and complements	28
	3.6	5F, strategic group analysis, and sub-market niches	28
4.	Competitive Advantage		31
	4.1	Definition	31
	4.2	Cost and differentiation advantages	32
	4.3	Defense	34
5.	Cost Advantage		37
	5.1	Determinants of cost advantage	37
	5.2	Exploiting cost advantage	38

6.	Diff	erentiation Advantage	43
	6.1	Determinants of differentiation advantage	43
	6.2	Exploiting differentiation advantage	45
7.	Industry Dynamics		47
	7.1	Definition	47
	7.2	Industry life cycle and strategy	49
8.	Gro	wth Strategies	51
	8.1	Definition	51
	8.2	Stages of growth	52
	8.3	Directions of growth	53
	8.4	Growth tactics	55
9.	Vertical Integration		59
	9.1	Value chain	59
	9.2	Determinants of vertical integration	61
10.	Dive	ersification	63
	10.1	Definition	63
	10.2	Agency theory	64
	10.3	Fungible resource solution	65
11.	Inte	rnationalization	69
	11.1	Definition	69
	11.2	Reasons for internationalization	70
	11.3	Target countries	71
		Internationalization and competitive advantages	72
Ess	entia	l Reading	75