Unit 3 Key Terms

**Business Strategy**: The major actions by which a business competes in a particular industry or market.

**Concentration**: A strategy employed for an organization that operates a single business and competes in a single industry.

**Concentric Diversification**: A strategy used to add new businesses that produce related products or are involved in related markets and activities.

**Conglomerate Diversification**: A strategy used to add new businesses that produce unrelated products or are involved in unrelated markets and activities.

**Core Competence**: A unique skill and/or knowledge an organization possesses that gives it an edge over competitors.

**Corporate Strategy**: The set of businesses, markets, or industries in which an organization competes and the distribution of resources among those entities.

**Differentiation Strategy**: A strategy an organization uses to build competitive advantage by being unique in its industry or market segment along one or more dimensions.

**Functional Strategy**: Strategies implemented by each functional area of the organization to support the organization’s business strategy.

**Goal**: A target or end that management desires to reach.

**Low-Cost Strategy**: A strategy an organization uses to build competitive advantage by being efficient and offering a standard, no-frills product.

**Mission**: An organization’s basic purpose and scope of operations.

**Operational Planning**: The process of identifying the specific procedures and processes required at lower levels of the organization.

**Plans**: The actions or means managers intend to use to achieve organizational goals.

**Resources**: Inputs to a system that can enhance performance.

**Scenario**: A narrative that describes a particular set of future conditions.

**Situational Analysis**: A process planner’s use, within time and resource constraints, to gather, interpret, and summarize all information relevant to the planning issue under consideration.

**Stakeholders**: Groups and individuals who affect and are affected by the achievement of the organization’s mission, goals, and strategies.
**Strategic Control System:** A system designed to support managers in evaluating the organization’s progress regarding its strategy and, when discrepancies exist, taking corrective action.

**Strategic Goals:** Major targets or end results relating to the organization’s long-term survival, value, and growth.

**Strategic Management:** A process that involves managers from all parts of the organization in the formulation and implementation of strategic goals and strategies.

**Strategic Planning:** A set of procedures for making decisions about the organization’s long-term goals and strategies.

**Strategic Vision:** The long-term direction and strategic intent of a company.

**Strategy:** A pattern of actions and resource allocations designed to achieve the organization’s goals.

**SWOT Analysis:** A comparison of strengths, weaknesses, opportunities, and threats that helps executives formulate strategy.

**Tactical Planning:** A set of procedures for translating broad strategic goals and plans into specific goals and plans that are relevant to a distinct portion of the organization, such as a functional area like marketing.

**Vertical Integration:** The acquisition or development of new businesses that produce parts or components of the organization’s product.