

Exhibit 6–20: Definition and Examples of the Strategic Alternatives

Strategy	Definition	Example
<i>Adaptive Strategies</i>		
Related Diversification	Adding new related product or service categories. Often requires the establishment of a new division	Kimberly-Clark designed a Kleenex Anti-Viral tissue that claims to kill 99.9 of cold and flu viruses
Unrelated Diversification	Adding new unrelated product or service categories. Typically requires the establishment of a new division	Sam's Club, a division of Arkansas-based Wal-Mart Stores Inc., will offer group health insurance plans to small businesses beginning in Tennessee and nine other states nationwide
Forward Vertical Integration	Adding new members along the distribution channel (toward an earlier stage) for present products and services or controlling the flow of patients from one institution to another	Community Memorial Hospital (New York) organized 120-bed Crouse Community Center and a 40-bed skilled-nursing facility at Community Memorial to enable the hospital to discharge patients requiring long-term care to facilities offering an appropriate level of care
Backward Vertical Integration	Adding new members along the distribution channel (toward a later stage) for present products and services or controlling the flow of patients from one institution to another	The Children's Hospital of Philadelphia has opened a number of primary care centers (clinics) throughout the city
Market Development	Introducing present products or services into new geographic markets or to new segments within a present geographic market	HEALTHSOUTH Corporation contracted to manage an inpatient rehabilitation hospital and ambulatory surgical center in Saudi Arabia
Product Development	Improving present products or services or extending the present product line	Becton, Dickinson and Company developed safety-engineered syringes, needles, and blood-collection devices designed to prevent accidental needle-sticks
Penetration	Seeking to increase market share for present products or services in present markets through marketing efforts (promotion, channels, or price)	Promotional efforts of New York dermatologist Dr. Zizmor to increase market share have become a well-known cultural phenomenon in New York City
Divestiture	Selling an operating unit or division to another organization. Typically, the unit will continue in operation	Osteopathic Medical Center of Texas in Fort Worth negotiates to sell its clinics while they hope new potential bidders will buy the closed hospital