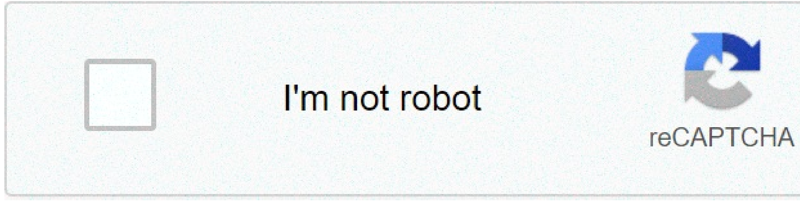

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Corporate level strategy formulation

Which of the following is typically a corporate-level strategy formulation responsibility.

Ã¨ QuickMBAÃ¨ /Ã¨ StrategyÃ¨ / Levels of Strategy Hierarchical Levels of Strategy Strategy Strategy can be formulated on three different levels: corporate level business unit level functional or departmental level. While the strategy may be about competition and survival as a company, it can be argued that products, not corporations compete, and products are developed by business units. The role of the company is therefore to manage its business units and its products so that each one is competitive and contributes to the company's objectives. Consider Textron, Inc., a successful conglomerate corporation pursuing profits through a range of trades in unrelated industries. Textron has four main business segments: Aeronautics â 32% of revenues Automotive â 25% of revenues Industrial â 39% of revenues Finance â 4% of revenues. While the company must manage its portfolio of businesses to grow and survive, the success of a diversified company depends on its ability to manage each of its product lines. While there is no single competitor for Textron, we can talk about the competitors and strategy of each of its business divisions. In the financial sector, for example, the main competitors are the main banks providing commercial financing. Many managers consider the business level as the right focus for strategic planning. Business-level strategy Business-level strategy is basically about selecting the businesses in which the company should compete and developing and coordinating that business portfolio. The strategy at the company level covers the following aspects: Reach â definition of the issues that fall within the companyâs responsibilities; these could include identifying the general objectives of the company, the types of business in which the company should be involved, and how companies should be integrated and managed. Competitive Contact â define where within the company the competition should be located. Take the case of insurance: in the mid-nineties, Aetna was clearly identified with its commercial and property damage insurance products. Not the Textron conglomerate. For Textron, competition in the insurance markets was specifically at the business unit level, through its subsidiary Paul Revere. (Textron divested itself from Paul Revere Corporation in 1997.) Management of Business Activities and Interrelationships The business strategy aims to develop synergies through the sharing and coordination of staff and other resources between the business units, the investment of financial resources between the business units and the use of the business units to integrate the other business units. Igor Ansoff introduced the concept of in the company strategy. management practices – companies decide how to govern business units: through direct business intervention (centralization) or through a more or less autonomous government (decentralization) which is based on persuasion and reward. companies are responsible for creating creationthrough their enterprises. they do so by managing their portfolio of activities, ensuring long-term success, developing business units and, sometimes, ensuring the compatibility of each activity with the other of the portfolio. business unit level strategy a strategic business unit can be a division, a product line or another planned profit center regardless of other business units of the company. at the business unit level, strategic issues do not concern the coordination of operational units as well as the development and maintenance of a competitive advantage for goods and services produced. at the enterprise level, the strategy's formulation phase is concerned with: placing the enterprise against competitors anticipate changes in demand and technologies and adapting the strategy to adapt them by affecting the nature of competition through strategic actions such as vertical integration and political actions such as lobbism. michael porter has identified three generic strategies (cost of leadership, differentiation and focus) that can be implemented at the business unit level to create a competitive advantage and defend itself against the negative effects of the five forces. functional level strategy the functional level of the organization is the level of operational divisions and departments. The functional strategic issues concern business processes and value chain. functional strategies in the fields of marketing, finance, operations, human resources and R&S involve the development and coordination of resources through which business unit strategies can be implemented efficiently and effectively. functional units of an organization are involved in higher-level strategies by providing input to the business unit level and company-level strategy, for example by providing information on resources and skills on which higher-level strategies can be based. Once the top-level strategy has been developed, functional units translate it into separate action plans that each department or division must achieve for the success of the strategy. recommended readings mintzberg, henry, lampel, j,. ahlstrand, b, strategy safari: a guided tour through the safari strategic management strategy safari organizes apparently disconnected aspects of strategic management in 10 different schools of thought. For example, the basic strategic planning model in the 1970s is part of the planning school, while michael porter theories are part of the positioning school. strategy safari provides an overview of each school and presents a balanced view of each, including advantages and disadvantages. thanks to its comprehensive and perceptive approach, strategy safari offers an excellent overview of the sectorstrategic. Ã, Ã, QuickBbaÃ, / Ã, strategy, / strategy levels The articles of this site are copyrighted and cannot be reproduced, stored on a website. Web. disc, republished on another website, or distributed in any form without the express written permission of QuickMBA.com. Growth platforms are specific initiatives selected by a business organization to drive revenue and earnings growth. Distinguishing between the different integrations and diversifications that enable companies to pursue strategic growth Key points Strategic growth platforms are long-term initiatives to increase revenues on a large scale. Generic examples of commonly agreed strategic growth platforms include the search for specific and new product areas or the entry of new distribution channels. Diversification is a form of business strategy that seeks to increase profitability by increasing sales volume from new products or new markets. The market development strategy involves expanding the incumbent's current market with new users or new uses. Market penetration occurs when a company enters a market where existing products already exist, allowing the company to compete face-to-face with incumbents on the market. New Product Development (NPD) is the internal process of marketing a new product. Integration, whether horizontal or vertical, is a merger or acquisition process involving the entry of new related industries (e.g. the acquisition of a supplier or competitor in a related industry). Key terms diversification: A business strategy in which a company acquires or establishes a business that is different from its current product. Horizontal integration: the merger or acquisition of new business activities. Vertical integration: the integration of successive stages of the production and marketing process under the ownership or control of a company. The only management organization. Growth platforms are specifically called initiatives selected by a business organization to fuel revenue and earnings growth. Growth platforms can be strategic or tactical. Strategic Platforms for Growth are long-term initiatives aimed at increasing revenues on a large scale. Generic examples of commonly agreed strategic growth platforms include pursuing specific and new product areas, entering new distribution channels, vertical or horizontal integration, and developing new products. Illustrative examples of growth platforms include: Apple Computer focuses on "personal music systems" to accelerate growth faster than the personal computer business alone. IBM coined the term "e-business" and its subsequent use as an organizational theme for everything the company did in the late 1990s. Google entry into the system And laptop reigns. Growth goals and wikipedia projections: These graphs show growth goals and projections for Wikipedia visitors and the collaborators of The Bridgespan Group for Strategy Development. The graph on the left shows the trajectory of growth of the number of visitors, from less than 500 million to over 600 million. The graph in the right panel shows a total increase in the number of contributors to all wikipedias, with more growth indicated for wikipedes already super traffic. There are many different growth strategies, but the most common are: horizontal integration â€ "melting or acquiring new business operations. An example of horizontal integration would be Apple entering the search engine market or a new sector related to laptops and smartphones. Vertical integration â€ "Integrating the next steps in the production and marketing process under the ownership or control of a single management organization. An example could include a gas-station company that acquires a refinery of oil. Diversification â € "a company strategy in which a company acquires or establishes a company other than that of its current product. Diversification can occur at company or business level. At company level, diversification is more likely to involve expansion in a new segment of an industry where business is already competing. At company level, it generally means entering into a promising activity outside the scope of the existing business unit. Other types of product/market growth The penetration of the market penetration occurs when a company penetrates into a market where existing products already exist. This strategy generally requires a great competitive force, a strong mark, or both, since most market penetrations actively demand market share from current firefighters. It is an aggressive and often risky approach to growth. The market development strategy of the market development strategy involves expanding the potential market through new users or new uses for a product. The strategy is better accomplished to identify unique niche needs in a specific type of user and fill those needs. Market research is fundamental in development strategies. New users can be defined as new geographic segments, new demographic segments, new institutional segments or new psycho segments. The development of the new product in company and engineering, the new product development (NPD) is the process of development, research and bringing a new product to the market. A product is a set of benefits offered for exchange and can be tangible (i.e. something physical you can touch) or intangible (e.g., a service, an experience or a conviction). Identifying new needs or new ways to fill them and develop a new process or product that accomplishes this purpose is the goal of this growth strategy. NPD requires investments in research and development, usually long-term and extensive testing and errors. In the business, consolidation refers to mergers and acquisitions of many smaller companies in larger onesthe economic benefit. Explains the relevance of consolidation from a strategic study key with the takeaways view Key points Mergers and Acquisitions (M & A) is an aspect of corporate strategy that deals with the purchase, sale, division and combination of several different And similar entities that can help an enterprise grow rapidly in its sector or location or acquire new sectors or places. Consolidation occurs when two companies combine to form a new enterprise, eliminating competition and creating larger economies of scale or scale. In general, a merger is a combination of organizations that each abandons its previous brand and business models, creating a new organization with the combined capabilities of each. In an acquisition, an organization buys another, with the acquired activity usually placing its processes under the name of the buyer's brand. The dominant logic used to explain the M & A activity is that buying companies requires improved financial performance. However, on average and through the most commonly studied variables, M & A activity does not necessarily improve financial performance. Due to the costs involved, consolidation is a high-level strategic decision. All stakeholders on both ends should be consulted and agreements will often take many months or years to conclude. Fusion Key Terms: the legal union of two or more companies in one entity, with activities and liabilities typically assumed by the part of the purchase. Consolidation: the act or consolidation process, making it firm or join; the state of being consolidated; solidification; combination. Acquisition: the act or the process of acquisition. Consolidation (or amalgamation) is the act of focusing two or more organizations in one. In strategic management, it often refers to mergers and acquisitions of many smaller companies in larger ones. Consolidation takes place when two companies combine to form a new enterprise; None of the previous companies survive independently. Logic consolidation is the creation of economies of scale, economies of scope, new positions, technology, or some other form of greater competitive ability. Mergers and acquisitions Mergers and acquisitions (M & A) are aspects of corporate strategy, corporate finance and management that deal with the purchase, sale, division and combination of different companies and similar entities. This activity can help an enterprise grow rapidly in its sector or in its location of origin or expand into a new field or new location. M & A is different from joint ventures and other forms of strategic alliance, such as mergers or acquisitions aim to create a single organization. The distinction between a â€ œmerger "and a â€ â€ â€ â â€ â â â â€ a sharp one has become increasingly blurred in various aspects (particularly in terms of definitive economic result), although it has not completely disappeared. In general, a merger is a combination of organizations in which each abandons its previous brand and business models, creating a newwith the combined abilities of each. In an acquisition, one organization buys another, with the acquired company usually placing its processes under the buyer's brand name. of the buyer. and acquisitions of U.S. banks: This diagram of banking mergers in the United States shows how extensive the consolidation of various companies has been. that beginning from more than 50 separate companies have finally consolidated in less than 20. dynamics of fusion in the pure sense of the term, a merger occurs when two companies, often about the same size, agree to move forward as a single new company rather than remain separately owned and managed. This type of action is more precisely referred to as "a split of equals". both of the companies' shares are surrendered and the new company stock is issued in its place. For example, in the 1999 merger of glaxo wellcome and smithkline beecham, both companies ceased to exist independently; a new company was created, glaxosmithkline. the classic example of consolidation is the fusion of bell atlantic with gte, from which the verazon communications derive. not every fusion with a new name has success. consolidating in yrc worldwide, the combined company has lost the considerable value both of yellow freight and roadway corp. Rational dominant rationalism used to explain the M&A activity is that the acquisition of enterprises seeks an improvement of financial performance. the following reasons are considered to improve financial performance: scale economy, flow economy, revenue increase or market share, cross-selling, synergy, taxation, geographical or other diversification, resource transfer, vertical integration and intake. However, on average and through the most commonly studied variables, the acquisition of financial performance of enterprises does not change positively according to their acquisition activity (king, d. r;. dalton, d. r;. daily, c. m;. covin, j. g. 2004. "Meta-analysis of post-acquisition performance: indications of unidentified moderators." strategic management gazette 25 (2): 187-200. doi:10.1002/smj.371). Other reasons for merger and acquisition that cannot add value to shareholders include diversification, manager overconfidence, empire building and management compensation. management implications due to costs, consolidation is a high-level strategic decision. all interested parties of both organisations must be consulted, and agreements often take many months or years to conclude. cultural conflicts between two different organizations are not common, as the mission, vision and values of individuals and groups within them are probably different. manage this kind of change strategically is complex and refects with the conflict. Bad management during these processes can minimize potential synergistic gains and reduce the effectiveness of the new strategic plan. the global strategy, as defined in terms ofIt is a strategic guide of the organization to pursue various geographical markets. Explaining the concept of global strategy in the context of international business and a globalized economy Key Takeaways Key Points A global strategy can be appropriate in the industries in which companies face strong strong reduce costs, but the pressures for local responsiveness are weak, allowing these companies to sell a standardized product worldwide. Companies using a global strategy can gain economies of scale to improve margins or low prices. Globalisation is not limited to cost leadership. Differentiation strategies also allow economies of scale, both to meet different needs in different markets with a similar set of products, and to develop new products based on the needs and consumption patterns of a new market. Other key policy reasons for globalisation are the creation of supply relationships, improved access to raw materials (only for one region) and cost savings by relying on the expertise of other regions. Taking global markets into account, strategic managers need to broaden their perspective and use different models to generate different strategies for different locations. Key terms fixed costs: A business cost that does not vary with production or sales; overhead. centralized: Having power concentrated in a single central authority. multinational: Operating, or having subsidiaries in more than one country (especially more than two). The Global Strategy, as defined in business terms, is a strategic guide for the organization to pursue different geographic markets. A comprehensive strategy should address the following questions: What should be the extent of an organizationâs presence in the market of the worldâs major markets? How can the organization build the needed global presence? What are the optimal locations in the world for the various activities of the value chain? How can the organization turn a global presence into a global competitive advantage? When to go Global Cost Leadership A global strategy may be appropriate in areas where companies face strong pressure to cut costs but weak pressure to respond locally; thus, globalization allows these companies to sell a standardized product worldwide. By expanding to a wider consumer base, these companies can benefit from economies of scale (cost advantages a company gains from expansion) and the effects of the learning curve by being able to mass-produce a standard exportable product (provided demand exceeds the costs involved). Market Expansion Globalization is not limited to cost leadership, however. Differentiation strategies also allow economies of scale, both to meet different needs in different markets with a similar set of products, and to develop new products based on the needs and consumption patterns of a new market. Differentiation as Of a global strategy you will often request location, as organizations need to adapt to consumer tastes better to compete in the new country. For example, Coca Cola has a different flavor depending on the country in which it is purchased due to the differences in local preferences. Sourcing Other popular and primary strategic reasons for globalization include construction of suppliers relationships, improving access to raw materials to a given region) and reduce costs by using other regional specialisations. Starbucks Sources coffee beans from around the world, as the weather dramatically affects the type and quality of the bean. Starbucks' Globalization Strategy – While it includes selling to many countries, it is highly dependent on global sourcing, and strategic managers need to closely monitor this process for costs and benefits. Global strategies require companies to closely coordinate their product and pricing strategies in international markets and locations; Thus, companies pursuing a global strategy are typically highly centralised. With the implications of business strategy with global markets in mind, strategic managers need to expand their perspective and use various models to generate different strategies for different locations. For example, companies now have to conduct a pestle analysis for each region in which they operate and recognise the divergence of expenditure and competition between regions. For example, the country's rates may be much higher than Country B, but Country B has fewer individuals willing to pay a high price for the good being sold. Managers need to conduct a cost/benefit analysis to identify which country actually offers the best profit potential. These analyses are how strategists incorporate global concerns into strategic management. Gross Domestic Product (GDP) worldwide: The map identifies (nominal) GDP in different countries; countries with the highest GDPs offer high consumer spending opportunities for multinational corporations. The U.S. and China have the highest GDPs. A strategic alliance is a cooperation in which each member expects the benefit of cooperation to outweigh the cost of individual efforts. Identify the steps involved in forming a strategic alliance to employ key cooperative strategies take aways key points, a strategic alliance is a relationship between two or more parties to pursue a set of agreed objectives or to meet a need for critical business activities as well as remaining independent organizations. This form of cooperation lies between mergers and acquisitions and organic growth. Partners can provide the strategic alliance with resources such as products, distribution channels, production capabilities, project finance, capital equipment, knowledge, skills or intellectual property. The top management is in charge of the complex process of identifying good partners and generating mutually beneficial agreements. Strategic alliances can be high and complex strategic components. Strategic alliances allow each partner to focus on their best skills, learn and develop other skills, and ensure that resources and skills are matched. Key terms The state of being ally; The act of Allio or join; A union or a link of interests between families, states, parties, etc. A strategic alliance is a relationship between two or more parts to pursue a set of agreed objectives or to satisfy a critical critical business Staying independent organizations. This form of cooperation is among mergers and acquisitions (M & A) and organic growth. Reasons for the strategic alliance The alliance is a collaboration or a collaboration that aims at a synergy where each partner hopes that the benefits of the alliance are greater than those of individual efforts. Partners can provide strategic alliance with resources such as products, distribution channels, production capacity, project financing, capital equipment, knowledge, skills or intellectual properties. The Alliance often involves technological transfer (access to knowledge and competence), economic specialization (David C. Mowery, Joanne E. Oxley, Brian S. Silverman. Strategic alliances and transfer of interferema knowledge. Winter 1996. Strategic Management Journal, vol. 17, Special Issue: knowledge and study, pp. 77-91), shared expenses and shared risk. US patents from 1790-2010: the previous graph highlights total patents granted over time in the United States. Because the number of patents has increased in recent years, technological transfers into strategic alliances have become more common. The cooperative aurination is a collaboration or a negotiation between different companies with similar business processes. To save costs, the competitor with the best production capacity can insurface the business process of other competitors. This practice is particularly common in IT-oriented industries due to variable costs, such as banking. Since all trading parties can be Outsourcers or Insourcers, the main challenge in this collaboration is to find a stable coalition and the company with the best production function. High switching costs, costs for the search for potential cooperative operators and negotiations can lead to inefficient solutions. Forming a strategic alliance The upper management is in charge of developing complex interactive strategies when entering a strategic alliance. Align the interested parties from different companies and guaranteeing costs do not exceed the benefits requires careful managerial consideration. The following steps show the key aspects of the strategic alliance process: the development of the strategy involves the study of feasibility, objectives and rationality of the alliance; It also involves focusing on the main issues and challenges and development of resource strategies for production, technology and people. It requires aligning the alliance objectives with the global business strategy. The assessment of the partners provides for the analysis of the strengths and weaknesses of a potential partner; the creation of strategies to meet the management styles of all partners; the preparation of selection criteria for appropriate partners; The understanding of motivations a partner to combine the alliance; And to face the shortcomings of the capacity of the resources that can exist for a partner. Contract negotiation involves determination if all parties have realistic objectives; the formation of high-level negotiation teams; The definition of each partner partner and rewards, as well as the protection of proprietary information, addressing termination clauses and penalties for poor performance, and emphasising the degree of clarity and comprehensiveness of arbitration procedures. Alliance operations include: addressing senior management commitment; identifying the calibre of resources allocated to the alliance; linking budgets and resources to strategic priorities; measuring and rewarding the performance of the alliance; and assessing the performance and results of the alliance. The termination of the alliance involves the dissolution of the alliance, such as when its objectives have been achieved or cannot be achieved, or when a partner changes priorities or reallocates resources elsewhere. Potential Benefits of Strategic Alliances The benefits of strategic alliances vary depending on each company's strengths and objectives and may include: Pooling expensive resources and sharing development or R & D costs on new products Blocking supply chains Creating credibility with customers (our strategic partners include) Enabling Each partner to focus on activities that best match their capabilities Learn from partners and develop skills that can be better exploited elsewhere Create adequate resources and skills for an organization's survival In the emerging global economy, e-business has become an increasingly necessary component of business strategy. Defining and explaining the overall value chain of an e-business strategy and its benefits Key Aspects Key Points The integration of information and communication technologies (ICT) has revolutionized relationships within organisations and between organisations and individuals. It has also improved productivity, encouraged greater customer engagement, allowed mass customization and reduced costs. Companies use ICT to improve their e-business, which includes any process that a business organization (profit, government, or non-profit) conducts over a computerized network. E-business enhances three primary processes: those related to production, customer focus and internal management. Keywords e-commerce: Business conducted via the Internet. e-learning: Online platform for training modules, both internal and external to an organization. e-business: A company that operates partly or mainly on the Internet, providing services to other companies. The term e-business (commonly referred to as e-business or e-business) is sometimes used interchangeably with the term e-commerce. Indeed, e-business includes a broader definition that includes not only e-commerce, but also customer relationship management (CRM), business partnerships, e-learning and e-business transactions within companies. Automated online assistant: In e-commerce, purchases and electronic orders (i.e. online) can be improved with the use of automated online assistants like this. this greatly reduces the burden on thecustomer service teams, allowing them to deal only with the most highly intensified cases. Electronic-business methods allow companies to connect their internal and external data processing systems more efficiently and flexibly, to work more closely with suppliers and partners, and to better meet customer needs and expectations. Basically, e-business is more than just e-commerce. While e-business refers to a strategic focus with an emphasis on the functions that occur using e-skills, e-commerce is a subset of a global e-business strategy. E-Business Process E-business involves business processes that span the entire value chain: electronic purchasing and supply chain management, electronic order processing, customer service and business partner collaboration. Special technical standards for e-business facilitate the exchange of data between companies. The E-business software allows the integration of intrafirm and interfirm business processes. E-business can be conducted using Internet, intranet, extranet, or some combination of these. In the emerging global economy, e-commerce and e-business have become increasingly necessary components of corporate strategy and strong catalysts for economic development. The integration of information and communication technology (ICT) into business has revolutionized relationships within organizations and between organizations and individuals. In particular, the use of ICT in business has increased productivity, encouraged greater customer participation and allowed mass customization. The Benefits of E-Commerce E-business enhances three primary processes: Production processes, including sourcing, ordering and replenishing stocks; Payment Processing; Electronic Access to Suppliers; and Production Control Processes Customer-oriented processes, including promotional and marketing efforts, Internet sales, purchase orders and payrolls Customer support, and customer support Internal management processes including employee services, training, internal information sharing, videoconferencing and recruitment. Electronic applications improve the flow of information between the production and sales forces to improve the productivity of the sales force. ICT improves the efficiency of working group communications and the electronic publication of internal company information.

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