
Business Strategies Part II – Chapter 7

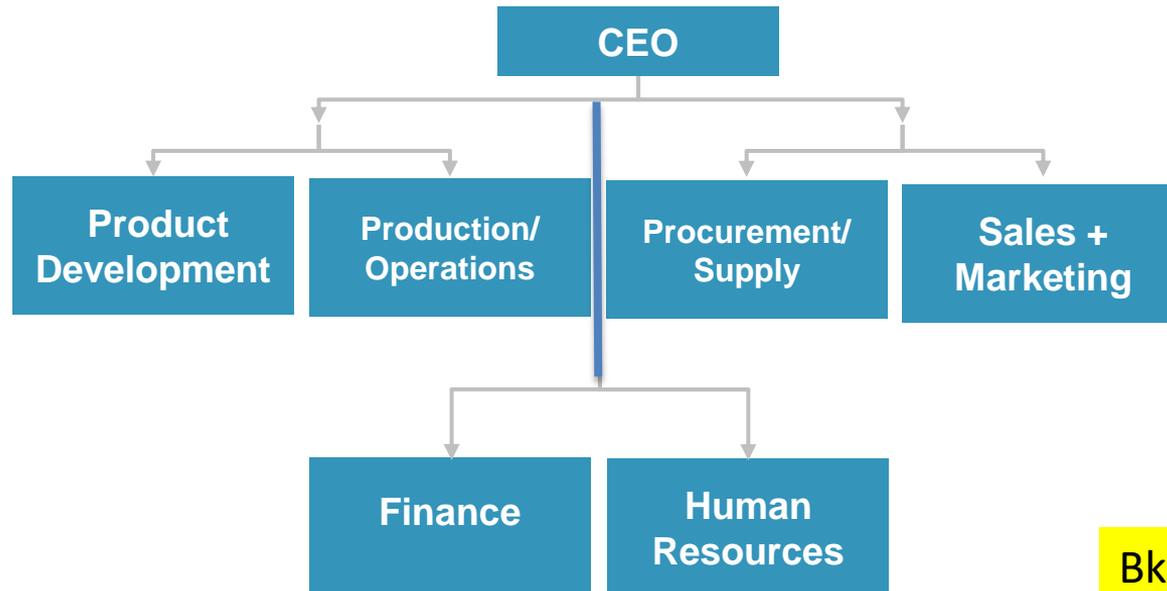
Area Strategies and their Integration

Tor Vergata University of Rome
2nd Semester 2022 (online)
- Global Governance -
Dr. Josef Fidelis Senn



Business Strategies – Area Strategies and their Integration

7.0. „Classical“ Company Areas: Organization by Tasks



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7.1. Product, Markets and Product-Development I

Marked definition based on

- on product
- on need satisfaction or function
- on customer identity

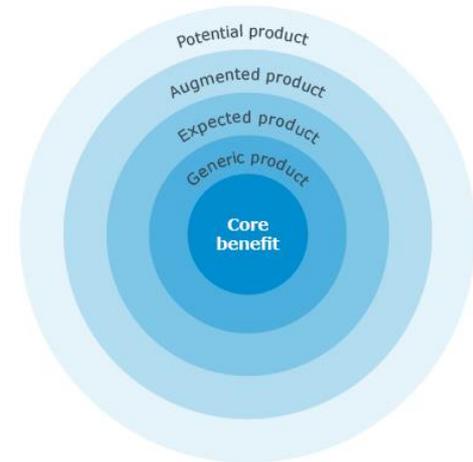
Tangible + intangible aspects

How can value be added to the product?



Kotler's five levels of product benefits (1997)

- 1) Core benefit (e.g. transport ability)
- 2) Basic product (e. g. simple, cheap car)
- 3) Expected product (e. g. car with certain comfort + performance)
- 4) Augmented product (e. g. car with surprising features)
- 5) Potential product (e. g. car with autonomous driving and shared ownership)



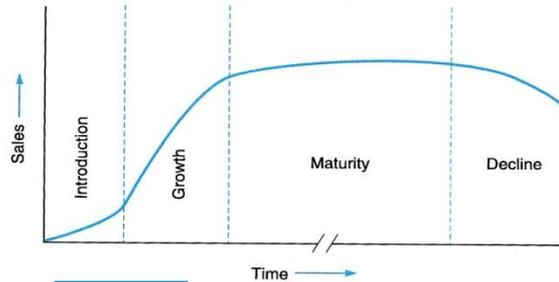
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7.1. Products, Markets and Product-Development II

The product life cycle



importance of new products



Discuss some examples!

Source: Campbell et al. 2017, p. 100

S
t
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Introduction:

new; bought from innovators, normally negative cashflow

Growth:
shares

increasing sales; new competitors; important to win market

Maturity:
changes in the market

a lot of potential buyers are buying; longest phase; high market share or dominance is important; be aware of

Decline:

extension strategies or repositioning of the product, “milking” strategy without new investments

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7.1. Products, Markets and Product-Development III

Product Portfolio

Narrow portfolio



Only one or few products or markets (focus advantage)

Broad portfolio



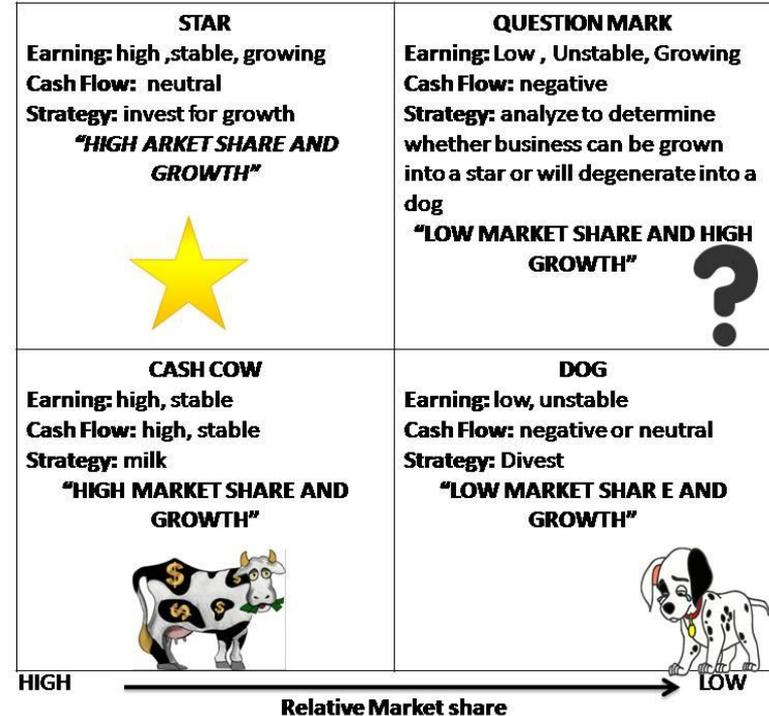
Wide range of products/ markets (robustness advantage)

BCG Matrix

HIGH

Market Growth Rate

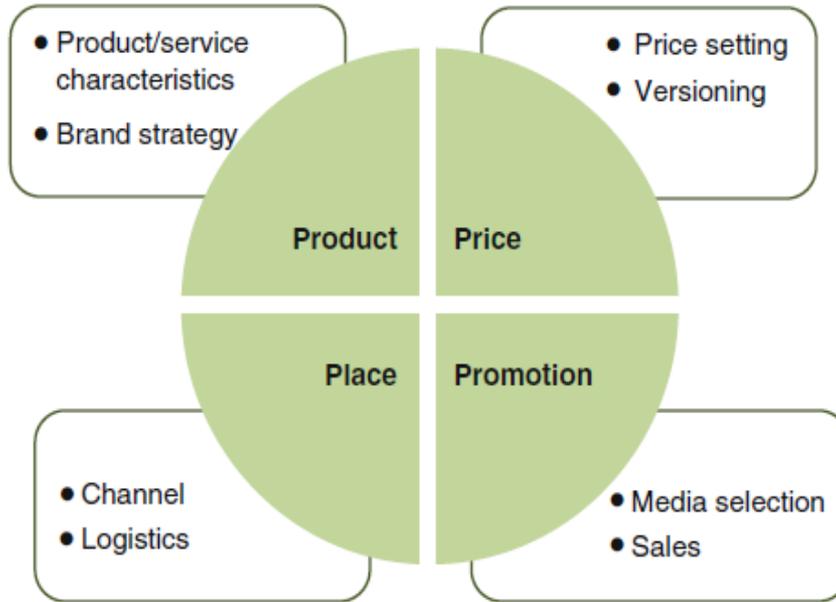
LOW



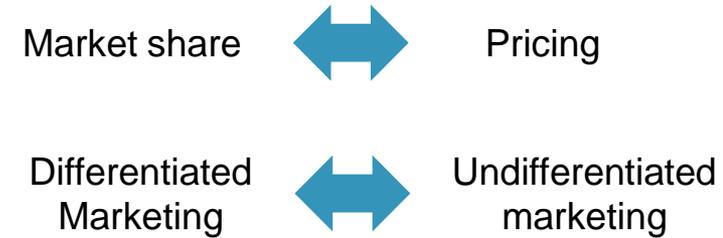
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7.2. Sales and Marketing I

The four Ps of Marketing



“Classical” conflicts

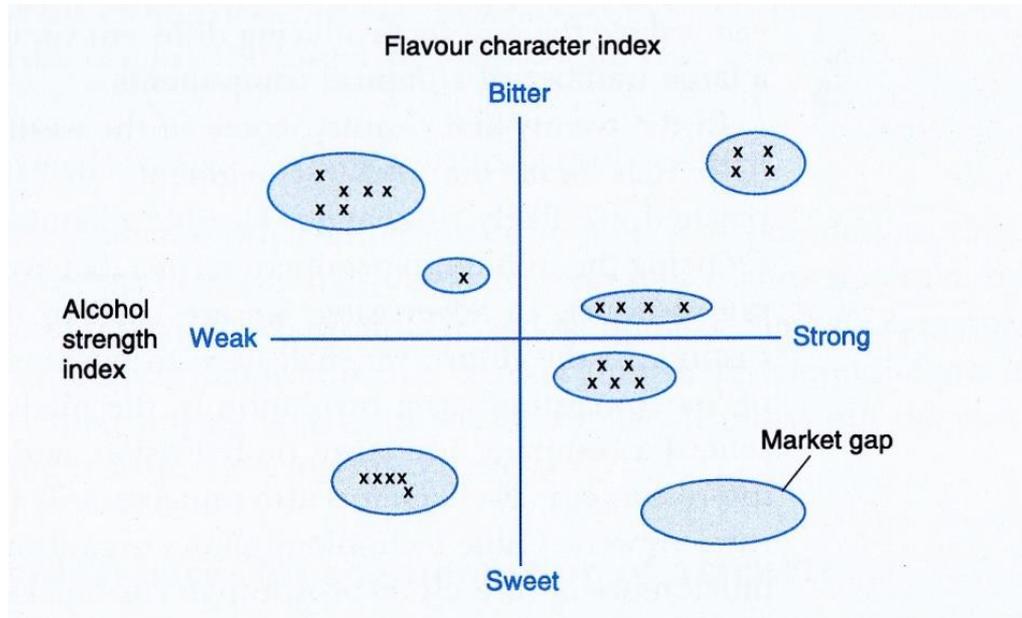


Source: Motohashi, 2009, p. 142

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7.2. Sales and Marketing II

Product Positioning: How is the product/ brand perceived in relation to preferences or segments of the markets?



Example: Alcoholic beverage

Position your own product

Source: Campbell et al. 2017, p. 93

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7.2. Sales and Marketing III



Global branding possible, if:

- Product serves functional needs (e.g. B2B)
- Brands representing similar lifestyle (e.g. Calvin Klein)
- Luxury brands (e.g. Rolex, Cartier, Louis Vuitton)
- Brands with a goodwill of origin (e.g. Barilla Pasta, watches made in Switzerland)
- Service brands for international mobile customers (e.g. Avis, Hilton)



Global standard for brand name and logo



Global standard for logo;
Country specific brand name (Langnese, Algida, Kibon, Frigo, Ola, Eskimo, etc.)



Global standard for logo, brand name and similar phonetical sound

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7.2. Sales and Marketing IV

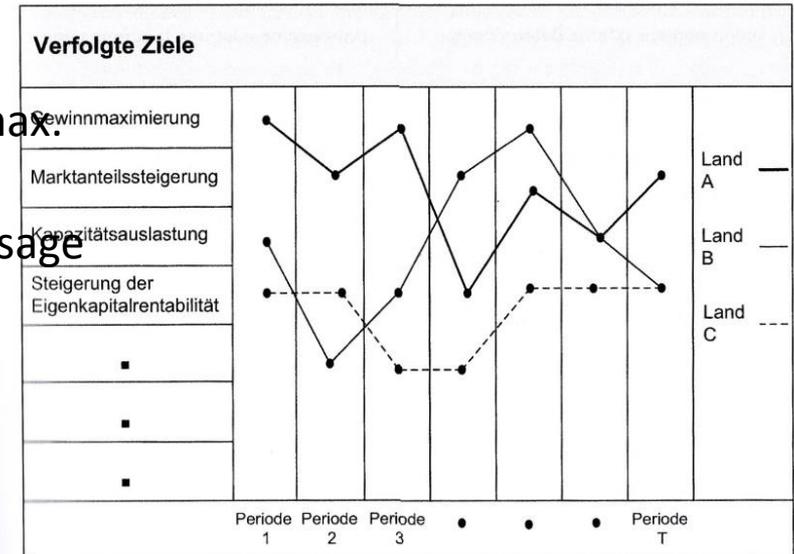
Pricing follows a broad set of objectives (it can vary not only by country, but also by time).

Related to:

- Gross profit
- Profit margins (e.g. ROI) and ratios
- Market share
- Volume
- Image
- Price positioning
- Price stability
- Liquidity
- Capacity usage
- Employment
- Costs
- Price differentiation
- Market protection

Profitmax.
Market
share
Capacity usage
Return on
investment

Example: Objectives of pricing over a period of time



Source: Berndt et al. 2016, p. 307

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7.3. Production/ Operations I

“The operation function of an organization is at the center of the value-adding process. It produces the output for which the organization is known.” (Campbell et al. 2017, p. 233)

Main aspects of strategy for operations

- ❖ Productivity (output per employee, time unit, etc.)
- ❖ Quality
- ❖ Process security/ reliability
- ❖ Fast delivery
- ❖ Capacity usage
- ❖ Flexibility



7.3. Production/ Operations II

“Quality is conformance to requirements (either customer requirements or the specification predetermined for it)”



“Quality is excellence”



Total Quality management (TQM)

Holistic approach which provides awareness of the customer-supplier relationship and continuous improvement effort in all functions

- senior management  customer-oriented (internal/ external)
- not controlling bad quality, but preventing bad quality
- “right-first-time” approach
- emphasis on KAIZEN (=change to the better; continuous improvement process)
- training tools
- measurements to eliminate waste (process inefficiencies)

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7.4. Procurement/ Purchasing I

Types of relations with suppliers

- Purchasing from different suppliers, depending on price/ availability
 - Continuous relationships with certain suppliers
 - Supplier as partner
 - Strategic alliances
- } supply chain improvements



Main strategic questions for procurement

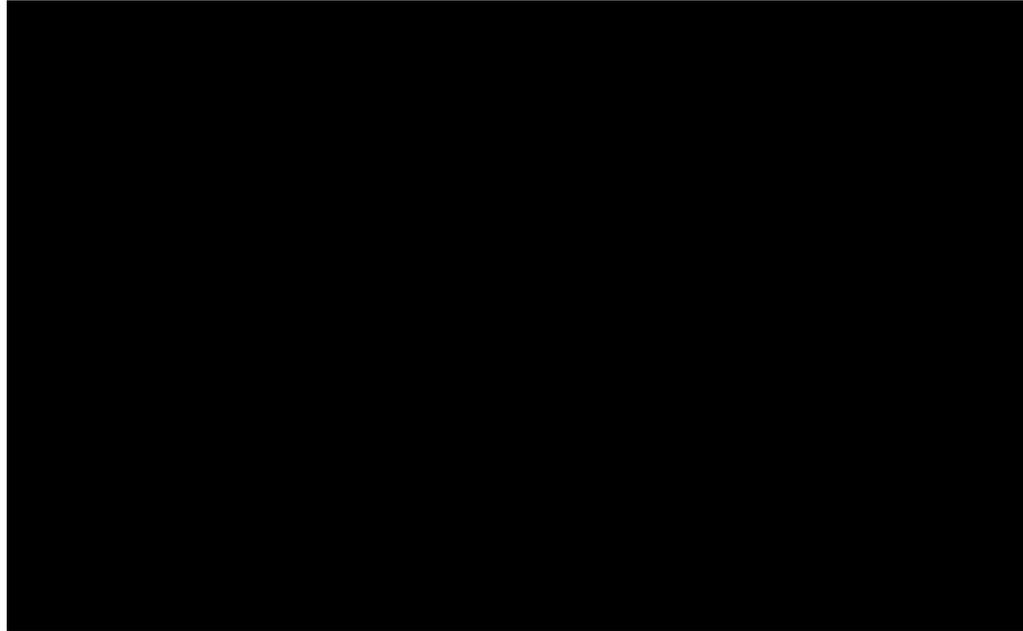
Make or
buy

Global
sourcing

Bargaining
power of
supplier

7.4. Procurement/ Purchasing II

Make or Buy



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7.4. Procurement/ Purchasing III

Bargaining power of suppliers are determined by:

- the uniqueness and scarcity of the resource that the supplier provide
- the cost of switching to another resource
- how many other companies/ industries are interested in the resource
- the number and size of the suppliers

Global Sourcing =

Selection of suppliers across the world and the procurement of goods/ services across geographical boundaries for the global supply chain

What is Global Sourcing?



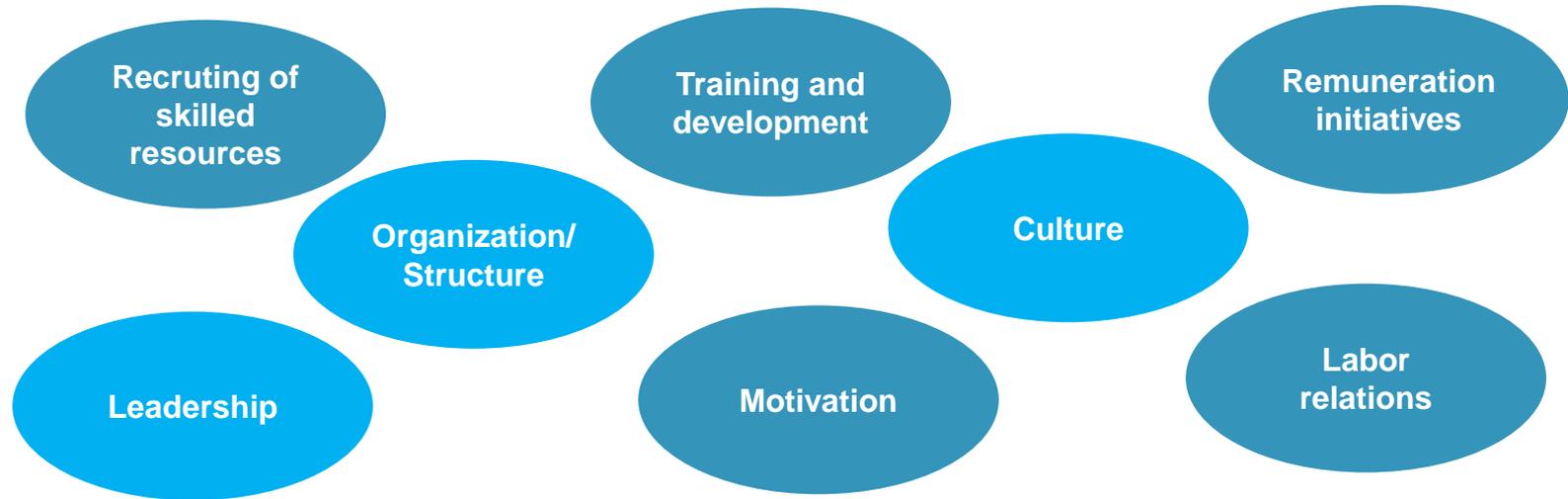
Sometimes, the cost of labor or raw materials is lower abroad. There may also be more specialized labor and equipment in another country.

A procurement strategy in which a company looks for cheaper options – such as raw materials or labor - abroad.

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7.5. Human Resources and Organization I

Main field of strategic actions

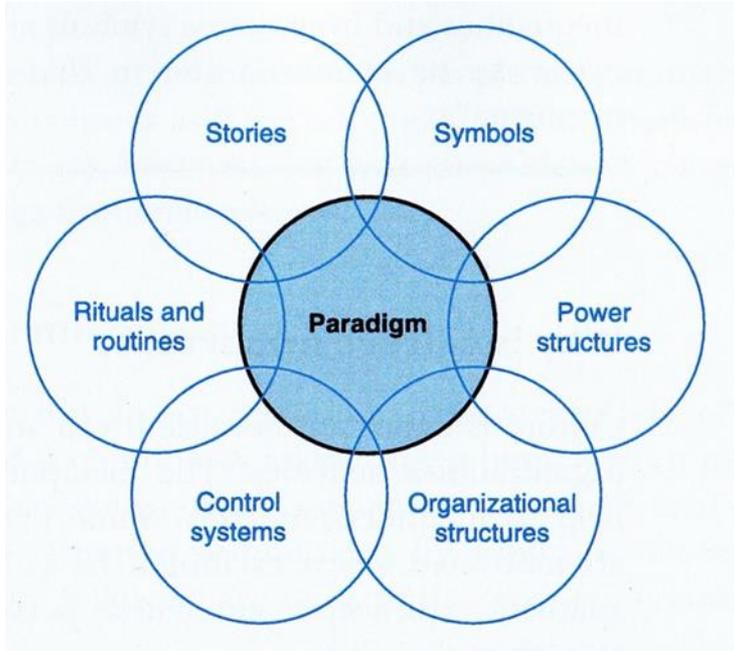


“Human resources add value, manage the business and can contribute to strategic success, but conversably, they can they can make spectacular errors that can be very costly to the organization.” (Campbell et al. 2017, p. 48)

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7.5. Human Resources and Organization II

“**Culture** is the organizational equivalent of a human’s personality.” (Campbell et al. 2017, p. 53)



Phases of *cultural change*

- 1) Cultural patterns lead to a crisis.
- 2) Symbols and rituals are losing orientation force.
- 3) New people offer new orientation patterns.
- 4) Old and new cultures conflict.
- 5) If new patterns/ orientations resolve the crisis, they are accepted.

(Source: Steinmann et al. 2013, p.673)

Backup: New Trends in HRM

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7.5. Human Resources and Organization III

Building “agile” structures

“Talent matters, but in many cases organization matters more.” (D. Ulrich 2016)



HR has to create both: talent and capability.

- ❖ HR knows the company: Analyse what the organization is good at doing.
- ❖ Create dynamic structures from outside-in perspectives (e.g., project organization, scrum methodology)

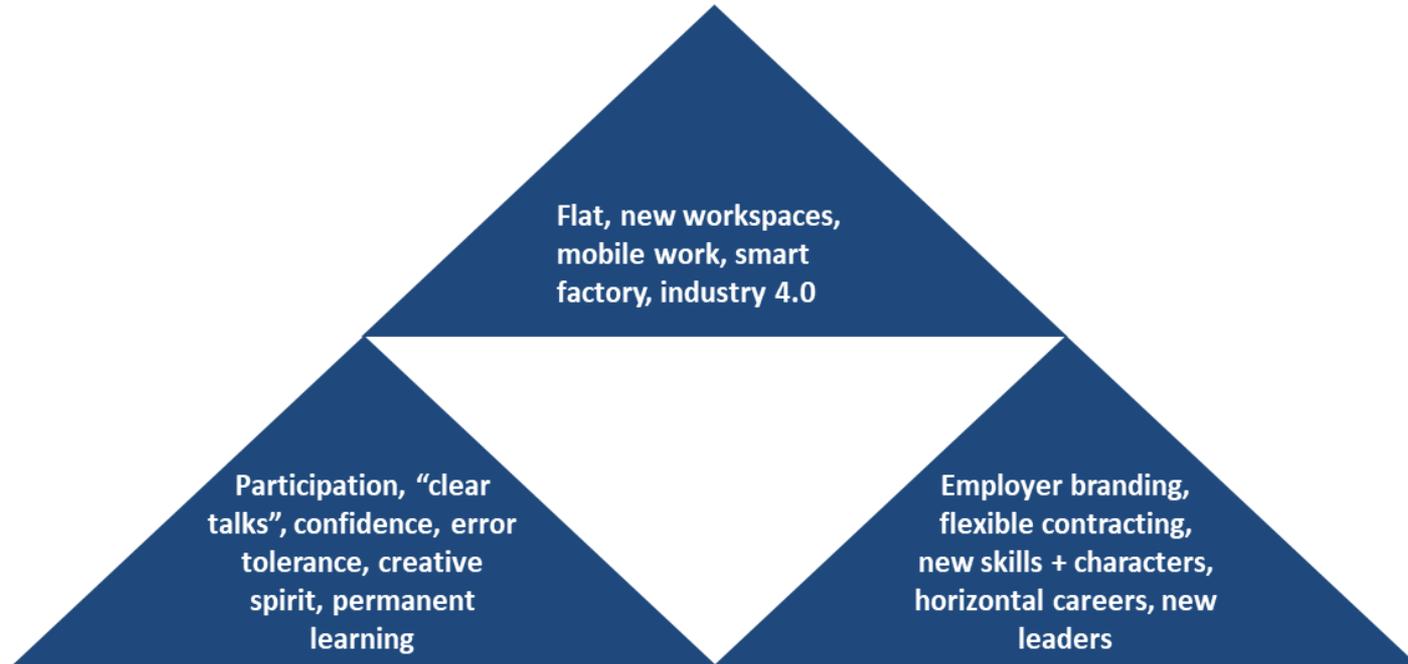


Scrum: www.youtube.com/watch?v=gy1c4_YixCo

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7.5. Human Resources and Organization IV

The 3 step approach for agility: Structure – Culture – People



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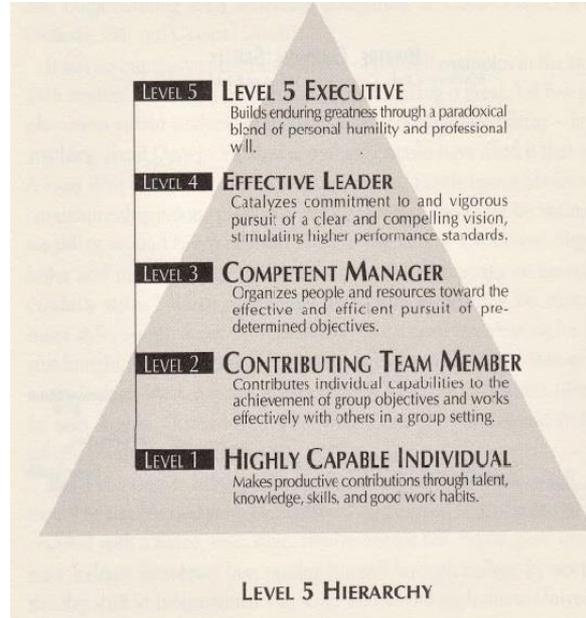
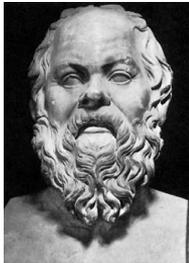
7.5. Human Resources and Organization V

New Leadership Approaches: Select the appropriate model between the dictator and the queen bee.



Dictator

Wise guy



Queen bee

Narciss



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7.6. The Integration of Functional Strategies I

“Corporate Strategy is not a random collection of individual building blocks, but a carefully constructed system of interdependent parts. [...] In a great corporate strategy, all of the elements [...] are aligned with each other.” (Kaplan/ Norton 2008, p. 125)

- Corporate Headquarter is like the “coxswain in an eight rower shell”.



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7.6. The Integration of Functional Strategies II

➤ Align business units.

➤ Align support units

➤ Align employees.



STRATEGY MAP

A screenshot of a table titled 'Contribuição 2008 - Human Resources'. The table has multiple columns, including 'Área', 'Objetivo', 'Valor', and 'Status'. It lists various departments and their contributions to the company's goals for 2008.

AREAS CONTRIBUTIONS

A screenshot of a web-based form titled 'Objetivos dos Executivos'. It contains several input fields for 'Nome', 'Cargo', 'Setor', and 'Objetivo'. There are also checkboxes and a 'Salvar' button at the bottom.

OBJECTIVES OF THE EXECUTIVES

A screenshot of a table titled 'Produção Unit Control - Matriz de Objetivos'. It is a complex matrix with many columns and rows, likely representing different teams and their objectives. The table includes various data points and is color-coded.

OBJECTIVES OF THE TEAMS