**\*\*\*Answer of Strategic Management-Summer Final-22**

**Answer to the question n. 1**

**Vertical Integration Quantum:**

Vertical integration is the business arrangement in which a company controls different stages along the supply chain. Instead of relying on external suppliers, the company strives to bring processes in-house to have better control over the production process.

Vertical integration is when a firm extends its operations within its supply chain. It means that a vertically integrated company will bring in previously outsourced operations in-house. The direction of vertical integration can either be upstream (backward) or downstream (forward).

Vertical integration involves acquiring or developing one or more important parts of a company's production process or supply chain. For example, Netflix's shift from licensing shows and movies from major studios to producing its own original content is an example of vertical integration.

Tesla has vertically integrated many production steps, from battery production to electric powertrain production and self-driving software. According to Tesla CEO Elon Musk, Tesla is a "chain of startups."

Horizontal integration involves acquiring or merging with competitors while vertical integration occurs when a firm expands into another production stage like acquiring a supplier or distributor. As such, vertical integration is the process of acquiring business operations within the same production vertical.

When one organization can control all aspects of their business operations without third parties involved, then there are greater efficiencies that can be built into the system. The disadvantage of vertical integration is that it reduces the amount of diversification that an organization can access.

Risks in Vertical Integration:

Established distribution channels may be adversely affected.

Unprofitable outcome.

Obsolescence due to new technologies.

Higher cost due to lower volume.

Unforeseen labor issues.

Lack of continued focus on the original business.

If acquisition is a commodity, not having lowest costs.

Vertical integration makes sense as a strategy, as it allows a company to reduce costs across various parts of production, ensures tighter quality control, and ensures a better flow and control of information across the supply chain.

Vertical integration had fallen into disuse in the wake of globalization. But the Covid crisis has reshuffled the deck. Since 2021, vertical integration has been at the center of the strategies of companies like Amazon, Apple, Ferrero, Tesla, and NVidia.

Vertical Integration was first used in business practice when Andrew Carnegie used this practice to dominate the steel market with his company Carnegie Steel. It allowed him to cut prices and exhuberate his dominance in the market.

Vertical integration potentially offers the following advantages: Reduce transportation costs if common ownership results in closer geographic proximity. Improve supply chain coordination. Provide more opportunities to differentiate by means of increased control over inputs.

The statement to produce goods or services previously purchased best describes vertical integration. Vertical integration can help provide a strategic advantage for firms that have the capital and talent to handle the additional scope of responsibility.

There are a number of ways to implement vertical integration, although the most common is to buy a company that manages an outsourced aspect of supply chain or production line. Another way is to cut out the middleman for distribution by selling directly to consumers.

Sichel[43] uses a simple measure for vertical integration from the rule: Minimum (%ABC, %AB) (measure 6) V = Value added – Profits + 20% of investment Sales – Profits + 20% of investment (measure 4). V = Value added – Profit Sales – Profit (measure 3).

By integrating various levels of the supply chain, companies can control supplies, reduce costs, ramp up production and increase efficiency. In addition, vertical integration facilitates economies of scale—eliminating supply disruption and supplier dominance.

A vertical marketing strategy is focusing content creation and distribution efforts on business's highest-fit type of buyers in order to attract them into marketing-sales funnel and convert them into customers.

Even when supplies of materials are certain, vertical integration may permit cost reductions through improved coordination of production and inventory scheduling between stages.

Companies use vertical integration to have more control over the supply chain of a manufacturing process. By taking certain steps in-house, the manufacturer can control the timing, process, and aspects of additional stages of development. Owning more of the process may also result in long-term cost savings (as opposed to buying outsourced goods at marked-up costs).

Quantum and Seagate have pursued very different vertical integration strategies.Seagate is a vertically integrated manufacturer of disk drives, both designing andmanufacturing the bulk of its own disk drives. Quantum specializes in design, whileoutsourcing most of its manufacturing to a number of independent suppliers, includingits most important supplier, Matsushita Kotobuki Electronics (MKE) of Japan. Quantummakes only its newest and most expensive products in-house. Once a new drive isperfected and ready for large-scale manufacturing, Quantum turns over manufacturingto MKE. MKE and Quantum have cemented their partnership over 8 years. At eachstage in designing a new product, Quantum’s engineers send the newest drawings to aproduction team at MKE. MKE examines the drawings and is constantly proposingchanges that make the new disk drives easier to manufacture. When the product isready for manufacture, eight–ten Quantum engineers travel to MKE’s plant in Japan forat least a month to work on production ramp-up.

It also analyses the ability of transaction-cost economics to deal with vertical integration. The chapter begins by analysing the foundations of transaction-cost economics. It then examines vertical integration in the petroleum industry and long-term contracts as a substitute for vertical integration. Finally, the chapter compares decision-making characteristics in markets and hierarchies.

In [microeconomics](https://en.wikipedia.org/wiki/Microeconomics" \o "Microeconomics), [management](https://en.wikipedia.org/wiki/Management" \o "Management), and [international political economy](https://en.wikipedia.org/wiki/International_political_economy" \o "International political economy), vertical integration is an arrangement in which the [supply chain](https://en.wikipedia.org/wiki/Supply_chain" \o "Supply chain) of a company is integrated and owned by that company. Usually each member of the supply chain produces a different [product](https://en.wikipedia.org/wiki/Product_(business)" \o "Product (business)) or (market-specific) service, and the products combine to satisfy a common need. It is contrasted with [horizontal integration](https://en.wikipedia.org/wiki/Horizontal_integration" \o "Horizontal integration), wherein a company produces several items that are related to one another. Vertical integration has also described [management styles](https://en.wikipedia.org/wiki/Management_style" \o "Management style) that bring large portions of the supply chain not only under a common ownership but also into one [corporation](https://en.wikipedia.org/wiki/Corporation" \o "Corporation) (as in the 1920s when the [Ford River Rouge Complex](https://en.wikipedia.org/wiki/Ford_River_Rouge_Complex" \o "Ford River Rouge Complex) began making much of its own steel rather than buying it from suppliers).

Vertical integration and expansion is desired because it secures supplies needed by the firm to produce its product and the market needed to sell the product. Vertical integration and expansion can become undesirable when its actions become anti-competitive and impede free competition in an open marketplace. Vertical integration is one method of avoiding the [hold-up problem](https://en.wikipedia.org/wiki/Hold-up_problem" \o "Hold-up problem). A monopoly produced through vertical integration is called a vertical monopoly. Vertical in a supply chain measures a firm’s distance from the final consumers; for example, a firm that sells directly to the consumers has a vertical position 0, firm that supplies to this firm has a vertical position 1, and so on.

Three types of vertical integration:

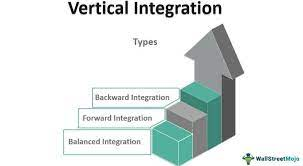
Contrary to [horizontal integration](https://en.wikipedia.org/wiki/Horizontal_integration" \o "Horizontal integration), which is a consolidation of many firms that handle the same part of the production process, vertical integration is typified by one firm engaged in different parts of production (e.g., growing raw materials, manufacturing, transporting, marketing, and/or [retailing](https://en.wikipedia.org/wiki/Retailing" \o "Retailing)). Vertical integration is the degree to which a firm owns its upstream suppliers and its downstream buyers. The differences depend on where the firm is placed in the order of the supply chain.

There are three varieties of vertical integration: backward (upstream) vertical integration, forward (downstream) vertical integration, and balanced (both upstream and downstream) vertical integration.

A company exhibits backward vertical integration when it controls [subsidiaries](https://en.wikipedia.org/wiki/Subsidiaries" \o "Subsidiaries) that produce some of the inputs used in the production of its products. For example, an automobile company may own a [tire](https://en.wikipedia.org/wiki/Tire" \o "Tire) company, a [glass](https://en.wikipedia.org/wiki/Glass" \o "Glass) company, and a metal company. Control of these three subsidiaries is intended to create a stable supply of inputs and ensure consistent quality in their final product. It was the main business approach of [Ford](https://en.wikipedia.org/wiki/Ford_Motor_Company" \o "Ford Motor Company) and other car companies in the 1920s, who sought to minimize costs by integrating the production of cars and car parts, as exemplified in the [Ford River Rouge Complex](https://en.wikipedia.org/wiki/Ford_River_Rouge_Complex" \o "Ford River Rouge Complex).

A company tends toward forward vertical integration when it controls distribution centers and retailers where its products are sold. An example is a brewing company that owns and controls a number of bars or pubs.

[Disintermediation](https://en.wikipedia.org/wiki/Disintermediation" \o "Disintermediation) is a form of vertical integration when purchasing departments take over the former role of wholesalers to source products.

A balanced integration is a vertical integration approach in which a company aims to merge with companies both before it and after it along the supply chain. A company must be "the [middleman](https://www.investopedia.com/terms/m/middleman.asp)" and manufacture a good to engage in a balanced integration, as it must both source a raw material as well as work with retailers to delivery the final product.

Consider the supply chain process for Coca-Cola where raw materials are sourced, the beverage is concocted, and bottled drinks are distributed for sale. Should Coca-Cola choose to merge with both its raw material providers as well as retailers who will sell the product, Coca-Cola is engaging in balanced integration.

Though most costly and most risky due to the diversified nature of business operations, balanced integration also poses the greatest upside as a company is more likely to have greater (if not full) control over the entire supply chain process.

Although vertical integration can reduce costs and create a more efficient supply chain, the capital expenditures involved can be significant.

**Answer to the question n. 2**

**International entry options for a business:**

The five most common modes of international-market entry are exporting, licensing, partnering, acquisition, and greenfield venturing. Each of these entry vehicles has its own particular set of advantages and disadvantages.

Here are some main routes in:

Structured exporting. The default form of market entry. ...

Licensing and franchising. Licensing is giving legal rights to in-market parties to use your company's name and other intellectual property. ...

Direct investment. ...

Buying a business.

Exporting is the most appropriate mode of entry in international business to an enterprise with little experience in international markets. Explanation: One of the critical decisions in international marketing is the mode of entering the foreign market.

The types of international businesses one can start are as follows: 1. Exporting 2. Licensing 3. Franchising. 4.Foreign Direct Investment (FDI).

Exporting/Trading:  
One way to enter a new market is through exporting goods. This strategy allows you to enter several markets simultaneously. You can assign a local distributor to conduct transactions with your buyers. The main advantage of working with local distributors is access to their existing client base.

Exporting is a typically the easiest way to enter an international market, and therefore most firms begin their international expansion using this model of entry. Exporting is the sale of products and services in foreign countries that are sourced from the home country.

Besides exporting, other market entry strategies include licensing, joint ventures, contract manufacture, ownership and participation in export processing zones or free trade zones.

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Market entry strategies provide businesses with a roadmap to enter into international markets. Since there are many methods companies can use to sell their goods globally, they will choose the best approach based on their goals and target market. Understanding market entry strategies and their differences can help you decide which strategy offers the most benefits to your company.In this article, we explore market entry strategy, discuss its importance to businesses that want to expand beyond their local base and list 10 market entry strategies that can bring your products and services to international markets.

Market entry strategies are methods companies use to plan, distribute and deliver goods to international markets. The cost and level of a company's control over distribution can vary depending on the strategy it chooses. Companies usually choose a strategy based on the type of product they sell, the value of the product and whether shipping it requires special handling procedures. Companies may also consider their current competition and consumer needs.

To select an effective strategy, companies align their budgets with their product considerations, which often improves their chances of increasing revenue. The three primary factors that affect a company's choice of international market entry strategy are:

Marketing: Companies consider which countries contain their target market and how they would market their product to this segment.

Sourcing: Companies choose whether to produce the products, buy them or work with a manufacturer overseas.

Control: Companies decide whether to enter the market independently or partner with other businesses when presenting their products to international markets.

There are a variety of ways in which a company can enter a foreign market. No one market entry strategy works for all international markets. Direct exporting may be the most appropriate strategy in one market while in another you may need to set up a joint venture and in another you may well license your manufacturing. There will be a number of factors that will influence your choice of strategy, including, but not limited to, tariff rates, the degree of adaptation of your product required, marketing and transportation costs. While these factors may well increase your costs it is expected the increase in sales will offset these costs. The following strategies are the main entry options open to you.

Direct Exporting:

Direct exporting is selling directly into the market you have chosen using in the first instance you own resources. Many companies, once they have established a sales program turn to agents and/or distributors to represent them further in that market. Agents and distributors work closely with you in representing your interests. They become the face of your company and thus it is important that your choice of agents and distributors is handled in much the same way you would hire a key staff person.

Licensing:

Licensing is a relatively sophisticated arrangement where a firm transfers the rights to the use of a product or service to another firm. It is a particularly useful strategy if the purchaser of the license has a relatively large market share in the market you want to enter. Licenses can be for marketing or production. licensing).

Franchising:

Franchising is a typical North American process for rapid market expansion but it is gaining traction in other parts of the world. Franchising works well for firms that have a repeatable business model (eg. food outlets) that can be easily transferred into other markets. Two caveats are required when considering using the franchise model. The first is that your business model should either be very unique or have strong brand recognition that can be utilized internationally and secondly you may be creating your future competition in your franchisee.

Partnering:

Partnering is almost a necessity when entering foreign markets and in some parts of the world (e.g. Asia) it may be required. Partnering can take a variety of forms from a simple co-marketing arrangement to a sophisticated strategic alliance for manufacturing. Partnering is a particularly useful strategy in those markets where the culture, both business and social, is substantively different than your own as local partners bring local market knowledge, contacts and if chosen wisely customers.

Joint Ventures:

Joint ventures are a particular form of partnership that involves the creation of a third independently managed company. It is the 1+1=3 process. Two companies agree to work together in a particular market, either geographic or product, and create a third company to undertake this. Risks and profits are normally shared equally. The best example of a joint venture is Sony/Ericsson Cell Phone.

Buying a Company:

In some markets buying an existing local company may be the most appropriate entry strategy. This may be because the company has substantial market share, are a direct competitor to you or due to government regulations this is the only option for your firm to enter the market. It is certainly the most costly and determining the true value of a firm in a foreign market will require substantial due diligence. On the plus side this entry strategy will immediately provide you the status of being a local company and you will receive the benefits of local market knowledge, an established customer base and be treated by the local government as a local firm.

Piggybacking:

Piggybacking is a particularly unique way of entering the international arena. If you have a particularly interesting and unique product or service that you sell to large domestic firms that are currently involved in foreign markets you may want to approach them to see if your product or service can be included in their inventory for international markets. This reduces your risk and costs because you are essentially selling domestically and the larger firm is marketing your product or service for you internationally.

Turnkey Projects:

Turnkey projects are particular to companies that provide services such as environmental consulting, architecture, construction and engineering. A turnkey project is where the facility is built from the ground up and turned over to the client ready to go – turn the key and the plant is operational. This is a very good way to enter foreign markets as the client is normally a government and often the project is being financed by an international financial agency such as the World Bank so the risk of not being paid is eliminated.

Greenfield Investments:

Greenfield investments require the greatest involvement in international business. A greenfield investment is where you buy the land, build the facility and operate the business on an ongoing basis in a foreign market. It is certainly the most costly and holds the highest risk but some markets may require you to undertake the cost and risk due to government regulations, transportation costs, and the ability to access technology or skilled labour.

**Answer to the question n. 3**

**Ansoff Matrix:**

Yes, I have heard it. The Ansoff Matrix, often called the Product/Market Expansion Grid, is a two-by-two framework used by management teams and the analyst community to help plan and evaluate growth initiatives. In particular, the tool helps stakeholders conceptualize the level of risk associated with different growth strategies.

The Ansoff Matrix definition- A strategic planning tool that shows four different ways companies can grow through product or market expansion. By using the matrix, businesses can better understand the risks and challenges presented by each strategy.

The Ansoff Matrix is a famous tool used to generate and classify different strategies and approaches to a market. It's a 2x2 matrix that mapping out New / Existing Customers against New / Existing Markets, which provides you four quadrants of strategy classification.

Coca Cola used the Ansoff Matrix to grow from a small company into a dominant global brand. The company started by using market penetration as its primary growth strategy; this involved selling more of its existing products in existing markets.

The Ansoff matrix was invented by Igor Ansoff in 1965 and is used to develop strategic options for businesses. It is one of the most commonly used tools for this type of analysis due to its simplicity and ease of use.

As with every framework, there are some limitations to Ansoff Matrix such as: It's very simple to the extent that a lot of extra thought is required. It doesn't capture some of the detail of your market research or position, eg competitors. While risk is measured, reward is not factored into the tool.

The market penetration quadrant of the Ansoff matrix helps you determine strategies to sell more of your existing products or services to your existing customer base through aggressive promotion and distribution. Using this strategy, the organization tries to increase its market share in its current market scenario.

The Ansoff Matrix is used in the strategy stage of the marketing planning process. It is used to identify which overarching strategy the business should use and then informs which tactics should be used in the marketing activity. Sometimes an organisation will adopt two strategies to reach different markets.

The Four Quadrants of the Ansoff Matrix

Market Penetration (lower left quadrant). This is the safest of the four options. ...

Product Development (lower right quadrant). ...

Market Development (upper left quadrant). ...

Diversification (upper right quadrant).

It also referred to as the Ansoff Box, can help you take into consideration the implications of using new or existing products to grow business in new or existing markets. Each of the options for growth depend on both internal and external investigations, influences, and analysis.

Ansoff's Matrix is a marketing planning model that helps a business determine its product and market growth strategy.

A company may decide to diversify its activities by expanding into markets or products that are related to its current business. For example, an auto company may diversify by adding a new car model or by expanding into a related market like trucks.

The Ansoff Matrix is a strategic planning tool used by marketers to develop effective strategies for the growth and expansion of products or services and the market. It also lets businesses evaluate risks associated with the strategy put in place.

Executives and managers use this matrix to plan how to make the new and existing products available to the new and established markets. Also referred to as Corporate Ansoff Matrix and Product/Market Expansion Grid, this model arranges new versus existing offerings in one axis and new versus existing markets in the other. Thus, every quadrant of the Ansoff Growth Matrix identifies a different product-market strategy.

* Ansoff Matrix definition refers to a tool for framing effective strategies to ensure product and market growth and expansion.
* Every matrix quadrant – market penetration, product and market development, and diversification – identifies a different product-market strategy. Diversification is the riskiest approach, while market penetration is the least risky.
* Companies can establish these strategies by combining existing and potential products.
* Businesses can use the Ansoff Matrix to examine all of their alternatives, analyze them, calculate the risks, and plan how to make new and existing products available to untapped and established markets.

The Ansoff Matrix theory first appeared in the article “Strategies for Diversification,” published in the Harvard Business Review in 1957. Developed by a Russian-American business manager and applied mathematician, H. Igor Ansoff, the matrix formed the basis of strategy formulation for marketers and businesses based on new and existing products or services and markets.

Since its introduction, the concept has helped businesses identify growth opportunities and assess risks associated with growth and expansion. As a result, they can prepare backup plans keeping in mind issues that might arise in the long run. In addition, the combination of existing and potential products enables companies to develop unique strategies, such as [market penetration](https://www.wallstreetmojo.com/market-penetration/), product development, market development, and diversification – collectively known as Ansoff Growth Matrix.

It is a strategy-based decision-making tool that makes businesses examine their options based on the product and market they are targeting. They can also analyze the risks involved and then decide which way to proceed. Here is how the Ansoff Matrix helps the corporate sector:

It lets companies understand the product/market strategy to be opted for.

Once the strategy to be implemented is known, the parameters to be analyzed to make the approach effective are identified.

The risks associated with the product and market segmentation are assessed as soon as the strategies are formulated concerning the approach and parameter.

Accordingly, firms decide whether to proceed with the plan.

Companies can also prepare backup plans if they choose to stick to their decisions.

The Ansoff Matrix is a tool that helps businesses develop and implement efficient product and marketing strategies. This model, also known as the Product/Market Expansion Grid, compares new and current offerings on one axis with new and existing markets on the other. As a result, each matrix quadrant suggests a unique growth approach.

The four Ansoff growth strategies include:  
– Market Penetration (to increase the sale of existing products in the existing market)  
– Product Development (to introduce new products to the existing market)  
– Market Development (to introduce existing products into new markets)  
– Diversification (to introduce new products in a new market)

Businesses can use the Ansoff Matrix to evaluate product development or market entry choices, assess risks, and select which path to take. It is a strategy-based decision-making tool that allows companies to consider their options based on the product and market they are targeting.

The Ansoff Matrix is a two-by-two depiction of the options open to organisations if they wish to improve revenue or profitability.

Ansoff used the model of turbulence to construct a strategic success paradigm based on three variables: the turbulence levels of the organization's environment; the aggressiveness of the organization's strategic behavior in the environment; and the responsiveness of the organization's management to changes.

The ANSOFF Matrix Strategy PowerPoint Template is a diagram template for business growth concepts. ANSOFF is a product-market growth framework that assists with the development of strategic plans.

Diversification. In this strategy, a firm enters a new market with a new product. Correspondingly, this strategy is the riskiest among the strategies in the Ansoff matrix. This is because executing this strategy requires, both market & product development activities.

The Ansoff Matrix, often called the Product/Market Expansion Grid, is a two-by-two framework used by management teams and the analyst community to help plan and evaluate growth initiatives. In particular, the tool helps stakeholders conceptualize the level of risk associated with different growth strategies.

Also referred to as the Ansoff matrix, due to its grid format, the Ansoff Model helps marketers identify opportunities to grow revenue for a business through developing new products and services or "tapping into" new markets. So it's sometimes known as the ‘Product-Market Matrix’ instead of the ‘Ansoff Matrix’.

The Ansoff Model's focus on growth means that it's one of the most widely used marketing models. It is used to evaluate opportunities for companies to increase their sales through showing alternative combinations for new markets (i.e. customer segments and geographical locations) against products and services offering four strategies as shown.

**Answer to the question n. 4**

**How Synergy can take place:**

If two companies can merge to create greater efficiency or scale, the result is what is sometimes referred to as a synergy merge. The expected synergy achieved through a merger can be attributed to various factors, such as increased revenues, combined talent and technology, and cost reduction.

Synergy depends on the quality of interactions between diverse organizational elements – people — managers and employees. The higher the quality, the higher the organizational outputs. Synergy works best if organization's workforce's diverse, because that'd essentially mean utilizing unique strengths and abilities.

To build team synergy, should apply these three strategies:

Start with communication. The core of any strong working group is communication. ...

Foster trust and collaboration. In addition to knowing how to communicate effectively, team members also need to feel comfortable doing so. ...

Set group norms intentionally.

Human synergy relates to human interaction and teamwork. For example, say person A alone is too short to reach an apple on a tree and person B is too short as well. Once person B sits on the shoulders of person A, they are tall enough to reach the apple. In this example, the product of their synergy would be one apple.

Simply stated, synergy results when the whole is greater than the sum of the parts. For example, two people can move a heavy load more easily than the two working individually can each move their half of the load. Synergy can be a positive or negative outcome of combined efforts.

Synergy is a process in which individuals or companies combine their resources and efforts to achieve more productivity, efficacy, and performance than they could alone. Mergers and acquisitions are the best example of this where the new company will provide more value than the two enterprises separately.

Well, by having synergy, trust, collaboration and ultimately and hopefully co-creation, it helps to create better effects and results. It also can help generate better solutions to problems and achieve the organizational vision and mission.

Workplace synergy takes place when employees come together to make a greater impact than they would separately. Synergy results in high productivity, efficiencies and employee accountability. This can be achieved when company goals are set and everyone collaboratively sees the whole process through to completion.

Synergy means joining or cooperation will create more value than separation. Two organizations that work together produce more significant value than their respective values combined.

To put it simply, synergy means “two heads are better than one.” Synergize is the habit of creative cooperation. It is teamwork, open-mindedness, and the adventure of finding new solutions to old problems. But it doesn't happen on its own.

Simply put, team synergy is how teams work together to complete their mandate by leveraging each team member's strengths and unique perspectives to produce more remarkable results than what could be achieved alone.

Positive team synergy is operating when the outcomes a team creates, together, are far more innovative, effective and remarkable than if members created those solutions, individually. The output sum is greater than the individual component parts.

Synergy theory or hypothesis asserts that the sum value of both individual firms before an M&A is lower than that of the combined firm (Seth, 1990). This increase in value is due to the effect of the synergy potentials which could only be realized by combining operational and financial resources of both firms.

A synergy arises in a merger or acquisition when the combined value of the two firms is higher than the pre-merger value of both firms combined. For example, if firm A has a value of $500M, firm B has a value of $75M, and the merged firm has a value of $625M, there is a $50M synergy for this merger.

Synergism is when you get a greater effect by combining two or more organisms or components together than you would get by adding the effects of each. For example, a very famous synergy in nature example is that of the sea anemone and a clownfish.

A synergistic relationship occurs when two people create a greater contribution together than they would independently. Synergistic relationships are based on co-creating outcomes. In synergistic relationships each person inquires about they other. They are interested and curious about each other and their world.

Synergy connotes the creation of a whole which is greater than the sum of the individual parts. For example, synergy is obtained when 2 + 2 is not merely 4, but can be made to add up to more than 4. Synergy occurs when the interaction and outcome of team members is greater than the sum of their individual efforts.

Synergy describes the benefits a business experiences by strategically organizing itself to maximize cooperation and innovation. In simple terms, a synergistic organization achieves more as a group than its parts could in isolation.

The previously stated term; Synergy Leadership is a process where the interaction of two or more agents or forces combined effect is greater than the sum of their individual effects.

Synergistic communication is a type of communication that requires listening, communication, and trust. It means opening yourself up to new possibilities, and it will help you work together with other people to create effective and harmonious relationships.

A collaborating team will likely produce stronger results than any individual and therefore creating synergy within a team is a critical leadership role. Under strong leadership, a team with synergy can develop into one that can execute flawlessly and drive results.

It means that the whole is greater than the sum of its parts. When two people come together in synergy they are saying — I can do good things, you can do good things but together we can do great things! Synergy is to value the differences —to respect them, to build on strengths, to compensate for weaknesses.

To put it simply, synergy means “two heads are better than one.” Synergize is the habit of creative cooperation. It is teamwork, open-mindedness, and the adventure of finding new solutions to old problems. But it doesn't just happen on its own.

If used in a business application, synergy means that teamwork will produce an overall better result than if each person within the group were working toward the same goal individually.

A high synergy group or society is one in which the interests of individuals and the interests of the group as a whole are in harmony. This would produce a healthy group or society.

Synergy = NPV (Net Present Value) + P (premium),

Revenue increase. This can be done by selling more different goods and services using a broadened product distribution. ...

Expenses reduction. ...

Process optimization. ...

Financial economy.

Coordinated muscle movements are a result of different muscle groups working together. Therapists call these patterns of movement synergies. To complete a successful movement, two things must happen at once: The agonist muscles (the muscles that initiate movement) must contract.

In the simplest terms, synergies refer to any element of a transaction whereby the new entity is greater than the sum of the individual parts: the ultimate goal of any transaction.

The agreement exploits the natural synergy between the two companies. The synergy between parents and teachers allowed students to be educated both at home and at school. To put on the concert, synergy between the organizers and the sponsors was required.

Synergy plays a supporting role, facilitating the communication and collaboration needed to power that learning, eliminating unnecessary data management tasks and solutions, and connecting you with meaningful, actionable data.

This is one of the most important types of synergies expected in mergers and acquisition. The company, which is being acquired, or the companies that are merging together must be able to 'fit' together to give rise to synergy of strategies.

A synergy is any effect that increases the value of a merged firm above the combined value of the two separate firms. Synergies may arise in M&A transactions for several reasons, such as cost savings due to operational efficiencies or revenue upside due to more productive use of assets.

Synergy also occurs when you complete two tasks with one action. The value created from the combination is the time saved over what would have been required in doing each task separately. If I fold laundry while listening to a podcast, I create more time for myself than if I had done each activity on its own.

Become familiar with cultural tendencies and practice managing intercultural problems. Learn strategies for persuading people with different cultural tendencies. Apply cultural knowledge in specific business contexts, including hiring and management, sales, negotiation, team management, and leadership.

Synergistic Value is an additional element of value created by the combination of two or more assets or interests where the combined value is more than the sum of the separate values.

Synergy is a process in which individuals or companies combine their resources and efforts to achieve more productivity, efficacy, and performance than they could alone. Mergers and acquisitions are the best example of this where the new company will provide more value than the two enterprises separately.

Synergy, also known as synergism, refers to the combined effects produced by two or more parts, elements, or individuals. Simply stated, synergy results when the whole is greater than the sum of the parts. For example, two people can move a heavy load more easily than the two working individually can each move their half of the load. Synergy can be a positive or negative outcome of combined efforts.

According to the American Heritage Dictionary , the term "synergy" is derived from the Greek word sunergos , meaning "working together." Positive synergy is sometimes called the 2 + 2 = 5 effect. Operating independently, each subsystem can produce two units of output. However, by combining their efforts and working together effectively, the two subsystems can produce five units of output.

Negative synergy can be called the 2 + 2 = 3 effect. Again, individuals operating alone can each produce two units of output. However, with negative synergy, the combination of their efforts results in less output than what they would have achieved if they had each worked alone. Negative synergy can result from inefficient committees, business units that lack strategic fit, and from other poorly functioning joint efforts.

HISTORY OF SYNERGY

Synergy has origins as a theological term describing the cooperation of human effort with divine will. In recent years the term has most often been used in association with systems theory. Systems theory, as applied to biology and the physical sciences, describes the interdependence of various parts of an organism, such as the human body. The human body, as a system, is comprised of a set of interrelated subsystems, including the brain, skeleton, muscles, and others. To fully understand the larger system, one must examine the subsystems and the interrelationships. Systems theory was one of the first management theories to explicitly state that changing one of the subsystems could have an impact on the total system. Synergy was developed as a measure of the effectiveness of the joint efforts of various subsystems. Discussions of synergy also figure in medical literature, such as in research that addresses how the effects of medication on individuals are magnified when combined with a special diet or exercise.

INDIVIDUALS AND SYNERGY

One way to observe synergy in an organization is to observe the combined efforts of individuals working together. Synergy can result from the efforts of people serving on committees or teams. By combining their knowledge, insights, and ideas, groups often make better decisions than would have been made by the group members acting independently. Positive synergy resulting from group decisions may well include the generation of more ideas, more creative solutions, increased acceptance of the decision by group members, and increased opportunity for the expression of diverse opinions. Much of the current interest in teams and team building is an effort to achieve positive synergy through the combined efforts of team members.

Negative synergy occurs in groups, committees, and other joint efforts for a number of reasons. Groups commonly experience negative synergy because group decisions are often reached more slowly, and thus may be more expensive to make than individual decisions. The opportunity costs for having a group of high-paid executives spend an afternoon in a meeting rather than in more productive endeavors can be quite high. Negative synergy can also occur in group decisions if an individual is allowed to dominate and control the group decision. Also, groupthink—the pressure to conform—may cause the group to strive for harmony instead of evaluating information and alternative courses of action honestly and objectively.

SYNERGY AT THE ORGANIZATION LEVEL

Organizations strive to achieve positive synergy or strategic fit by combining multiple products, business lines, or markets. One way to achieve positive synergy is by acquiring related products, so that sales representatives can sell numerous products during one sales call. Rather than having two representatives make two sales calls to a potential customer, one sales representative can offer the broader mix of products.

Mergers and acquisitions are corporate-level strategies designed to achieve positive synergy. The 2004 acquisition of AT&T Wireless by Cingular was an effort to create customer benefits and growth prospects that neither company could have achieved on its own—offering better coverage, improved quality and reliability, and a wide array of innovative services for consumers.

Negative synergy is also possible at the corporate level. Downsizing and the divestiture of businesses is in part the result of negative synergy. For instance, Kimberly-Clark Corporation set out to sharpen its emphasis on consumer and health care products by divesting its tiny interests in business paper and pulp production. According to the company, the removal of the pulp mill will enhance operational flexibility and eliminate distraction on periphery units, thus allowing the corporation to concentrate on a single, core business activity.

The intended result of many business decisions is positive synergy. Managers expect that combining employees into teams or broadening the firm's product or market mix will result in a higher level of performance. However, the mere combination of people or business elements does not necessarily lead to better outcomes, and the resulting lack of harmony or coordination can lead to negative synergy.

Synergy allows companies to combine resources, personnel and data leading to more effective operations and marketing efforts. These synergised companies can also benefit from strategic partnerships, allowing access to more effective supply and the ability to reach a larger market.

Synergy is the concept that the value and performance of two companies combined will be greater than the sum of the separate individual parts. If two companies can merge to create greater efficiency or scale, the result is what is sometimes referred to as a synergy merge.

Synergy depends on the quality of interactions between diverse organizational elements – people — managers and employees. The higher the quality, the higher the organizational outputs. Synergy works best if organization’s workforce’s diverse, because that’d essentially mean utilizing unique strengths and abilities.

There are three perspectives from which to approach organizational synergy:

Individual,

Unit,

Organization.

Adopting synergy approach provides the following benefits:

It weakens destructive relationships while strengthens productive ones,

It helps to avoid conflicts of interest,

It minimizes energy losses,

It helps to retain employees and clients,

It helps to speed up product development,

It increases organization’s output — higher employee morale and job satisfaction, higher profitability, etc.

The uniqueness of the challenges of the 21st century requires organizations to rethink their cultural paradigms in order to conform to the reforms that’d ensure development and maintenance of their leading status. Many organizations have learned the hard way, but the ones, which have been flexible enough to embrace diversity and synergy have survived and succeeded.