Final Assessment

Spring Semester - 2023

BBA program

Course title: Strategie Management

Course Code: MGT-440

Student Name: MD Tushar Ahamed

Student ID: 1113300361

Answer to the question No: 1

Advantages and disadvantages of different entry mode :

Strategy	Advantages	Disadvantages
Exporting	• Ability to realize location and experience-curve economies	• High transport costs. • Trade barriers. • problems with local marketing agents.
Licensing	• Low development costs and risks.	• Inability to realize location and experience-curve economies. • Lack of control over technology. • Inability to engage in global strategic coordination.
Franchising	• Low development costs and risks.	• Inability to engage in global strategic coordination. • Lack of control over quality.

Strategy	Advantages	Disadvantages
Jointventure	• Access to local partner's know-ledge • Sharing development costs and risks • Political acceptability	• Lack of control over technology. • Inability to realize location and experience economies. • Inability to engage in global strategic coordination.
Wholly owned subsidiaries	• Protection of technology. • Ability to engage in global strategic coordination. • Ability to realize location and experience economies.	• High costs and risks.

Answer to the question No: 2

Three Grand Strategies: The three grand strategies are growth, stability, and Retrenchment and a firm chooses one of these approaches in addition to their choice of business-level, corporate, and/or international strategies.

1. **Growth Strategy:** Most widely pursued strategies Oracle acquired peoplesoft Mittal steel merget with Arcelor SA in 2006 and formed Arcelor Mittal, world's number one steel company, leader of all major global markets including automotive, construction, household appliances, and packaging.

Growth through: Internal expansion of operation both domestically and globally External

P.t.O

expansion throgh merger, acqubition and strategic alliances.

Mergers: Transaction involving two or more firms in which stock is exchanged but only one firm survives.
Similar size and "friendly".

Acquisition: Purchase of a firm that is absorbed as an operating subsidiary of the acquiring firm.
Different size a and friendly/ hostile:
hostile acquistions are called "takeovers."

Strategic Alliance: partnership of two or more firms to achieve strategically significant objectives that are mulually beneficial.

2. Stability Strategies: Continuing activities without any significant change in direction pause/

P.t.o

proceed with caution strategy: an apportunity to rest before continuing a growth or retrenchment strategy.

No change strategy: Continuance of current operations and policies.

profit Strategies: To do nothing new in a worsening situation but instead to act as though the company's problems are only temporary.

3. Retrenchment strategy: Used when the firm has a weak competitive position in some or all of it's product lines from poor performance.

Turnaround Strategy: Emphasizes the improvement of operational efficiency when the corporation's problems are pervasive

P.t.o

but not critical.

Contraction - effort to quickly "stop the bleeding" across the board but in size and costs.

Consolidation - stabilization of the new leaner corporation.

Captive Company Strategy: Company gives up independence in exchange for security.

Sellout Strategy: Management can still obtain a good price for its shareholders and the employees can keep their jobs by selling the company to another firm.

Divestment: Sale of a division with low growth potential.

Bankruptcy: Company gives up management of the firm to the courts in return for some settlement of the corporation's

P.t.o

obligations.

<u>Liquidation</u>: Management terminates the firm.

Answer to the question NO: 3

Ansoft Matrix: Ansoff Matrix is a strategic planning tool that provides a framework to help executives, senior managers, and marketers devise strategies for future business growth. It is named after Russian American Igor Ansoff, an applied mathematician and business manager, who created the concept.

Strategic marketing planning tool that links a firm's marketing strategy with its general strategic direction and presents four alternative growth strategies as a table (matrix). These strategies are seeking growth:

1. Market penetration: Using a market penetration strategy, the organization tries to grow using it's existing offerings (Products and services) in existing markets. In other words, It tries to increase it's market share in current market scenario.

This can be accomplished by:

a) Price decrease.

b) Increase in promotion and distribution support.

c) Acquisition of a rival in the same market.

d) Modest product refinements

<u>2. Market development</u>: In a market development strategy, a firm tries to expand into new markets (geographies, countries etc.) using its existing offerings and also, with minimal product/services development.

This can be accomplished by:

a) Different customer segments.

b) Industrial buyers for a good that was previously sold only to the households.

c) New areas or regions of the country.

d) Foreign markets.

3. product development: In a product developmen strategy, a company tries to create new products and services targeted at its existing markets to achieve growth. This involves extending the product range available to the firm's existing markets. These products may be obtained by:

a) Investment is research and development of additional products.

b) Acquisition of rights to produce someone else's product.

c) Buying in the product and "badging" it as one's own brand.

4. Diversification: In diversification an organization tries to grow it's market share by introducing new offerings in new markets. It is the most risky strategy because both product and market development is required.

Answer to the question No:4

Profiting from Global Expansion

1. Realizing Location Economies.

2. Moving Down the Experience curve

3. Transferring Distinctive Competencies.

4. Leveraging the Skills of Global Subsidiaries.

1. Realizing Location Economies: Location economies are the economic benefits that arise from performing a value creation activity in the optimal location for that activity, wherever in the world that might be (transportation costs and trade barriers permitting).

Locating a value creation activity in the optimal location for that activity can have one of two effects:

Firstly, It can lower the costs of value creation, helping the company achieve a

P.t.o

low - cost position, or

Secondly, It can enable a company to differentiate its product offering, which gives it the option of charging a premium price or keeping price low and using differentiation as a means of increasing sales volume.

2. Moving Down the experience curve:

a) Experience Curve refers to systematic decrease in production cost that has been observed to occur over the life of a product.

b) Exprience curve allows a company to lower it's cost structure and achieve a cost in relation to it's competitors.

c) As global markets are larger than domestic markets, compaines that produce for a handful of locations are likely to build up accumulated volume faster that companies

P.t.O

that focus primarily on serving their home market or on producing for multiple markets from many different production location. Thus serving a global market from one or a few plants is consistent with moving down the experience curve and establishing a low cost position.

3. Transferring Distinctive Competencies:

Distinctive competencies are the firm specific resources and capabilities that allow a company to achieve superior efficiency, quality, innovation or responsiveness to customers and thus gain a competitive advantage.

They enable a company lower it's cost structure or perform value creation activities in ways that led to differentiation,

p.t.o

premium pricing and increased demand. Companies with valuable distinctive competencies can often realize enormous returns by using those competencies and selling the products that result from them in overseas markets where indigenous competitors lack similar competencies and products.

4. Leveraging the skills of Global Subsidiaries:

Many multinational companies develop valuable competencies at home and then leverage them overseas. However it is becoming increasingly apperent that for more mature multinationals that have already estabished a network of subsidiary operations in foreign markets, the developmenl of valuable competencies can just as well Subsidiaries.