

Yogoda Satsanga Mahavidyalaya
Department of Commerce
M.Com Semester II

Paper Name: Strategic Management

Paper Code: CCCOM202

Unit I: Introduction

Topic: Levels of Strategy

Levels of Strategy

In the business world, there are typically three levels of strategy: corporate, business, and functional.

(A) Corporate Strategy:

This is the *highest level of strategy* that deals with the overall direction and scope of an organization. It involves decisions about which industries to operate in, what types of products or services to offer, and how to allocate resources across different business units.

Example in Indian Context: Tata Group is a conglomerate with diverse businesses such as automobiles, steel, IT services, and more. Their corporate strategy involves managing and growing these varied businesses while leveraging synergies between them. The acquisition of Jaguar Land Rover by Tata Motors is an example of a corporate-level strategic decision to expand into the luxury automobile segment.

The strategic options at Corporate Level include:

Diversification: This involves entering new markets or industries. For instance, the Tata Group in India diversified from steel into areas such as automobiles (Tata Motors), information technology (Tata Consultancy Services), and hospitality (Taj Hotels). This showcases their corporate level diversification strategy.

Vertical Integration: This strategy involves controlling various stages of the value chain. An example is Reliance Industries, which has integrated

backward into petrochemicals, refining, and forward into retail with Reliance Retail.

Portfolio Management: Adani Group's expansion into various sectors such as energy, logistics, and agribusiness demonstrates a corporate strategy of managing a diversified portfolio of businesses.

(B) Business Strategy:

This level of strategy focuses on how a particular business unit or division will compete within its chosen industry. It involves decisions about market positioning, competitive advantage, and value creation.

Example in Indian Context: Flipkart, an Indian e-commerce company, adopted a business strategy centered around offering a wide range of products, competitive pricing, and efficient delivery services. This helped them establish a strong market presence and compete against both local and international e-commerce players.

Strategic Choices at Business Level include:

Cost Leadership: Maruti Suzuki's dominance in the Indian automobile market is attributed to its cost leadership strategy, offering affordable cars with efficient production processes.

Differentiated on: Tanishq's focus on offering unique and high-quality jewelry designs sets it apart in the market, demonstrating a differentiation strategy.

Focus Strategy: Keventers' concentration on premium milkshakes for a niche market is an example of a focus strategy catering to specific customer preferences.

Innovation: Patanjali disrupted the FMCG market in India by introducing innovative Ayurvedic products, leveraging an innovation-focused strategy.

Cooperative Strategies: Flipkart's collaborations with smartphone brands like Xiaomi and Samsung for exclusive launches and deals represent cooperative strategies for mutual benefit.

Market Segmentation: Hindustan Unilever tailors its products for different market segments, with brands like Dove targeting a premium segment and Rin catering to price-conscious consumers.

Remember, these strategies are not static and can evolve over time as the business environment changes. Companies often combine multiple strategies to achieve their goals and gain a competitive advantage.

(C) Functional Strategy:

Functional strategies are specific to different departments within a business, such as marketing, operations, finance, and more. These strategies are designed to support the broader business and corporate strategies.

Example in Indian Context: In the pharmaceutical sector, Sun Pharmaceutical Industries focuses on a functional strategy related to research and development (R&D). They invest in developing innovative drugs and generics, which aligns with their broader business strategy of providing affordable and high-quality healthcare solutions.

Functional-level strategies are plans and actions designed to achieve specific goals within a particular department or function of an organization. There are several types of functional-level strategies that organizations can employ:

Marketing Strategy: This focuses on how a company will promote and position its products or services in the market. It involves decisions about pricing, advertising, branding, and market segmentation.

Operations Strategy: This strategy deals with optimizing the processes and resources needed to produce goods and deliver services efficiently. It involves decisions related to production methods, supply chain management, quality control, and process improvement.

Human Resources Strategy: This involves managing the organization's workforce effectively. It includes recruitment, training, performance evaluation, employee development, and creating a positive work culture.

Financial Strategy: This strategy focuses on managing the company's financial resources. It includes decisions about budgeting, financial planning, cost control, and capital allocation.

Technology Strategy: This strategy focuses on how technology is used within the organization. It includes decisions about adopting and leveraging new technologies to improve operations, communication, and efficiency.

Supply Chain Strategy: This strategy deals with managing the flow of goods and services from suppliers to customers. It includes decisions about sourcing, distribution, logistics, and inventory management.

Customer Service Strategy: This strategy aims to enhance the customer experience and satisfaction. It involves decisions about customer support, handling complaints, and building long-term customer relationships.

Risk Management Strategy: This strategy focuses on identifying and mitigating potential risks that could impact the organization's operations. It involves strategies for managing financial, operational, and external risks.

Sustainability Strategy: This strategy involves incorporating environmental and social considerations into the organization's operations. It includes decisions related to reducing environmental impact, promoting social responsibility, and ethical practices.

Quality Strategy: This strategy aims to deliver high-quality products or services to customers. It involves setting quality standards, implementing quality control measures, and continuous improvement efforts.

Sales Strategy: This strategy focuses on achieving revenue targets and expanding market share. It involves decisions about sales techniques, distribution channels, and customer relationship management.

These functional-level strategies work together to support the overall business strategy and help the organization achieve its broader goals.

In summary, corporate strategy deals with the overall direction of a company, business strategy focuses on how to compete within an industry, and functional strategy involves department-specific plans to support the broader business goals. These levels of strategy work together to guide organizations toward their objectives, and they're crucial for making informed decisions in the dynamic and competitive Indian business landscape.