



## Strategy

- I. Strategic Business Units
  - a. Division, maybe product line, maybe a specific product
  - b. Has its own competitors, own strengths, own customers
  - c. “Pure Play” – An organization that does just one thing (a grocery store that buys and resells groceries only). Has only one SBU.
  - d. Mission Statement defined for each SBU.
- II. Strategy Should
  - a. Focus on Customer Satisfaction
    - i. Don't focus on your *products*. Marketing Myopia
    - ii. Saying, “We make encyclopedias” will only lead to problems when the Internet demands a major shift. “We distribute Information” would be better.
    - iii. “Products are transient, but customer groups and basic needs endure.”
  - b. Be able to reflect organization's skills
    - i. Don't want to be overly optimistic or pessimistic
    - ii. Strengths depend on your level!
      1. Corporate strengths may not help at your SBU level.
      2. Need to think about SBU's strengths / weaknesses
    - iii. For each strength...
      1. How hard is this for a competitor to copy?
      2. Could it be rendered irrelevant by another development?
  - c. Be attainable, given the competition
    - i. Competitors may not be after all the same segments as you – focus on what's relevant.
    - ii. Look at the supply / value chain
      1. How many suppliers do they use?
      2. Cost of materials? Low / high?
      3. Do this for all attributes across the entire supply chain.
      4. Decide: In which areas (Inbound Logistics, maybe) the competitor is really strong and thus unbeatable and in which can you compete?
    - iii. For any competitor's event (e.g. competitor decreases price), am I vulnerable? Will I respond? Will the response be effective? What will the competitor's response be?
    - iv. Ask those same questions for anything you do.
    - v. Be careful about making a move without being able to answer them.
    - vi. Future Competition
      1. Existing competition
      2. New entrants (Wal-Mart becoming #1 in the grocery industry)
      3. Substitute Products (digital cameras replacing film cameras)
      4. Bargaining Power of Suppliers (vertical integration)
      5. Bargaining Power of Buyers
      6. These threaten “not the margins of the firm, but the very existence of the firm.”