

# Management: strategic decision making in a global business setting



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Is the CEO an effective leader and why? Ideas and innovation are the most important currency in the new economy. For the CEO to be an effective leader she needs to provide the vision and platform that will encourage all staff to be innovative in everything that they do for the company. Netflix's CEO is effective in the sense that he shows focus and has provided the company with two clear strategic objectives: to grow a large DVD subscription business and to expand rapidly into Internet-based delivery of content. The presence of clear primary strategic objectives makes it easier for lower level management to develop operational strategies necessary to meet these strategic objectives. Netflix's CEO's clear strategic focus makes it easier for his staff to know the direction he wants the company to take. On the contrary Blockbuster's CEO John Antioco is not effective. An effective CEO must find a way to inspire "followership". Antioco makes two big strategic decisions – discontinuing late fee penalties and entry into the online retail market – that both the board and investors find unconvincing. Without the support of these two key constituents to the business it would be impossible to steer the Blockbuster to success. What actionable strategies do you recommend for growth and sustained profitability? For Netflix, to sustain their market leadership the company should increase its investment (financial, human resource) in knowledge brokering. This means that the company should use their vantage point to spot old ideas that can be used in new places, new ways, and new combinations. For Blockbuster, they would need to probably restructure their organization and run their physical rental and online rental as two semi-autonomous bodies. At the moment the two business models seem to be cannibalizing each other. If run as two different entities, Blockbuster would be better able to tell which offering is more viable

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and could even decide to sell one of the two units and retain the other.

Restructuring could involve having two CEOs running the two units as separate entities.