

Example of strategic management essay

[Business](#), [Company](#)



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Introduction

Globalization has been changing the world in many ways. And, hence, even the organizations need to follow the rules and norms associated with it. The organization, which is planning to expand abroad, needs to analyze the external environment and then, focus upon developing the international strategies. However, it has been observed that, such organizations often focus upon the issues of international configuration such as dimensions of globalization, levels of globalization, international composition and international management so as to handle the challenges in a better way. It has been noticed that, while implementing the international strategies, the same managers are facing the paradox of globalization and localization (Yavas & Rezayat, 2003). They are already having the demand from the local regions, which they need to respond and serve, and since they are expanding, they will also be having the demand for Global synergy. Thus, the organizations before expanding need to analyze the issues of international composition and international management so as to overcome such paradox. They need to identify the countries where they want to expand, and then they need to identify the value-adding activities that would be carried out in

those nations. At the same time, they need to apply the integration mechanisms of standardization, coordination and centralization so as to serve the local markets as well. It will thus, help them to balance a given paradox in a better way.

Further, they need to look at the elements of globalization such as worldwide scope, worldwide similarity, and worldwide integration (Fang, 2006). They need to integrate their operations in such a way that, they are able to serve both the national and international markets. For this purpose, they need to re-define all the functions of the organization, which include R&D, Production, Marketing, Sales, Finance, and Service. They accordingly, need to assign the responsibilities so that they can serve in all the geographic regions.

Now, they need to decide upon the approach toward selecting the integration mechanisms, which will depend upon the priorities and objectives of the organization. They can select centralization, coordination or standardization as per their needs. However, the managers can decide upon international strategies by developing an integrated network that will help in developing close Headquarters and Subsidiary branches relationships. At the same time, they also need to work upon their core competencies on the basis of which, they will be able to establish them at the international locations.

But, now there will be the biggest challenge or paradox in front of the managers while formulating the international strategies. If they chose global synergy, they will find no issues in leveraging resources and aligning product offerings, but they will fail in serving to the national or local markets

(Lechner & Boli, 2005). And, if they chose for local responsiveness strategy, they will fail in their objective of expansion to other nations. We will be analyzing two different cases in order to first find out the situations, and then find out the solutions for a given problem.

In addition, the organization will also require developing the infrastructure at international locations, developing distribution channels, focusing upon market and media structure, comprehending the government regulations, and finally understanding the buying behavior of the people. After studying all these parameters, they will be left with several choices of global convergence, but they need to implement the most appropriate strategy in order to overcome the challenges as well as the paradox issues.

Now, let us consider the case of Ducati, one of the leading automobile manufacturers of the world. This organization was hit due to intense competition from Honda, Suzuki, Yamaha, and Kawasaki. However, it still managed to survive after it was sold to Invest industrial Holdings SpA in 2006. The organization has developed strong networks so as to achieve cost-effectiveness, innovation in the products, and flexibility.

They have around 180 suppliers who are working on majority of the operations of the organization. Ducati is focusing upon R&D design, quality control, machining of crank cases and camshafts, and marketing. They have integrated the suppliers with their daily operations; some for short-term, and others for long-term. It shows how they are aware of the fierce competition, and how they have been developing sustainable competitive advantages in order to overcome the market challenges.

Further, they have developed strategic partnerships on the distribution side

as well. They have completely outsourced packaging, transport and warehousing. Even, there are independent entrepreneurs that are handling the Ducati stores. These stores are linked directly with Ducati, which are then managing the operations in real-time basis. Viewing this, we can at least conclude that, Ducati is playing with limited resources and still gaining strength in the current market situation. They are aware of their strengths and weaknesses, and hence, they have established international networks so as to utilize the resources in the most optimistic way.

The customers are allowed for discussion through live forums and through other online platforms. It will thus, help them to modify their products as per the feedbacks and needs of the customers. They are directly linking these feedbacks to their respective R&D Department.

They have even formed partnerships with marketing organizations so as to advertise and promote their products. Thus, their strategy seems to be working good across the nations, since they are not riding alone, but are taking all the entities together and then functioning in a given environment. Their international strategy thus, seems to be quite simple since they are focusing more on developing international networks with the suppliers, with the customers, and with rest other entities. It will thereby, help them not only to achieve the desired objectives but will also help them to overcome the stiff market competition.

In another case of Imtech, CEO Bruggen believes that, not only technology, but also applying information and communication are that much important while going for internationalization. It is important to understand the needs of the customers, and accordingly, develop the products that will match with

their needs. Imtech has been operating into three different segments, which include industry, buildings, and infrastructure. In the buildings sector, it is found that, Imtech has been working in collaboration with the general contractor. Their operational activities include designing, installing and maintaining the technical systems. They are also providing clean room technological solutions along with logistics automation.

According to Bruggen, clients are paying for the tailored solutions for their problems, and hence, the organization needs to function accordingly. And, hence, for understanding the exact needs, they are working in relationships with the local firms. The local firms have an expertise in speaking the local language, understand the exact needs, and in identifying the local circumstances. Imtech thus, seems to believe more in developing relationships with the local firms. They are aware of the fact that, by establishing better collaboration with the local firms will help them to sustain in a given international market scenario.

The organization also believes in decentralizing all the authorities and initiatives to the local country managers, since they can handle the situations in a better way. Imtech, however, does not avoid the cross-border synergy potential, but they want to give more opportunities to the intra-firms. Imtech has expanded in various nations only on one management prospect that of developing relations and networks with the local firms. It is just like the mentor-mentee relationship, wherein the mentor is providing resources and guiding the mentee, and the mentee will be following as per the situation of local market environment.

Imtech, thus, wants to build strong cooperation on the basis of which, they

will be able to function in a better way. They are aware of their strengths and weaknesses, and hence are capitalizing on the international opportunities by developing strong relations with the local players.

Conclusion

Thus, looking down from the strategic perspective, in order to solve a paradox of the global and the local markets, it is more important to focus upon the needs of the customers first, and then find out the ways to fulfill those needs (Harrison, 2006). The organization can select a wide range of strategies to achieve this task, but they need to consider the cost factors, the competition variables, and the value propositions while delivering those products. It will help them to create a 'win-win situation', for both the local and international markets.

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