

Corporate strategy case studies example

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



Abstract

Corporate strategy is the effective use of resources at the disposal of the management of the organization in ensuring that the company meets its goals and objectives. This paper looks into the corporate strategy adopted by Dyson Company drawing inferences from its strengths, weaknesses, opportunities and threats in the home appliance manufacturing market. It also presents an overview of strategy that the company can employ that is effective in ensuring that the firm achieves its goals. Further, the paper examines the McKinsey's 7s Framework as a potential strategy implementation approach for Dyson Company. It relies on corporate strategy theory in evaluating the strategy of Dyson Company.

Dyson's Competitiveness

Dyson is a company based in the UK that manufactures hand driers, heaters, vacuum cleaners and bladeless fans. Its founder is James Dyson who named the company in his last name. The company has operations in fifty countries worldwide providing employment to over four thousand people. The firm has a long history of dedication to the improvement of the appliances that it produces with each prototype development presenting improved performance from previous versions. The firms' dedication to better technology in their appliances stems from the dedication of its founder James Dyson, who himself created up to 5, 127 prototypes of his first vacuum cleaner before he arrived at the perfectly functioning prototype (Dyson, 2014).

The development of the first prototype of the Dyson vacuum cleaner the

DC01 was a threat to the vacuum cleaner markets in the UK and the United States of America based on the fact that no company would license the DC01 for production. The main reason behind their lack of commitment was that the DC01 was a bag-less vacuum cleaner. At the time, the vacuum bag market was worth at least \$ 500m USD making the Dyson a great threat to the profits earned in the vacuuming industry. However, Dyson found favor in Japanese company Apex in 1986 that licensed the production of the Dyson design in the G-Force. It performed well in the Japanese market as it was feted with the Design Fair prize in Japan in 1991.

The success of the company in Japan steered success in its growth into the American market and the UK market and later into other parts of the world.

The DC01 launched in the UK with a transparent container that had the design team skeptical of its success in the market but later was a major selling point for the Dyson. In less than two years, DC01 had become the best-selling vacuum cleaner in the entire United Kingdom and a prototype for imitators (Dyson, 2008).

The success of the company in the past and the present have been hinged on its branding and product placement which is driven majorly by the enthusiasm of its founder James Dyson. His commitment to the development of talent and innovation led Dyson to set up the James Dyson Foundation that runs on a charitable trust and is dedicated to encouraging the next generation of designers in engineering. Majorly it's focused challenging the creativity of the engineers to be inventive in their field. To top this, the foundation gives the Dyson Award to exceptional engineers with innovative ideas along with a cash prize of 30, 000 British Pounds and another ten

thousand Pounds for their universities (Johnson, et al., 1958).

The environment in which Dyson operates is such that competition is quite stiff based on the nature of the vacuum cleaner business. Its initial strategy that involved it ensuring that it sets itself apart through differentiation is quickly losing grip since imitations of its bag-less vacuum cleaning technology has already flocked the market at cheaper prices. Essentially, Dyson must react to this competition by investing in newer ways of differentiation. In this regard, the management at Dyson should not relent in its efforts to support innovation in engineering especially in research on improving the quality and performance of Dyson products (Dyson, 2004, p. 631).

Dyson is best known for its vacuum cleaning product despite the fact that it is engaged in developing other household products mainly heaters, hand driers and fans. An analysis of the global vacuum cleaner market reveals that demand is mainly driven by replacement purchases at the end of a cycle of the life of the Dyson cleaner which mainly lasts up to eight years. In other markets, the Dyson vacuum cleaner receives little sales because tiled floors are preferred which do not hold dust as carpeted floors do. All in all, Dyson should grab the opportunity presented by its leadership of the vacuum sales in the market to enhance word of mouth strategies driven by satisfied customers in regions of sales to improve on them. More importantly, Dyson must continue its commitment in innovation as a discipline of creativity that helps in developing products in anticipation of future dynamics about the needs of the market (Torun & Cicekci , 2007, p. 8).

Another essential element that Dyson is faced with is the viability of the markets in which its products are sold. Essentially, the market conditions in the United States and the United Kingdom are such that the sales are driven by replacement purchases as earlier mentioned. Hence, the bargaining power of customers in these two markets is limited due to the unreliability of demand in these markets. However, traversing into the Indian market and the Chinese market, Dyson may yet find a growing market for its products. This is because these two markets are emerging economies with a flourishing middle class. What this means is that with the development of these economies Dyson may yet find a new and ready market for its vacuum cleaner and other home appliances in each one of these emerging markets (Dyson, 2004, p. 634).

Similarly, a closer look into the political, legal, economic, social, technological and environmental analysis reveals that all but political and legal aspects have not been discussed in the previous paragraphs. In this regard analysis of the company's political set, up is one that is stable given that the company is and branded by the reputation of its founder James Dyson. Moreover, the political structure in terms of leadership of the company is not in dispute. Therefore, this political stability within the company is essential to its operations around the world especially in the coordination of decisions made and in delegation (Dyson, 2008).

On the other hand, the greatest legislative huddle that the company has faced so far was in the difficulties that it faced in the initial stages of its formation that mainly encompassed problems in the registration of the company or its licensing to operate. However, the form has since overcome

this challenge and grown to penetrate into various financial markets of the world growing into the world's leading supplier of vacuum cleaners alongside other household appliances. For this reasons, the company stands a better chance in the future in regard to legislation on its operations (Dyson, 2014). Principally, the analysis of the operations of the company shows that historically it has triumphed to overcome its weaknesses through a strategy based on innovation. Further, the company has successfully penetrated the home appliances market to become a leading supplier in sales of vacuum cleaners in the world. Its strong brand is based on its strategy that emphasizes on innovation that makes customers associate Dyson products with the latest technology in the market. For this reason, the analysis reveals that Dyson would lose if it were to change its innovation focused strategy as this is the only element that sets it apart from imitators. Further, the charisma of its founder James Dyson also imparts various elements of product branding and placement which give Dyson products an edge over the competition. The analysis has delved into the strengths, weaknesses, opportunities and threats that Dyson faces as a home appliance manufacturer in the world market.

Strategy for Dyson

The implication for the PESTEL and Potter's Five Forces analysis in the previous section provides an evaluation of options that the management of Dyson can explore in the management of its business. Foremost, the political structure of the organization serves to suit it indecision making. Essentially, the organization is at an advantage since the decision making process is smooth and hence will be quick to achieve. The business can explore

multidimensional management modules where the central management delegates some managerial duties in decision making to regional managers across the areas of the firms' operation. In this regard, the management of Dyson ensures that the governance of the organization's units is customized to the specific needs of individual market segments. This proves effective in the responsible utilization of resources such as is in product promotion and product research and development (Driouchi & Bennett, 2012, p. 39).

Secondly, Dyson's management should consider exercising more of customer focused growth strategies. For instance, its strategy to enter into the emerging economic markets where there is a promise of continued growth and development of a vibrant middle class presents an opportunity for the expansion of the company in the Indian and Chinese markets.

Majorly, sales from these markets would offset the slowing sales in the American and British markets since purchases in these markets are solely driven by replacement intentions. More importantly, the management of Dyson should employ strategies such as market segmentation that majorly involves differentiating markets and their specific needs. This would give the company more customer focused approach. In addition, it would serve to ensure that the company does not waste resources on marketing products that are not tailored to the requirements of the market (Liabotis, 2007).

Thirdly, the company can explore customer service options as a means to set itself apart from competitors and have an edge over the competition. For instance, the company can offer shipping services to regions where its offices are not set up. Similarly, it can set up service shops in regions where it enjoys the presence to encourage consumers to approach technicians in

the shops in case their appliances present them with technical difficulties. Likewise, the company can give warranties of longer period's durations such as five years and a surety of free or subsidized repair charges in the case of any breakdowns of the machine in the period within which the warranty is valid. In the end these customer focused approaches would in effect ensure that the company can attract adequate customers to sustain the sales of its home appliances across the globe (Liabotis, 2007).

Another strategy to consider is the pricing of the appliances produced by Dyson Company that to a large extent has been branded as premium pricing; whereas premium pricing works to the advantage of the company since the organizations products are associated with some form of aesthetic value, it is increasingly becoming a challenge especially in the light of cheaper imitations. The company has to make a decision to drop its stand on premium pricing and focus more on the production of products that are affordable. However, this does not indicate that the firm compromises on the quality of the products that it produces. Rather, it suggests that the firm makes strategic investments in research and product development that is focused on reduced prices of Dyson home appliances without compromising the quality of the products (Liabotis, 2007).

In essence, these optional approaches would serve to accrue several benefits and market advantages to the company Dyson through its expansion to new markets, customer focus and market friendly pricing of its home appliances. As a result, the company stands a chance at maintaining its lead over the competition as the largest company in terms of volume of vacuum cleaner sales in the world.

Recommendations for Strategy Implementation

Foremost, the strategy depicted above in the previous section is essential in ensuring that the company sustains its competitive advantage in the home appliances manufacturing industry and centrally about the vacuum cleaner market which is its main product sales driver. An efficient approach to achieving the goals depicted in the previous section through strategy development can be explained and achieved through McKinsey's 7s Framework namely; Shared values, Style (culture), Staff, Systems (Processes), Structure, Skills and Strategy.

First, Dyson's plan in regard to how it intends to capture certain market segments forms a great basis of Strategy that is the first S of the seven. Planning is central to ensuring that resources are appropriately utilized and that they are as well channeled into the right options for the promotion, research, product development or otherwise efforts in tailoring the products for specific market segments in the locale (Hanafizadeh & Ravasan , 2011, p. 25).

Secondly, the Structure of the organization defines the power relations in Dyson such that it is clear who reports to whom in the power relationship. The power relation at Dyson is flat implying that there are no protocols to be followed or adhered to during communication. Whereas this proves effective in breaking down hierarchical barriers in the management of the firm it may at times prove ineffective due to the lengthy hours that it may take to make decisions on urgent issues. Hence, the management of the company should explore ways of minimizing on these (Hanafizadeh & Ravasan , 2011, p. 25). Thirdly, Shared Values refer to the corporate culture and the general work

ethic in the organization. While the culture at Dyson is based on innovation it should encompass customer focused the ingenuity to ensure that it brings customers' requirements on board the creative teams (Hanafizadeh & Ravasan, 2011, p. 25).

Fourth, Staff encompasses characteristics of the employees specifically to do with their capabilities. Stemming from the culture at Dyson that is based on ensuring that employees are innovative in either of their capacities, it is noteworthy that this commitment to innovation is instrumental in the achievement of its goals through the implementation of the strategy mentioned above (Hanafizadeh & Ravasan, 2011, p. 25).

Fifth, Skills refers to the competencies of the personnel working in the company. The commitment of the company in developing its staff to be innovative and creative is a sustainable approach to maintaining its lead in the market. Essentially, it should continue its efforts in developing creative talent among engineers (Hanafizadeh & Ravasan, 2011, p. 25).

Sixth, Style refers to the approach of leadership that is adopted in providing direction for employees in the organization. Whereas Dyson's success has largely relied on the corporate culture that stems from the founder's personality in regard to creativity and innovation, the company should invest more on product features in revolutionary and evolutionary innovation (Hanafizadeh & Ravasan, 2011, p. 25).

Lastly, Systems refers to the daily activities and procedures that staff members engage in to get their jobs done. Dyson must ensure that its systems are clearly defined especially in the development of its product prototypes. Matters regarding the testing of the product and other protocols

must be observed to the letter. It is of utmost importance that the company retains its reputation as an innovator in the industry and as a market leader in the generation of quality lifespan machines (Hanafizadeh & Ravasan , 2011, p. 25).

Basically, these seven S approaches provides a lean but effective approach that can be employed by the management of Dyson to effectively implement the strategy discussed earlier on in the preceding section of this paper. Essentially, an implementation that encompasses these seven S approaches is effective in delivering on the goals and objectives of the organization.

Works Cited

- Driouchi, T. & Bennett, D. J., 2012. Real Options in Management and Organizationa Strategy: A Review of Decision -making and Performance Implications. *International Journal of Management Reviews*, 14(1), pp. 39 - 62.
- Dyson , 2014. About Dyson. [Online] Available at: <https://www.careers.dyson.com/about/default.aspx?panel=whereWeAre>[Accessed 24 3 2014].
- Dyson, J., 2008. *Against the Odds*. s. l.: South Western .
- Dyson, r. G., 2004. Strategic development and SWOT analysis at the Universoty of Warwick. *European Journal of Operational Research*, Volume 152, pp. 631 - 640.
- Hanafizadeh, P. & Ravasan , A. Z., 2011. A McKinsey 7S Model-Based Framework for ERP Readiness Assesment. *International Journal of Enterprise Information Syatems*, 7(4), pp. 23 - 63.
- Johnson , G., Scholes , K. & Whittington , R., 1958. *Exploring Strategy*. London : Prentice Hall .

Liabotis, B., 2007. Three Strategies for Achieving and Sustaining Growth. Ivey Business Journal: Improving the Practice of Management, Volume July/August.

Torun , H. & Cicekci , C., 2007. Innovation is the Engine for Economic Growth , s. l.: IZMIR.