

Good essay about generic business strategy

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



Michael Porter authored the three generic business strategies that include complete cost leadership, concentration on a specific market niche and differentiation. According to the business strategy guru, the application of these strategies is effective to come up with a strong position in the market and do better than the competitors. He, however, explained that the merging all of these generic strategies will turn out to become challenging and quite risky to the performance of a company .

Porter cited that focusing on one strategy will help the company concentrate and design and uplift the company's performance to its future course; otherwise, a firm that takes on more than one strategy is going to get caught trapped in the middle of the competition. In order to expound on this, he argued that injecting differentiation in the company will acquire charges and expenses to the company that is an obvious opposition to the depleted expenditure strategy. One of the possible source of incurred costs to maintain product and service differentiation is to spend and invest on research and development. Imitation is a real culprit in the business and customers does not spend money or go for an extra cost for something copied from another brand, thus, losing its value. A firm should put money on exploring and investigating what will make their products exceptional that will make their customers embrace it and are willing to pay. This research and development is also a recurring cost as the customer's preference and taste change. The features that make a firm's product very attractive this year may no longer be attractive next year as competitors may come up

with a more smart features that draws the people's attention .

Similarly, a product built based on regulated and homogenized feature will not draw attention and appeal to the customers, thus, does not agree with the strategy of differentiation. According to the strategy of the differentiation, a company must create and invent a feature on its products and services that will make its company unique and diverse from other firms. Regardless if the innovation developed is authentic or simply an illusion, the customers must distinguish and remember that product or service has an uncommon attribute that does not exist with the other products. This differentiation may result in the form of technology, warranty, quality or value or product image. Thus, based on this line of reasoning, combining generic strategies is going to bring challenges to the execution of the company's strategy. This illustrates how the crucial objectives of the two strategies clashes and contradicts and therefore, results to inappropriate establishment of direction for a company .

Being jammed in the middle also happens to start-up companies who invest in small capital and expenditures and keeps on adding embellishments to its products that do not add value to the customers. In this situation, the business gets the burden of the cost of the embellishment, at the same time, the customers do not receive and experience any form of benefits from the adornment of the product. Also, some start-up companies experience pressure from the continuous introduction of various technologies to improve products and services. If owners and managers do not manage its strategies and approach well, the company may end of slicing costs in different areas

of its company that may cause damage to the advantage that the company has.

Works Cited

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