

# Stability strategy essay sample

[Business](#), [Strategy](#)



## 1. Stability strategy

( Example ) Bata Ltd

Stability strategy sometimes is referred to as neutral strategy. It is a strategy adopted when the organization wishes to maintain the existing level of business operations and maintain its present level of profitability. \* It means that the stability strategy is adopted when the organization is doing fairly well but no scope for significant growth. It is known as no-growth strategy. \* It tries to achieve the same level of growth as it had achieved in the past few years. \* It continues to serve the same class of customers with same class of products. \* It continues to maintain the same level of annual growth as it was in the past. \* It pursues the same objectives and maintains same level of competitive advantage. \* It emphasis on incremental improvement of functional operations. \* It is largely used by the organizations which are confident enough they can continue to take same level of competition advantage.

### a) No change strategy

This stability strategy is a conscious decision to do nothing new, but to continue with the same business. This could be characterized as an absence of strategy though in reality it is not so. Taking no decision is sometimes a decision too. When firms faced with predictable and certain external environment and a stable organizational environment , a firm decides to continue with present strategy. there are no significant opportunities or threats. However it should be confused with companies that are inactive or which do not wish to change its strategy due to inertia. Several small and medium sized firms operating in a familiar market, more often in the niche

market with limited scope and offering products through time tested technology rely on no change strategy. This strategy holds good until an emergency threat occurs which threatens the existence of the firm.

#### b) Profit strategy

No firm can indefinitely continue without any change strategy. Sometimes situations change where company is expected to take action by adopting profit strategy. A firm may assess the situation and assume that its problems are short lived and will go away with time. Till then the firm will try to sustain its profitability by artificial measures by adopting a profit strategy. Eg: when profitability drops measures like cost cutting, raising prices, productivity to tide over temporary difficulties. This strategy works if the problems are temporary. If the problems persist then this strategy does not work. Example : Kingfisher airlines before liquidation tried all these strategies

#### c) Pause and Proceed Strategy

Employed by firms that have had extensive expansion and wishes to rest before moving ahead. The purpose is to let strategic changes seep down the organizational levels; allow structural changes to take place etc. This strategy is a temporary strategy like the profit strategy; however it is a deliberate and conscious effort to adjoin major strategic changes. It differs from the profit strategy in the way objectives are defined. Example : Hindustan Lever manufactures shoes for export outside India and has not marketed the shoes in India