

# Global strategy essay

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Global Strategy Challenges to the global strategy come in various forms. It doesn't just pertain to internal factors but external as well.

Porter's Diamond or comparative advantage theory deliberates four main factors that shape a global strategy; factor conditions, supporting industries, demand conditions and firm's strategy, structure and rivalry. Factor conditions take into account basic (natural) and advanced (technological) resource but the fact remains that efficient use of such source is more important than its abundance. Similarly the success of related industries has a good or adverse impact on another industry while demand of any segment needs to be looked carefully before establishing a strategy. (Source: Business Analysis pp. 79-81). Other factors include the art of management and the art of forming strategies one should adopt when heading a team.

But not every individual has these qualities which makes it essential for organizations to have different people with various qualities. This will culminate in the form of team work that can lead to a better outcome as the fact remains that the answer to success lies in the fact that one should value the other individual, no matter how much it might clash with your point of view as there can never be ONE solution to any problem alone. (Source: Global Strategy: The Challenges of Leading an Organization into the Global Arena) There are various strategies that a global, international, and multinational company can adopt. In the simplest form all such companies can opt for strategies that are either 'building', holding', 'harvesting' or 'divesting'.

Such broad strategies can be applied to products, segments and even strategic business units. Build strategy signifies that in order to enhance the market share of the company, short term benefits should be forgone, thereby investing further into the business. On the other hand harvest strategy seeks for gains on the short term horizon at the cost of long term strategic development i. e.

the opposite of building strategy. At times it's better for companies to just sustain their existing position which is best reflected in holding strategy. While in trouble situations divest strategy can be applied to liberate limited resources on some other profitable ventures and ease the burden of cash flows. (Source: Business Analysis pp.

79-81) Every strategy is advantageous according to the need and requirements of the company. This can also be laid down in Ashridge model which highlights the attractiveness of the options available, balances the company's needs with opportunities in the market and provides a strategic fit based on the competence and prospective synergy that can be created by the entity. (Source: Business Analysis pp. 79-81). Therefore in the current recession the best option would be build strategy because most of the products and units are cheap at the moment.

Sooner or later it is expected that the global market will pick pace as a result prices will start rising and the organization will be able to maximize their profits.

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