

Capstone simulation

Business



Factors That Need To Be Addressed When Developing a Global Strategic Plan in Capsim Companies

Capstone is a business simulation that aims at teaching different business strategies for companies that are competing globally (Betts & Ofori, 2000, p. 511). Companies that participate in the capstone simulation challenge face a scenario that is complex as well as evolving fast, where businesses performance is enhanced through strategic planning. The main aim of this strategy is to bring a complete change to poor performing companies by ensuring customer satisfaction and production of cheaper products. While carrying out strategic planning there are several factors that need to be addressed. To start with, a company has to understand its present position in the industry. Position means that a company should assess its strengths and weaknesses as well as the possible opportunities and threats (Betts & Ofori, 2000, p. 512). After having such an understanding, the company will be in a better position of minimizing its weaknesses, and at the same time exploiting every opportunity that comes its way.

Another factor to address is the competitive nature of the market. Betts and Ofori (2000, p. 515) asserts that competition trends in the market have to be studied closely in order to determine a specific company's capability of selling its products. Companies that produce similar products need to be analyzed and their marketing abilities discussed. Through this consideration a company will be able to determine the possible threats posed by new entrants into the business, as well as threats of potential substitutes. In addition to that, a company will be in a position to determine the bargaining power of both the suppliers and buyers. This factor analyses all the market forces that are linked to competition intensity within a certain industry (Betts <https://assignbuster.com/capstone-simulation/>

& Ofori, 2000, p. 515). The extent of rivalry that exists between the competing companies needs to be determined, since any competitive move made by a single company may greatly affect other companies.

Betts and Ofori (2000, p. 525) argues that market attractiveness is also another factor that needs to be addressed when developing a strategic plan in a global context. This is where the business strength is analyzed, by assessing the possible factors that determine the market attractiveness. This can be done through carrying out an assessment of market growth-rate and the company's profitability. Market attractiveness is a critical factor in business, since if a company has low market attractiveness it is likely to suffer from low sales. As a result a business has to keep high its strengths in order to attract a greater market. For instance, a company may decide to incorporate new production strategies in order to come up with new and better products (Betts & Ofori, 2000, p. 526). By so doing, market attractiveness will be attained as customers may take a move of liking the new products in the market.

Lastly, the production strategies of a particular company need to be addressed, which will see how the company goes around with its production process (Betts & Ofori, 2000, p. 528). There are two main strategies to be discussed here when developing a strategic plan: the overall lower-cost of the company and differentiation strategies. Companies need to come up with strategies of minimizing costs but at the same time improving on profits-lower costs. Moreover, a company needs to do its things differently from the other companies in the industry- differentiation (Betts & Ofori, 2000, p. 532). For instance a company may ensure the production of commodities and services that are superior as compared to companies that produce similar

products.

References

Betts, M., and Ofori, G. O. (2000). Strategic planning for competitive advantage in construction industry. *Construction Management and Economics*, Vol. 10, 511-532.