

# Developing a corporate strategy



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## **Introduction**

Business strategy known as “ business unit strategy”, is fundamentally concerned with the actions required to create superior customer value in the firm’s target markets with the ultimate goal of achieving superior performance. It includes determination of the product-market investment strategy, customer value proposition, assets and competencies, and functional area strategy. It is the embodiment of corporate strategic thinking. Business strategy has its characters such as profitability, commitment, adaptability and opportunity. (Nag R. 2007)

Strategy is the corporate forward, is the corporate blueprint, based on which the corporate build their customer loyalty, win a sustainable competitive advantage relative to its competitors. The purpose of strategy is to establish the corporate position in the market, compete with competitors successfully and meet customer needs, achieve superior performance of the corporate.

Strategy needs to be developed and executed in the context of a dynamic market. To cope, it is important to develop competencies in strategic analysis, innovation, managing multiple businesses, and developing SCAs.

## **Developing a corporate strategy**

Business strategy is an overall plan. Making the four elements together is actually a strategic program development process, which is the developing a corporate strategy. The purpose of s developing a corporate strategy is to develop a corporation’s future business objectives to achieve the program.

Based on the external analysis and internal analysis, the strategic market management is made, the external analysis includes customer analysis, competitor analysis, market/submarket Analysis and environmental analysis; the internal analysis refers to performance analysis and determinants of strategic option. The external analysis identifies opportunities, threats, trends, and strategic uncertainties to improve strategic choices – decisions as to where and how to compete, customer motivation analysis can provide insights into what assets and competencies are needed to compete. (Jay B. Barney, 1986)

identifying customer groups that can support different competitive strategies that can be based on a variety of customer characteristics, such as benefits sought, customer loyalty, and applications.

It must be internally consistent with the ability of the enterprise conditions, adapt to environmental changes and trends externally. Therefore, to develop the strategic planning, the analysis and forecasting of internal conditions and external environment must be developed firstly, and it should give full play to the advantages, avoid threats, seize opportunities to gain business victory.

Without assets and competencies the corporate could do nothing, assets and competencies are the firms competencies are intangible assets, could evaluate the firms' competitive position. The assets structure and core competencies should be clearly understood to chart a strategy.

Functional Strategies and Programs include manufacturing strategy, distribution strategy, brand-building strategy, communication strategy,

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information technology strategy, sourcing strategy and so on, to develop a business strategy, they are a major part, according to the Functional Strategies and Programs, the firms know how to complete the strategy

### **Well-developed business strategy**

The well-developed business strategy should include four key dimensions: the first is well product-market investment strategy, we all know that cash-flow is the pulse of any business, and marketing is what gets you cash-flow, through the external analysis and internal analysis, the corporate could understand the market, competitors, customer' motivations and itself performance holistically, choose the most appropriate strategy.

The second is a strong customer value proposition, the customer value proposition needs to be clear, concise and compelling. In order to develop a strong customer value proposition, firms need to have a thorough knowledge of their potential/current customer base. The firms identify customer needs through market research and analysis, develop clear and concise value propositions reflecting those needs, the tangible results which customers can reasonably expect from using the firm's products or services.

The third is the assets and core competencies, the assets and competencies are not easily copied or neutralised by competitors. The key success factors are the skills and competencies needed to compete in a market. According to the deep analysis of assets and core competencies, the firms could develop an actual adaptable strategy, they take a leverage enables firms to get more out of what they already have. (Hugh Davidson, 1998)

The fourth is good functional area strategy, including manufacturing strategy, distribution strategy, brand-building strategy, communication strategy, information technology strategy, sourcing strategy and so on.

Volkswagen group's success in china(Johannes Wyrwoll, 2007)

Volkswagen is the largest automaker in Europe, the word “volkswagen” means “people's car” and people's desire is above all else, Volkswagen' products is focus on most of the general population that shows its customer analysis, supply the high quality cars to the customers at low price.

relying on the right market analysis,

Volkswagen entered China in 1983 with another consideration: china based and go back to the Southeast and East Asia markets occupied by the Japanese and Korean competitors.

According to Volkswagen's investment experience in Brazil, South Africa and other developing countries, insight of huge Chinese submarket, Volkswagen entered the Chinese market in the first, and holding long-term strategic considerations,

To meet the users' desire, this has always been the aim and demand, no wonder they can effortlessly seize the hearts of most Chinese potential users: there is no need to be too advanced technology, cheap, durable, easy to use were the desires of Chinese customers at that time.

At that time, the Chinese auto technology was very behindhand, Volkswagen' advanced technology formed a prominent competitive

advantage in china, in addition to the government's policy, Volkswagen' strategy was smoothly implemented at first.

In order to achieve the desire of customers, Volkswagen implemented a series of functional area strategies, manufacture strategy and sourcing strategy were implemented: establishment of domestic funds to solve the lack of funds, continuously improving product quality. Customer relationship program and other functional strategies and programs were implemented at the same time.

## **Conclusions**

Volkswagen group's business strategy in china achieve a great success, the aim of the product relies on the best customer analysis and strong customer value proposition, according to the external analysis and internal analysis, Volkswagen group has great confidence in entering china market, assets and core competencies and good functional area strategy provide a guarantee to the implementation of the business strategy.