

# The dow chemical company



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The Dow Chemicals seem to be well-developed with a competitive market strategy. Whereas the Dow's basic strategy is based on their mission and vision. The company's objectives are: The main objective of the Dow is to be world's leader in chemicals and plastic manufacturing.

In 1995, the Dow Chemical Company set an objective to enhance our environment, health and safety performance.

To improve the product stewardship and innovation to solve some of the world's most pressing problems, and to reduce our global footprint.

Prevent hazardous waste from threatening public health or harming the environment.

To attain Energy efficiency, Product safety leadership and contributing to community success.

#### BUSINESS STRATEGY:

The Dow Chemical Company seems to be the most developed with a competitive marketing strategy. Dow's main strategy is to produce chemicals and plastics manufacturing process. The main objective of the Dow is to be world's leader in chemicals and plastic manufacturing. Whereas making a long-term profit and developing a new customer demand in the global markets of Europe and Asia. The company analyses the new updated market opportunities and new technologies. The new strategy of Dow is to develop a competition in the selected markets. They play a vital role in the macro environments where they consider the current economy interest rates.

The Dow mainly concentrates on the consumer needs by developing the new products and services to satisfy the customer needs.

Source: [http://www.essays.cc/free\\_essays/b2/utv175.shtml](http://www.essays.cc/free_essays/b2/utv175.shtml)

Source: [http://www.dow.com/innovation/collaborate/pdfs/ncnet\\_webinar.pdf](http://www.dow.com/innovation/collaborate/pdfs/ncnet_webinar.pdf)

The general strategies adopted by the company are:

### **E-Business strategies:**

“ Our focus is making sure we are a sustainable growth company. The best way you can do that is to be very productive, very customer focused and create an organization that delivers new ideas.” (David Kepler, 2002)

The company’s website ([www.dow.com](http://www.dow.com)) acts as the major communication tools between the company and the customer. The website provides various valuable information about the companies different functions. The company is mainly recognised for its customer services among the chemical industry and one company that used IT and internet enabled technologies to serve its customers.

The other strategy the company came up with a strategy and they called it THE SIX SIGMA INITIATIVE. This strategy is mainly a cultural change program that accelerates perfection.

It mainly includes:

Mentaining the quality:

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Dow Chemicals believe in making quality products for the welfare of their customers. Thus the company's quality performance is being excelled by adopting such strategies. The company is dedicated to be the leader in providing quality products and services which exceed the customer expectations.

Quality performance is a commitment to excellence by each Dow employee and it is achieved by team work and a process of continuous improvement. Quality managers play an important role by assuring that the company can produce and deliver quality products and services expected by its customers.

#### PORTER'S GENERIC STRATEGY:

The three basic choices or focus of the firm is Cost leadership, Differentiation and Focus, which is explained Porter's generic strategy.

Cost leadership strategy in DOW chemical's: Cost is the main aspect in business. This strategy is based upon organising and managing the value adding activities of business, so that it will be low cost producer of goods and services within the industry. This strategy is adopted to gain a competitive advantage. There are many ways to achieve a cost leadership strategy in business, among them the two most important ways are as follows;

Increase in profits, by reducing cost. Coating average price of industry.

Charging low price and gaining market share, still earning a considerable profits.

Because of unstable US economy, Most of the American companies are adopting cost cutting strategies for their business to compensate with the rising cost and decreasing sales. These companies should learn from DOW chemicals on how they managed their cost, sales and revenue.

“ We look at cost management from a strategic point of view,” says Mack Murrell, Dow Chemical’s vice president of IT. “ I’ve always got a three to five year look ahead on costs.” (Meridith Levinson, 2008)

Cost containment approach of DOW involves different business and economic scenarios planning, which is working effectively for the \$54 billion company. In the first quarter of 2008 DOW earned \$0. 99 per share (On \$941 million in profit). The outlook for the second quarter of DOW was strong. There was little over one percent on revenue of DOW’s IT costs.

The IT costs of DOW has been tightly controlled in spite of organic revenue growth, global expansions, the reason behind this is, it maintains a suitable level of IT standardization.

“ Murrell says appropriate standardization means the number of solutions is equal to the number of problems. In other words, he says, “ You’re not doing things twice that need to be done once.” (Meridith Levinson, 2008)

DOW’s advantage:

Dow’s highly standard system design and implementation play an important role by controlling its IT cost. The main strategy of DOW is to buy application in package and configure them, so that it can be utilised and implemented across all DOW’s businesses and geographies.

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Focus strategy on DOW chemical's: Companies use focus strategy to concentrate on a particular market, by understanding the needs of the customer at the particular market. This strategy is adopted to concentrate on narrow segments and to achieve either cost or differentiation strategy.

Differentiation:

As the companies objectives define that the company is keen to come up with new ideas and always ready for innovation. The company also concentrates on the product differentiation which takes them separately from its competitors. The company mainly strives to produce new and better goods for their customers.