

SESSION 9. CORPORATE STRATEGY AND DIVERSIFICATION: NEWELL WRAP UP

Competitive Strategy
Luis Garicano

NEWELL'S TAKE AWAYS

- o Strong link between competitive advantage of individual business units and corporate strategy
 - unusually clear case of synergies realized
- o External and internal consistency of corporate strategy

External:

1. fit with move towards discount retailers;
2. deals with W-M buyer power

Internal:

1. develop key resources (merch, manuf, ...)
2. tailor organization to strategy
3. enter systematically new markets where those resources can be leveraged

2

NEW ACQUISITIONS

Opportunity to redefine corporate strategy/develop new resources

but dubious fit

Different target size

- o Calphalon may be a good experimentation opportunity
- o Rubbermaid could put in danger the entire strategy

3

FOLLOW UP:

Disaster ensues!

Some existing units lose margin

Rubbermaid loses innovation ability

By 2000, huge drop of stock price, from \$49 to \$18.

November 2000, McDonough resigns.

4

IEWELL RUBBERMAID INC

as of 26-Nov-2007

Splits: ▼

