**Week 4: Strategic Evaluation and Recommendation**

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Strategic Evaluation and Recommendation

Renaissance Learning is an education technology company, which specializes in kindergarten through twelfth grade reading and mathematics. To stay relevant in this fast-paced industry they need to have strategies at the business, corporate, and global levels.

# Evaluate potential business level strategies for the organization.

A business level strategy tries to set the focus between the who, what, and why components of the company’s direction (Hitt, Ireland, & Hoskisson, 2014).

The first aspect is to choose who the company wants to target as their primary and secondary market segments. For instance, Renaissance has chosen to focus heavily on elementary and middle schools and not address college level students. Because of this, sales teams go after school districts which have huge numbers of students instead of the smaller sector of advanced degree students.

The next aspect is to identify what the customer expects from the products and services offered. If the customer expects the highest quality available, they be willing to pay a price premium. In contrast customers that are looking for a solution which “just works” may turn up their nose at any upselling. Understanding these and related customer expectations ensures that the customers will stay loyal for years to come.

The last aspect is to identify how the expectation will be met. The clients of Renaissance expect that they will have access to high quality reading assessment quizzes, and they will be easy for young students to take. To accomplish this the company outsources content development work to numerous companies. Their internal team of engineers build web site solutions which provide the assessments in a reliable manner.

# Assess potential corporate level strategies for the organization.

A corporate level strategy seeks to improve the competitive advantage of the overall business (Hitt, Ireland, & Hoskisson, 2014). Common methods include pricing strategies, diversification, completion of solution, or through use of financial economies.

When a business uses a pricing corporate strategy, they might seek to be the most cost efficient solution relative to their competitors. In exchange, the company attempts to increase volume sales and to make up the difference (Kimmel, 2014).

Another common method is through diversification of the business; using horizontal, vertical, or conglomerate approaches to gain business (Hitt, Ireland, & Hoskisson, 2014). These strategies attempt to reduce risk to the business, by collecting additional business from the customer, through more interactions. For instance, the company could also sell tutoring material for the students or provide technical support services around their products.

These related products offerings also help drive the completion of the solution and ability to sell the brand. As the schools buy more Renaissance products, it causes them to need even more Renaissance products later. This is because of vendor lock, which reduces the advantage of competitors from taking that business (Hitt, Ireland, & Hoskisson, 2014). Customers want a single throat to choke, and are willing to tolerate inefficiencies at the benefit of the collective value.

An example of a financial economic strategy would be a corporate restructuring. This can make the business more competitive as inefficiencies are removed. For example, a business with lots of executives relative to the employees is often very political. Their fights over power slow down the innovative nature of the business. After restructuring the company, it might be possible for decisions to happen quickly and with greater agility.

# Assess potential global strategies for the organization.

A business which competes on the global stage has access to larger and more diversified populations. This provides advantages such as increasing the number of potential customers, reducing the cost of labor, and altering the risk profile through diversified markets (Hitt, Ireland, & Hoskisson, 2014).

Renaissance has a large library of educational content in English, which could be resold outside of the United States. As the costs associated with serving the content are predominately fixed, several countries additional countries could be targeted. This would increase net income through the high operating leverage enjoyed by the business model (Ross, Westerfield, Jaffe, & Jordan, 2014).

If the business wanted to invest into different locales, then it might make sense to adopt a multi-national strategy. This is where the core competencies of the business are shared with foreign offices, however the foreign offices have more control over the day to day operations. This would reduce the risk of cultural differences between the American and foreign nations, while still taking advantage of the technology and resources of headquarters.

# Recommend a strategy or combination of strategies the organization should implement, and include a rationale for that recommendation.

The business has been successful in their strategies toward educating children in reading and mathematics. There could be value in extending these offerings to include other content areas, such as science. This increase in scope would diversify the company and give them better integration into their existing clients.

Another method to improve their strategy could be to expand their offerings to include Spanish in addition to English. Many American schools contain Spanish speaking students, who struggle to overcome the language barrier. Through offering Spanish reading content, more licenses might be purchased by existing or new clients, increasing the potential to profit.

A third method to improve their strategy could be to offer their existing services in other nations. As mentioned previously, this allows the business to gain additional value on their fixed assets, while not increasing costs. That would improve the bottom line and lead to above average returns.

# Conclusions

To stay relevant, companies need to plan and implement strategies, which make their organization more competitive across: business, corporate, and global levels.

This exercise causes them to look at who, what and how they will service the customers. Next the make-up of the corporate posture is examined, which sets the direction of the company and how they plan to diversify, choose pricing models, and broad cross brand messages. Lastly international strategies allow the company to focus on how to reach the most customers possible. It also creates the opportunities to diversify who is buying their product, reducing risk.

Once these steps are complete, it is possible for the business to see gaps in their current strategy and how they can improve. For example, adding a Spanish and science content area. These products would allow the company to upsell their existing clients or move into new markets. Another example would be to resell their existing content in other English speaking countries, as this would be highly profitable without increasing costs.

# References

Hitt, M., Ireland, D., & Hoskisson, R. (2014). *Strategic Management: Concepts and Case Studies.*

Kimmel, P. (2014). *Accounting.*

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