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Assignment 1

MGMT 510 50 A 2020/Spring-Bus Strategy & Management Principles

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Chapter 1 Answer:

*1.*

Competitive advantage is defined as a Business condition where the Organization’s Products/Items are superior and has a phenomenal market in terms of highly selling goods/product when compared to other competing Business Models. In General, a company is considered to have an advantage in the competitive market when its Profitability is higher when compared to its average profits than its predecessors. To create an advantage in competitive Business World the following are among few factors which should be taken into consideration before launching it in the market which includes Quality of the Product, Cost, Customer Service, Marketing, Leadership, Motivated Staff, Target Market, Creativity, Differentiation etc. Different Strategies are carried out by Managers and Leadership on how to maximize the profit/results and to outstand everybody by gaining a competitive advantage over their counterpart firms.

The concept of how an organization creates, attracts & delivers customers by various strategies and activates a business to achieve competitive advantage & profits around the market by reviewing and implementing Business plans of their competitor firms that interest them is referred to as a business model. A Business Model indulges in various components on how an Organization/Firm

* + Vision - Involves in Market Analysis, target market etc
  + Product/Service Line – Producing Quality Goods and services to meet customers requirement
  + Value Proposition
  + Management
  + Key Activities & Resources – Marketing & Selling Strategies
  + Revenue – Create Value for Consumers
  + Costs
  + Target different customer Market based on Customer desires
  + Business Expansion

*2.*

Strategic Planning model is defined as implementing, formulating, evaluating and processing functional expertise to attain its desired objective. Formal Strategic planning can be described in five phases

Phase 1:

Identifying Mission and Objectives

Phase 2:

Identifying Strength, Weakness, threats and opportunities by assessing current competitive market conditions and helps build Strategy Formulation

Phase 3:

Extract the differentiation Strategies such as Price, Distribution etc.. by evaluating the current market

Phase 4:

Build/Formulate appropriate Strategies on how to Develop, Manufacture, Distribute, Market & Sell a Product which should align with companies’ mission and objective and constitute a feasible business model at the same time

Phase 5:

The last phase is really to control and implement Strategies formulated in all the last four phases. This will provide us with the final outcome of Evaluation and control

*3.*

SWOT analysis is a process to compare Strength, Weakness, Opportunities and Threats of your Business. This is considered to be critical part in assessing a Business Model and plays a vital role in formulating a series of Strategic Alternatives in comparison with all the other companies dealing with the same product in the Market. Opportunities and Threats are external to the company whereas the Strength and Weaknesses are internal to the company. The goal of SWOT analysis is to craft Strategies against an external opportunity, to mitigate counter threats, constructing Strength and by eliminating Weaknesses if any to compete successfully in the Market. Freshers should always use SWOT analysis as a part of their planning process.

SWOT analysis refines/fine-tunes a Business Model, which is most suitable to match Firms capabilities and resources to meet the demands of customer requirements in the current Business Market. Manager and hierarchies (Leadership Team) are responsible to do their necessary assessments by comparing alternative Strategies and choosing/making the best product suitable. There are various strategies which are categorized under Business Level Strategies, Corporate Level Strategies, Global Strategies, Functional Level Strategies.

Example of SWOT analyzing

* Strengths:
* Quality of the Product
* Wide Varieties of Products/services
* Unique Selling
* Established Brand
* Competitive Pricing
* Weaknessess
* Lack of Management skills
* Inadequate knowledge of the product
* Lack of Funding
* High Costs
* Outdated products
* Opportunities
* Advertising on social media & on Internet
* Less competitors in the area
* Updated product/New Technology
* Digitalize the platform/online shopping
* Introducing more products under own brand
* Threats
* Local competitor
  + - Theft and hacking
    - New Competitors
    - Rising Costs of Products

There are three levels of Management in an organization which are often referred as

**Top Management/Corporate Level Managers:**

Executive Members, Board of Directors, President, CEO

**Middle Management / Business Level Managers**:

Department Managers, Division Manager etc

**First line Management/Functional Level Managers:**

Team Leaders, Supervisors, Office Managers etc

Top Management level are responsible for the organizations well-being as they play an important role in decision making, directly involved in choosing the right product, direction, control, motivation, oversee strategic development etc.

Middle Management level are responsible to oversee Managers work and provide ideas to help First Line Management to progress and overcome their obstacles.

First Line Management Level are Managers who plan, organize, lead and control the activities of the organization to achieve the defined goals by Leadership. They have to set a range of goals and targets for the entire Business to make specific decision and arrive at a conclusion. This may have both negative an positive effect i.e, it may have short-term implications sometimes while the other may have long term implications. They can be further classified as Strategy making, Tactical decisions & Operational Decision which are responsible to lead a company by outstanding others in the competitive market.

Chapter 2 Answer:

Industry is termed as a group of Organizations/Firms/Businesses operating in a similar segment by providing similar products or services to satisfy consumer needs.

Sector on the other hand is defined as large group of different closely related industries. Economy is break down into group of sectors and all the companies which fall under this are further categorized as Industries

Business is a firm that provides products/services to meet customer needs.

Porter’s five forces focusses mainly in five areas that influence the competition among its predecessor organizations in the current industry. The forces are as follows

* Risk associated with New Potential competitors
* Bargaining power of suppliers
* Bargaining power of Buyers
* Rivalry among current competitors
* Threat from substitute product in the current market

This business model helps us understand how variety of industries are able to sustain various levels of profitability. This plays a major role in shaping every industry and market all over the world. Managers use Porter’s Model to identify profitability of an industry, competition intensity, beneficial features etc.

Industry analysis is another technique to assist managers to think systematically on their strategic decisions/choices that impact industries competition and also how they affect five forces and change in the condition in the industry.

Risk of Entry with Potential Rivalry Organizations poses a threat of joining the existing competitors in the industry. A high entry risk of a potential company poses a direct threat to profitability and profit growth to current Business market. Established companies always have an advantage to hike prices and earn greater returns termed as a low risk entry. Various factors determine the level of threat of newcomers to an industry. Several hurdle to entry are the conditions in the competitive market of an industry which makes it difficult for Freshers to start/begin operating in the Market

Some of the examples are as follows:

* Brand name is not very well known
* Investment is low
* Consumer switching costs are very low

Bargaining power of Buyers:

This refers to ability of Industry buyers to bargain down the prices / to raise the cost of companies by requesting a better product quality and service. Powerful buyers are often considered as a threat to a company since they can easily press out profits. This depends of various factors. For example, if the number of buyers are smaller than that of supplier, if the buyer is able to merge suppliers, if there are not many alternative suppliers etc

Bargaining power of Supplier:

This refers to ability of industry suppliers who provide services, material and labor to hike input prices / to increase the overall expense of the Industry. Powerful Suppliers gain profit by Switching costs. Weak Suppliers have an opportunity to demand high quality inputs by reducing the input prices. For example, Wal-Mart has tremendous influence over its suppliers. Goods which are on rise from India, with their entry the suppliers are already looking to expand their operations.

Industry Competition:

A substitute product meets the requirement of a consumer in different means as opposed to industry product. For example, CVS stocks range of substitutes (cvs nyquil) in its pharmacy including the original products. These often offer reasonable prices when compared to originals (Nyquil). A high threat of substitutes has a significant impact of lowering profits to the industry

There are few essential stages of an industry life cycle. Introducing a Product, Growth of the Production, Maturity which results in evolution of an industry. It starts off with Introduction of Product phase and slowly begins with sales. Each stage is interdependent and kicks off after one another. For example, growth can be seen when sales take off and maturity of the product when Sales are at constant pace.

Competing Industries positions their products in the markets when considering factors that include the type of advertising policy, distributing channels, cost/price policy, customer services and Leadership. However, among industries a specific group of companies follows a Business Model which is followed by Organizations in the group but varies from Business models followed by Organizations in a different group. This is an example of Strategic Groups

Mobility barriers are elements that avoid the movement of companies between strategic groups and includes barriers concerning the entry of a group and barriers concerning the exit of a group.