Suraj Pratap Samirlal Poddar

Assignment 6

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

Mehdi Noorbakash, Ph.D., MHA, MBA

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Assignment 6:

*Chapter 9 Answers*

*1.*

Generally Corporate level Strategies is considered to be the most important Business strategy since it covers the entire company/organization, These strategies are created by following the steps listed below

* Developing unique resources and capabilities
* Merge Activities within the operational area
* Identifying alternatives by carrying out a balanced evaluation and analysis considering current advantages and disadvantages
* Production processes that ease attainment of Business and Corporate Strategy
* Corporate Strategies perturb top management and resolve/fix any organizational wide issue and covers the company as a whole

A Firm/Business who is into multiple Business Model needs to create their Strategies by considering Objectives and potential strategies which will be useful/beneficial for all lines of Business and merge/integrate them to have a Corporate view involved in the overall Strategies

*2.*

Horizontal Integration is one of the important strategies which benefit from alliance/synergies that helps a Business/Firm to re-use the resources of the obtained companies to earn competitive advantage. Through Horizonal Integration, a Business /Firm can work together collaboratively with extravagant resources to ensure they are working for one single vision to gain an exemplary performance, beneficial to all the participants/stakeholder

Horizontal Integration is often operated/controlled by Marketing peremptory. By Diversifying products can provide cross selling opportunities and help increase Business Market. For example, a Business that sells apparel can also decide to stock/sell accessories or can take a different approach by acquiring a company in a different/another country to obtain a foothold there and avoid developing or setting up distribution centers right from scratch

*3.*

A Business/Firm can make use of Vertical Integration Strategy to maintain a good relationship with its consumers & suppliers/producers. Vertical Integration help a Business/Firm to maintain control over the process, increased efficiency and low cost, although it has disadvantages where a huge amount of investment is needed

Forward Integration is used to help the company to make sure their products have an outlet whereas Backward Integration can help assure that the company gets its products from their respective manufacturer directly which helps attracting the customers towards a Strong Brand and saving on costs. A Business/Firm is said to bear huge losses if the product received by its Manufacturing provider is less competitive in the market.

Hulu is one of examples of vertical Integration. The company started by selling DVD supplying TV and Movies. The Business realized they can generate more revenue by moving to original content making. Hulu utilizes its distribution model to promote their channels and gets its original content including films from big studios

*4.*

Strategic outsourcing helps Enterprise’s value chain activities or operational activities to be carried out by independent enterprise which focusses on Skills and Knowledge of specific type of activity. It is said to be an alternative to vertical integration that will involve resumption expenses of development in producing the output post configuration of infrastructure needed for the integration. Strategic outsourcing results in reduced cost, advance differentiation and mostly importantly focused on core business

Outsourcing is defined as a Business practice of hiring other company which can help in various Business activities that can be dealt internally. However, the implementation of Vertical Integration results in lot of time and is considered to be an expensive practice. However, it makes lot of sense in industries where the labor cost and the investment are high.

*Chapter 10 Answers*

*1.*

The main reason that companies diversify for growth in business, lower the cost of structure, to utilize maximum existing resources and capabilities and manage the business rivalry. It helps to face the sudden downfall with single investment so being diversified helps in balancing these risks.

Diversify helps people to maintain balance during ups and downs. It will minimize the risk of loss if one of the investments is in loss the other would be better at same time which reduce the overall loss. Companies consider diversification when they can expand business with the existing resources and capabilities. And also transferring a brand name to the products with help other business sales and profits.

Advantages of diversification is increased flexibility, profitability and it will grow quickly, better use of resources, provides a better vision and helps monitor progress ensuring goals. It also helps in managing rivalry though competencies.

*2.*

Related Diversification involves diversifying into products or services that can still leverage an existing brand name and uses shared marketing skills and knowledge. It occurs when a business tries to expand and sell similar products to new vendors whereas on other unrelated Diversification involves diversifying into products with no relations hip to the existing business. It has tax benefits reducing risk by operating in multiple product makers.

A company would choose related diversification when companies choose to use brand name, transfer the chain and competencies and want to benefit from existing resources and keep the cost under control. Unrelated Diversification is when they are not interested to share existing resources and when business unit functional has few applications across industry and managers who are high skilled enough to run business. It can also be used when manger uses superior advantage to control costs effectively.

*3.*

Diversification would fail for if a new market would require a different skill set and resources then existing capabilities of resources. The requirement to fulfil the customer needs for new product or service will strain the ability to operate making it unwise. Also Diversifying into new places using the same brand name might also confuse customers or they are not satisfied because it’s not specialized.

Small business may rely on other client’s revenue increasing company risk that leads to failure if one of the client leaves. A company might invest a lot towards diversification without any much experience which leads to increase in costs. Most of the companies the main reason that diversification fails is they don’t have the right plan which leads to all other unnecessary costs, reducing the competitiveness and overall loss.

*4.*

Advantages:

* Buying another Business that have similar products can reduce cost and use the same marketing and advertisement strategies for new company.
* It also helps to target audience by entering into existing market for company that has been already popular and attracted.
* It can reduce help reduce cost which helps to increase productivity.
* Companies can also utilize existing resources without any new hires and skills.
* It helps to establish a company presence in new industry.

Disadvantage’s:

* One of the major disadvantages to acquire an existing business is when two companies have different target audience it might end up competing between two companies.
* There might be distinct cultures and conflicts which leads company to problems.
* Two business operates in different industry some decisions and strategies end up brining more challenges than benefits.
* It may damage the image of the brand name of new company and existing company.
* Suppliers might not be sufficient to provide addition services, materials