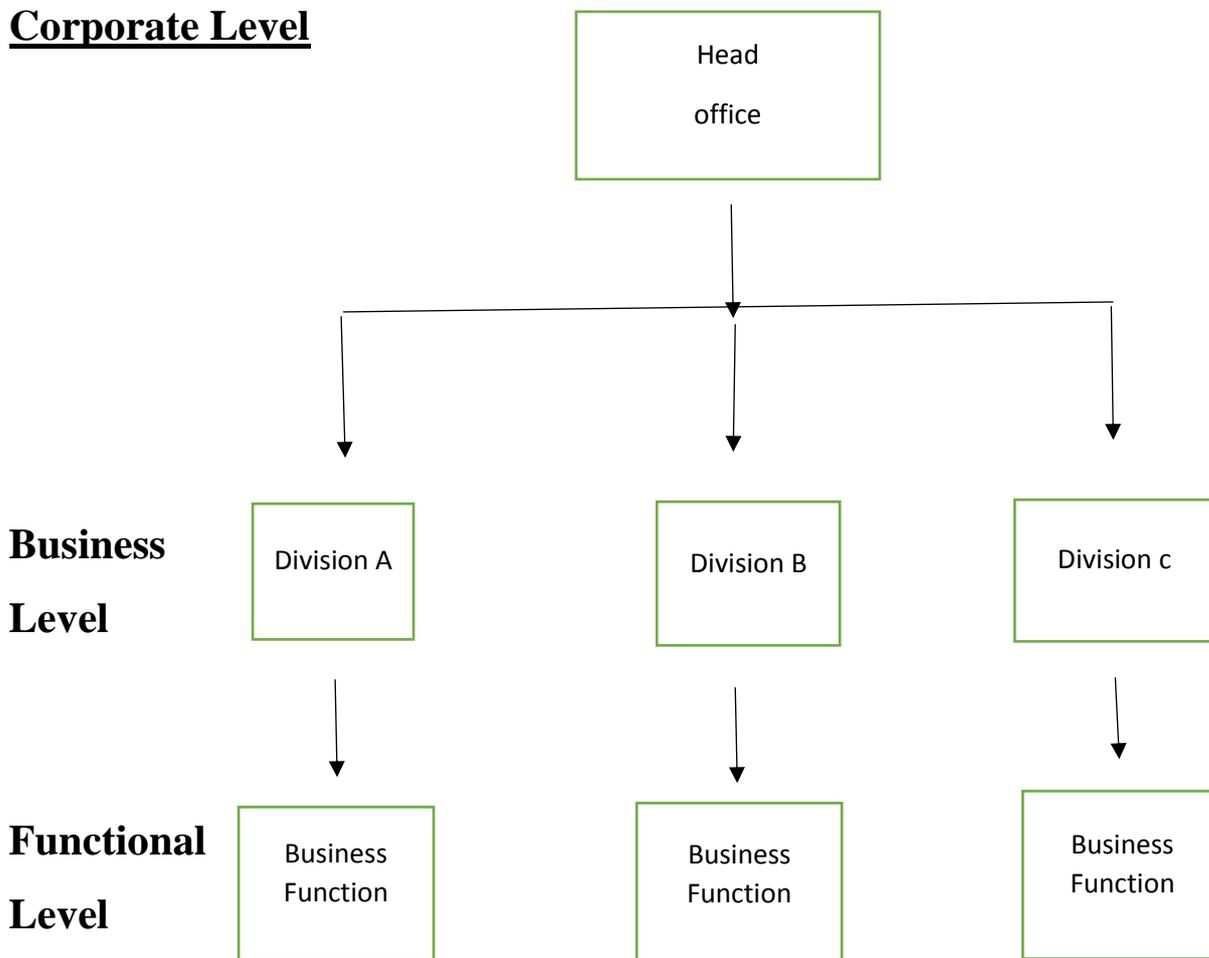


Topic- Levels of Strategy

A company needs strategy at each level as it may have other businesses associated with its central corporate office. Although formulating business policies and strategic decision making are the top management responsibilities, it is considered helpful to distinguish between the operations of strategy at different levels of the organization. The following are the three levels of strategy that must be analysed:

Corporate Level



Corporate-level strategy: Corporate-level strategy is the action plan of the company, i.e., 'what the company wants to achieve as a whole'. At this level strategic decisions are concerned with extensive organization policies and are useful mostly in sectional companies, which have wide-ranging business interests. The nature of strategic decisions at the corporate-level tends to be value-oriented, theoretical and less concrete than decisions at the business or functional level. There is a greater risk, cost and profit potential as well as greater need for adaptability associated with corporate-level strategic activities. These are the natural outcomes of the futuristic, innovative and pervasive character of corporate-level strategy. Major financial policy decisions involving acquisition, diversification and structural redesigning come under the same category. Thus, managing various activities that describe the overall nature and goals of the organization, services provided by the organization, allotment of resources and management of cooperative groups among SBUs is known as corporate-level strategic management. The main aim of corporate-level strategic management is to prepare and implement the strategies that help in achieving the goals of the organization.

Corporate-level strategic management seeks to answer the following questions:

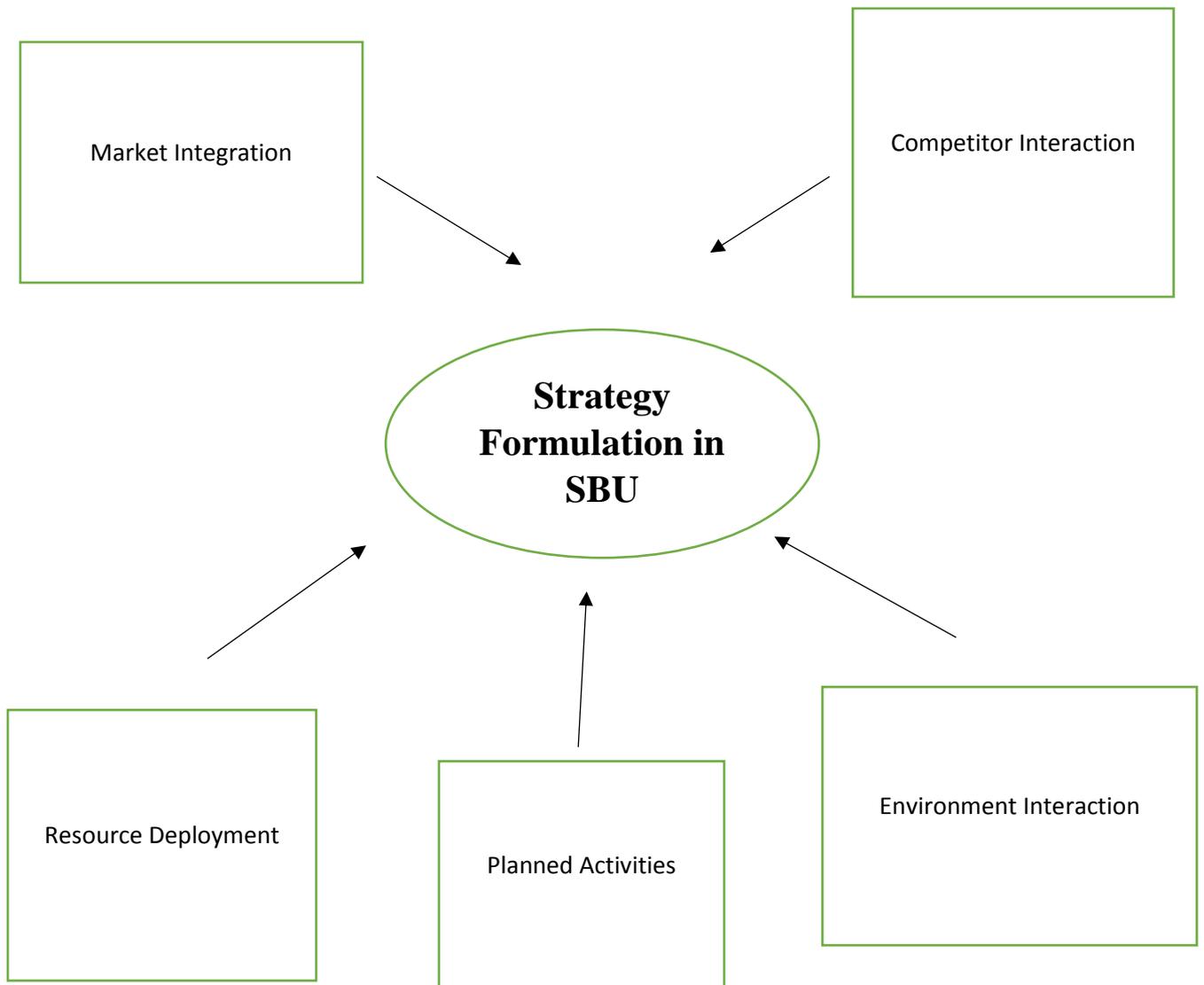
- What are the purposes of the organization?
- What image should the organization project?
- What are the ideals and philosophies of the organization?
- What is the organization's business or businesses?
- How can the organization's resources be best utilised to fulfill the corporate purposes?

Corporate-level strategic management is primarily the responsibility of the organization's top executives. The main aim of corporate-level strategic management is to prepare and implement those strategies that help in achieving the goals of the organization. It covers various strategies and functions performed by different SBUs. The strategy must be in line with the objectives of the company as a whole. To ensure the same, coordination among different SBUS is mandatory.

Business unit strategy. At the business level, decision-makers are primarily concerned with direct industry or product market issues and bearing their impact on the integration of the functional units. Business-level strategic decisions transform the general abstract statements of direction and intent created at the corporate-level into concrete functional objectives. They further develop strategies meant for divisions or SBUS. SBU-level or the business-level strategy is lined to achieve the objectives of the SBUs that are in turn lined with the company objectives. It covers resource allocation among functional areas along with functional strategies, which again are in line with the functional strategies of the corporate-level.

According to G: Ian Burke and Denise Jarrat, 'The process in small firms does not reflect exhaustive strategic analysis, but rather, a personality driven, opportunistic or instinctive approach, channelled through an emergent planning process'. The following points must be kept in mind while making strategies at the SBU level:

- Production line of SBUS.
- Market for SBUS.
- The strategy to gain a competitive edge in the market.
- The strategy must be lined with the company objectives.



Functional Strategy: Functional strategy involves decision-making about particular functional sections like; production, marketing, personnel, finance, etc. Decisions at the functional level are often described as 'tactical' decisions. Whereas corporate and business strategies are concerned with "doing the right things", functional strategy emphasises on "doing things right". These decisions are, however, guided by overall strategic considerations and must be consistent with the framework of business strategy. Thus, for example, marketing policy decisions should provide guidelines for marketing management in accordance with the chosen strategy providing the overall direction of business.