

Answer to Question#40266 – Marketing – Other

Assignment

How do corporate strategies relate to the other organizational strategies (i.e., competitive and functional)? What is the difference between single and Multi-business organizations? Provide examples.

Solution

Successful companies are companies that focus their efforts on strategic directions. To meet customer needs, the company must follow an overall organizational strategy. A good strategy helps to permanently preserve and strengthen the position of the target market, consistently meeting customer needs better than those of the competitors.

In diversified companies decisions on management practices and new directions of development are taken by corporate management, enterprise directors, heads of major functional units within the corporation as a whole or by unit (production, sales and marketing, finance, human resources, etc.), managers of factories, regional sales representatives and middle managers control. In diversified company the following four types of organizational strategy are developed:

- Corporate strategy - a strategy for the company and its work areas as a whole.
- Business strategy - a strategy for each direction of the company .
- Functional strategy - a strategy for each of the functional areas or activities.
- Operating strategy - a strategy for the basic structural units (factories, trade representatives and regional divisions within the functional areas of activity) .

Corporate strategy is aimed at finding ways and methods of approval by its diversified business of principles in various industries, as well as the actions and approaches that can improve the performance of groups of companies, in which company is diversified. Corporate diversification strategy is developed primarily in connection with the condition, or changes in the product, market, industry, competitive position, technology. Initiating the process of diversification depends in part on the company's growth opportunities in this sector and its from their competitive positions. In non-diversified (*single-product company*) corporate strategy coincides with the business strategy. Strategic decisions at this level are the most difficult, as concern the whole enterprise. It is at this level product strategy of the enterprise is determined and agreed. One of the goals of corporate strategy is the choice of business units of the company (strategic business units), to which should be directed investments.