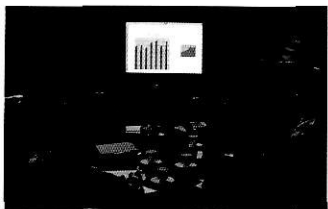


16 Strategic thinking

A Strategy



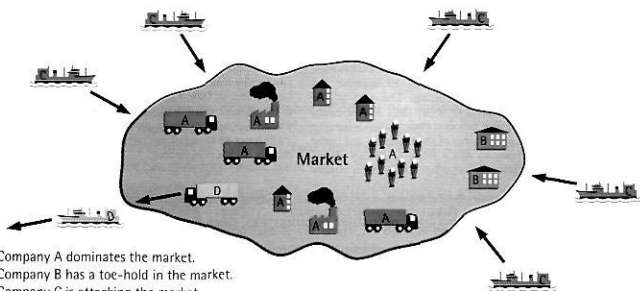
A **strategy** (countable noun) is a plan or series of plans for achieving success. **Strategy** (uncountable noun) is the study of the skills, knowledge, etc. required to make such plans. **Strategic** success in a commercial organization is often measured in terms of **profitability**, the amount of money it makes in relation to the amount invested.

An important part of **planning** is **resource allocation**. This is the way finance, people and assets – equipment, buildings, know-how, etc. – are going to be used to achieve a particular objective.

A company's senior executives make **strategic decisions** or **formulate strategy**. Sometimes an organisation will publicly state its main overall objective or vision in its **mission statement**.

Companies sometimes form **strategic partnerships**, working together to achieve a specific strategic goal. For example, MG Rover entered a partnership with a Chinese car manufacturer to enable it to produce and sell cars in China. A company may also make a **strategic move**, such as acquiring a competitor, designed to increase their market share.

B Companies and markets



Company A dominates the market.
Company B has a toe-hold in the market.
Company C is attacking the market.
Company D is withdrawing from the market.

When a company ...		
a defends		tries to prevent competitors from being successful in it.
b attacks		starts selling in it for the first time.
c establishes a foothold/ toehold in	a market, it	occupies a small part of it first in preparation for gaining a larger part.
d invades		starts to be very successful in it.
e dominates		is the biggest competitor in it.
f withdraws from		stops selling in it.

- 16.1 Look at the questions from shareholders at the annual meeting of Topaz, a car company. Complete the chief executive's answers with appropriate forms of expressions from A opposite.

1 Why has the company bought out its rival, Rivera?

This was a to broaden our customer base.

2 Some of Topaz's plants have very low productivity. What are you doing about this?

We have taken steps to ensure that our are used more effectively. This is an important part of our strategic process.

3 Why are you closing one of the plants?

This is an issue of We don't have infinite financial resources and we want to concentrate investment on the most productive plants.

4 Was this the only goal that was considered? Did you also look at the possibility of being a mass producer of vehicles?

We looked at a number of different and decided that the hi-tech option was the best one to follow.

- 16.2 Match the underlined phrases below to the expressions in B opposite that refer to the same idea.

Coffeeway (CW) is a successful American chain of coffee shops. It wanted to (1) aggressively enter the Chinese coffee shop market, with shops all over China. CW signed an agreement with a partner, Dragon Enterprises (DE). CW and DE decided to (2) start by opening just one coffee shop in Shanghai in order to test the market. This was very successful, so CW and DE decided to open shops all over China. It took CW and DE five years to (3) be the biggest in the market, with a 70 per cent market share among coffee shop chains in China. One of their competitors, California Coffee, tried to (4) protect its market share by cutting prices. But this strategy did not work, and California Coffee later sold its outlets to CW/DE and decided to (5) leave the market.



Over to you

Think about your organization or one you would like to work for. Look at its website and find its mission statement. If it doesn't have one, what would you suggest?