

LEVELS OF STRATEGY

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We can see the various levels of strategies at the Corporate, SBU and Functional level. The levels of strategy offer you a glimpse of the complexity about different levels at which strategy is formulated. The business strategy must contain well coordinated action programs aimed at securing a long term competitive edge and which should be sustained by the company.

Let's take an example of Hindustan Levers multinational subsidiary, is in several businesses such as animal seeds, beverages, oils and dairy fat, soaps and detergents. Similarly Sundaram Clayton and its associate companies operate in technology areas as diverse as brake and signal systems for railways, two wheelers and electrical appliance. A typical business firm should consider following types of strategies.

1. **Corporate strategy** – Which describes a company's overall direction towards growth by managing business and product lines? These include stability, growth and retrenchment.

For example, Coco cola, Inc., has followed the growth strategy by acquisition. It has acquired local bottling units to emerge as the market leader.

2. **Business strategy** - Usually occurs at business unit or product level emphasizing the improvement of competitive position of a firm's products or services in an industry or market segment served by that business unit. Business strategy falls in the in the realm of corporate strategy.

For example, Apple Computers uses a differentiation competitive strategy that emphasizes innovative product with creative design. In contrast, ANZ Grindlays merged with Standard Chartered Bank to emerge competitively.

3. **Functional strategy** – It is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity. It is concerned with developing and nurturing a distinctive competence to provide the firm with a competitive advantage.

For example, Procter and Gamble spends huge amounts on advertising to create customer demand.

4. **Operating strategy** - These are concerned with how the component parts of an organization deliver effectively the corporate, business and functional -level strategies in terms of resources, processes and people. They are at departmental level and set periodic short-term targets for accomplishment.