Grand Strategy

Levels of Formulating a strategy

Corporate level strategy

-Grand Strategy

Business (SBU) level strategy

-Generic Strategy

Functional level strategy

Grand Strategy

- It is corporate level strategy.
- It involves the decision of choosing the long term plans from the set of available alternatives.
- Corporate strategy is concerned with 2 objectives:

1. Decision about allocation & transfer of resources from one business to another.
2. Managing the business portfolio such that overall objective of business is achieved.

Grand Strategy

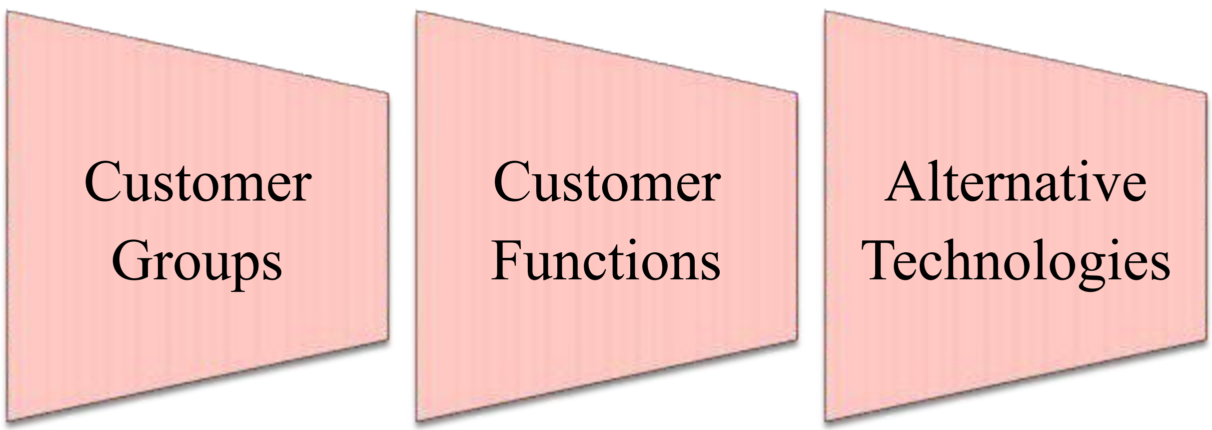
There are four strategic alternatives:

- Stability Strategy
- Expansion Strategy
- Retrenchment Strategy
- Combination Strategy (of all three strategies)

Stability Strategy

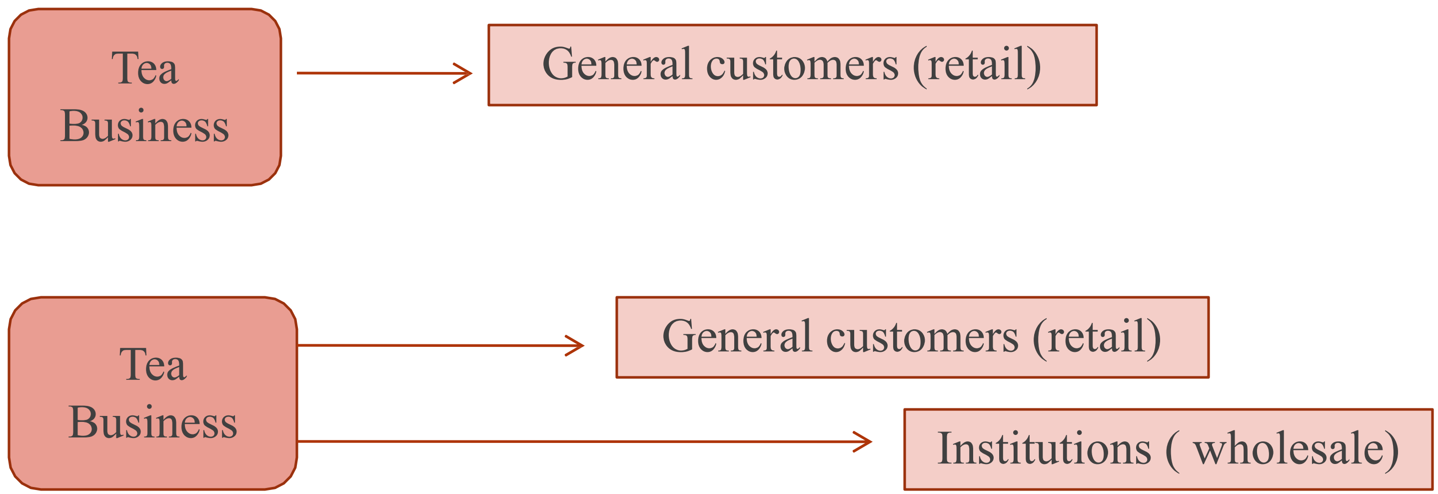
It is adopted by an organisation when it attempts at **gradual improvements** of its performances by making small changes in its businesses.

It focuses on three dimensions:



Stability Strategy

Example: changes made in customer group



Company doesn’t goes beyond what is generally does. It aims at stability so, it **marginally improves** the performance.

Stability Strategy

Reasons to adopt this strategy:

- Less risky, less changes.
- Environment faces is relatively stable.
- Expansion may be considered threatening.

Stability strategy has 3 types

- No change
- Profit
- Pause & Proceed with caution

Expansion Strategy

It is adopted by organizations that aim at high growth by **substantially broadening the scope** of one or more of its businesses in terms of:

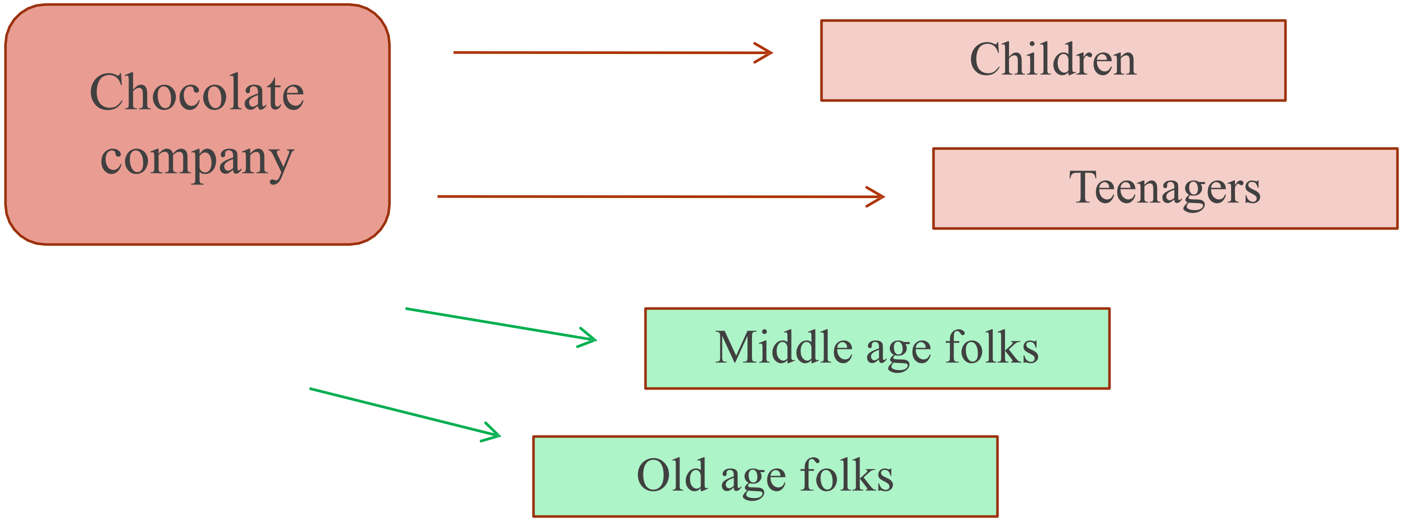
Customer Function

Customer Group

Alternative Technology

Expansion Strategy

Example: changes made in Customer group



Expansion Strategy

Reasons to adopt this strategy:

- Environment demand increases in pace of activity
- Increase in business may lead to greater control over market

Expansion strategy has 4 types

Concentration

Internationalization

Diversification

Integration

Retrenchment Strategy

It is adopted by organizations that aims at contraction of its activities through **substantial reduction or elimination** of the scope of one or more of its businesses in terms

Customer Function

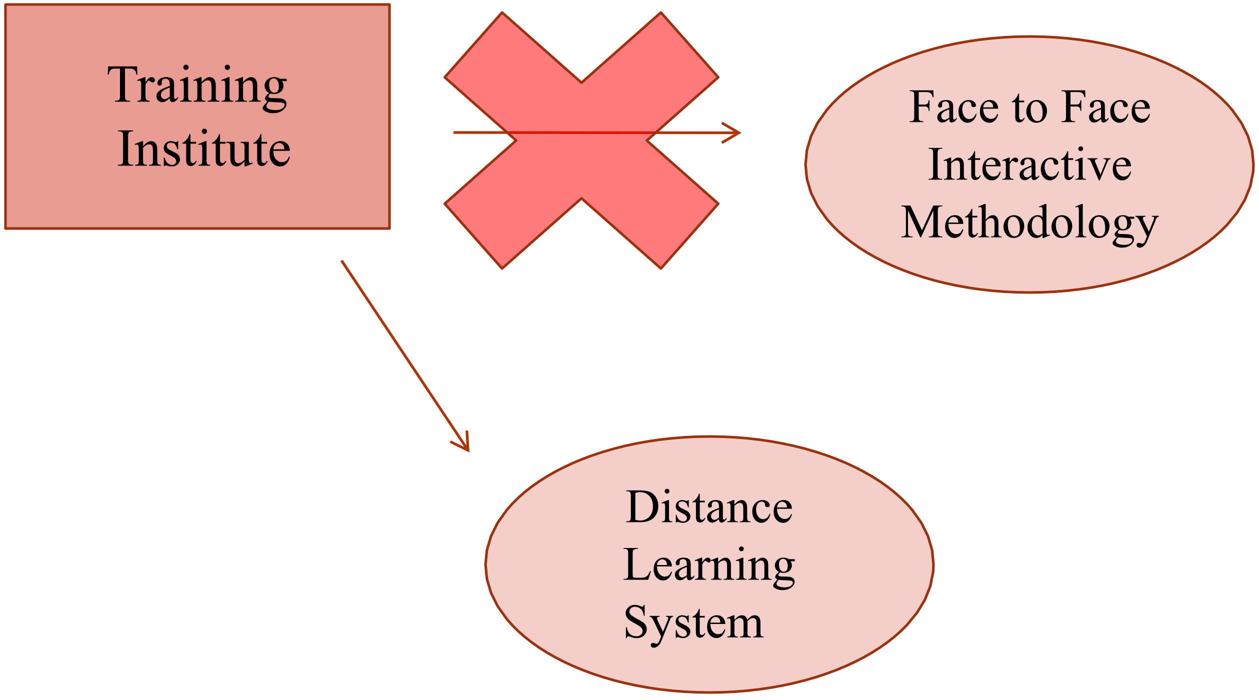
Customer Group

Alternative Technology

Retrenchment Strategy

It involves total or partial withdrawal from the 3 areas it focuses on to improve its overall performance.

Example: chances made in Alternative Technology



Retrenchment Strategy

Reasons to adopt this strategy:

- The management no longer wishes to remain in this business due to continuous losses.
- Environment faced is threatening
- Stability can be ensured by reallocating resources from unprofitable to profitable businesses.

Types:

- Turnover
- Disinvestment
- Liquidation

Combination Strategy

It is a mixture if stability, expansion &retrenchment strategies either at the same time in its different businesses or at different times in one of its business with the aim of improving its performance.

Combination strategy are the complex solution that strategist have to offer when faced with challenges in real life.

Reasons to adopt it:

- It’s a large organization facing complex situation
- It is a conglomerate and thus requires different solutions based on industry requirements.

Combination Strategy

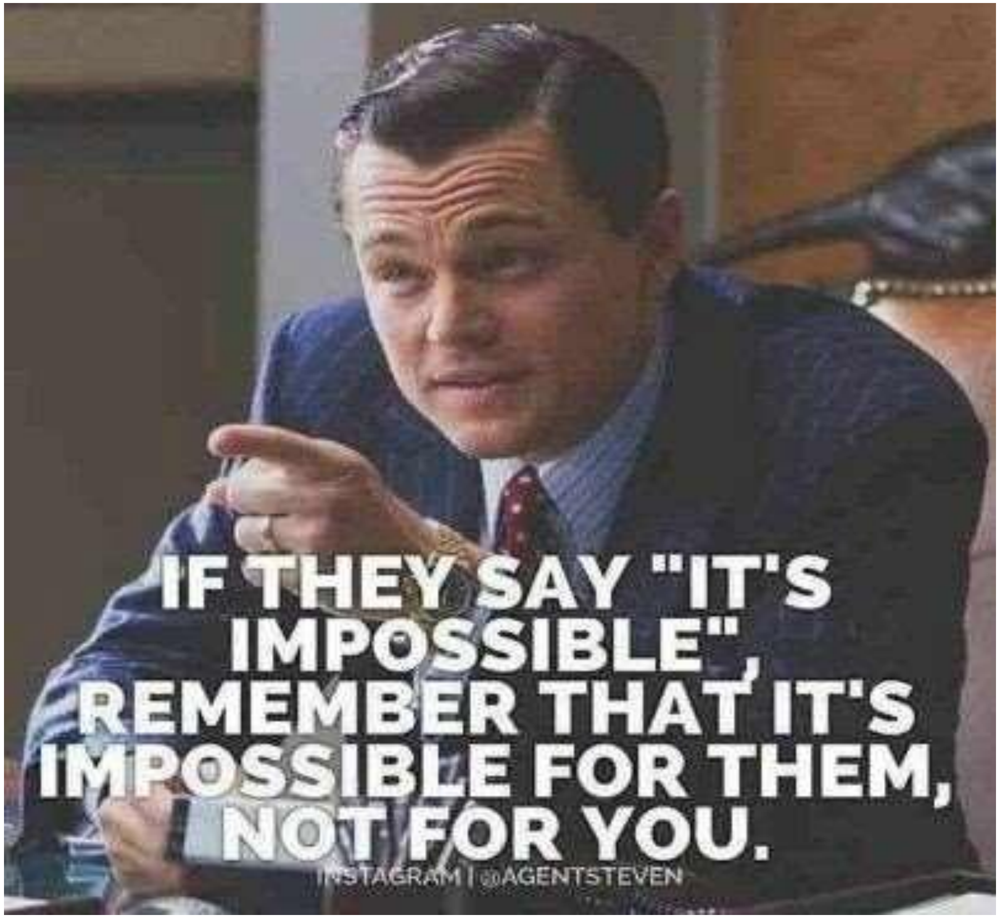
Example: Indian Tobacco Company (ITC)

Has diverse portfolio

- Hotels
- Agribusiness
- IT
- FMCG
- Paperboards & packaging

Starting in1910, it adopted backward integration in 1925 into packaging & printing business. It adopted turnaround strategy for the special paper business, Trivedi tissues, while it's A&M with paperboards businesses while financial service business was divested.

It divested into hotels in 1975 & agribusiness in 1990.


IF THEY SAY "IT'S IMPOSSIBLE",
REMEMBER THAT IT'S
IMPOSSIBLE FOR THEM,
NOT FOR YOU.
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Thank you