

Strategic Management - The Competitive Edge

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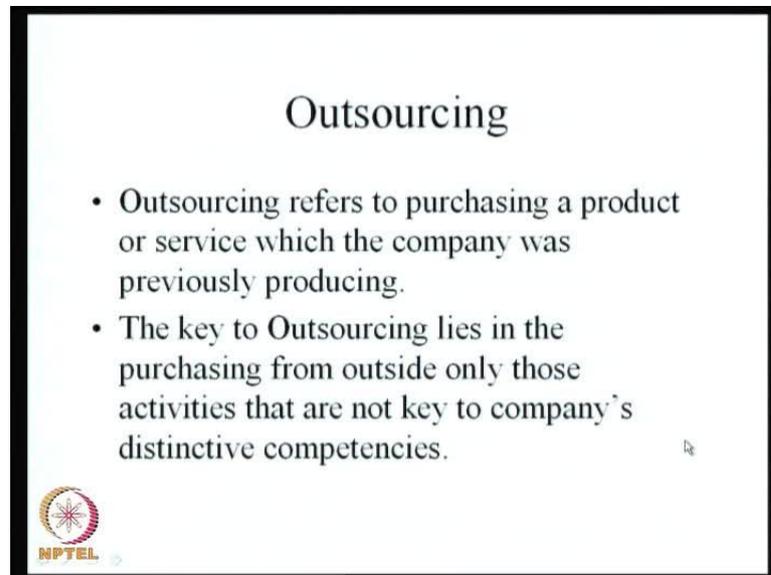
Module No. # 04

Lecture No. # 25

Functional Strategy – 2

Welcome to this class; in the last class, we discussed functional strategy. So, what is meant by functional strategy? When should organizations look at functional strategy? What are the three points with respect to functional strategy one should be looking at? **The three tests rather the customer value**, that is, the three tests for distinctive competency for the functional strategy to be effective or to be successful, one is the customer value, and then, the **competitor unique** and the third is extendibility.

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Customer value as I mentioned, it must make a disproportionate contribution to the customer's perceived value, what does it mean? Suppose, he is expecting **that** by taking your product, he can expect an improvement on the existing product which he is using or in the competitor's product of about 5 percent.

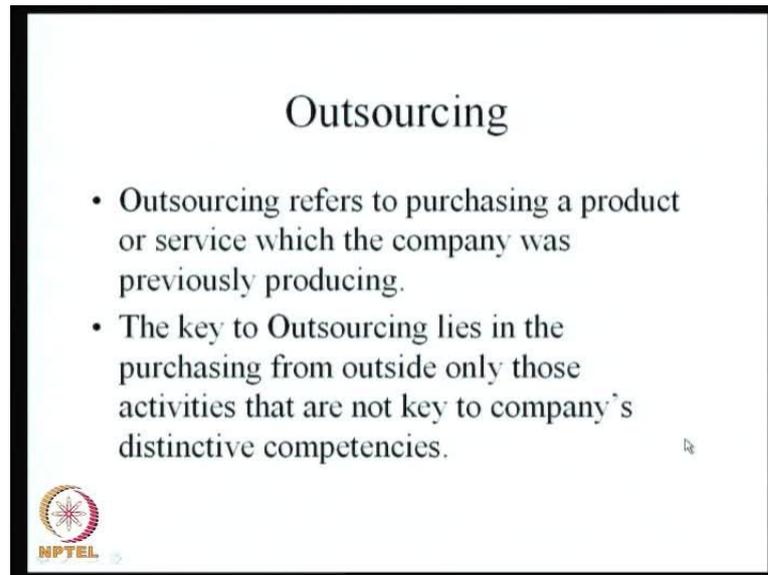
Suppose, he gets more than 10 percent, then it is making a disproportionate contribution to his perceived value. He expected one or two attributes, instead of one or two attributes he is actually getting more than the two attributes which he wanted. So, that is a great contribution from your side, that is the company's side for him, this could be one of the things.

The second is what this competitor unique is? This competitor unique is, the product that you put out, the attributes or the characteristics it must be unique and superior to competitor capabilities. So, not easily imitable, if the competitor tries to imitate also it must take some time that will give extendibility to the life of the product that is the third thing. This is where it must be something that can be used to develop new products or services are entering new markets also.

You have developed upon something, difficult for the competitor to copy, but at the same time you can use that technology concept that you have built into come out with new products. So, our service that can help to you to enter new markets that is what was functional strategy.

Now, compare to that what is this outsourcing? This outsourcing refers to purchasing a product or service which the company was previously producing. When you do this? This is a question which you have to answer. When does a company go in for outsourcing? Suppose, it thinks that this is an area which can be handled better by other service providers.

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Outsourcing

- Outsourcing refers to purchasing a product or service which the company was previously producing.
- The key to Outsourcing lies in the purchasing from outside only those activities that are not key to company's distinctive competencies.

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Let us say, you are a manufacturing industry, you had your own transport establishment that is what all the public sectors used to have in a city like Bangalore or in other cities of the country as well. You had a huge transport establishment, at one point of time this public sector unit like ITI or HAL had a large fleet of buses and a very big transport establishment to take care of the maintenance of this fleet of buses, large contingent of drivers, operations people all those types of things; in other words, it itself a company in that sense.

Now, what is this out sourcing referring to? When you are doing such types of things, if you really see, you have to see whether take the example which I give of ITI; ITI is in the business of telecommunications. Now, whether the company can stick to the main line of telecommunications and outsource these transport activities to companies which are better equipped can be BMTC which has a large number of buses whether they can enter into agreements, so this is an example which I am trying to quote. This is what many of the software industries have started doing or have already done. Take for example, Infosys has entered into agreement with BMTC and large number of buses of BMTC plies the employees of Infosys to the company and back.

This is an outsourcing function, so you have outsourced a function to a different service provider. Similarly, many of the other functions which the company thinks the service provider can be better equipped for example, now many of the software companies have

entrusted their payroll activities also to other service providers. They do all the payroll activities and every record is maintained outside the company, then brought into the company through the electronic media, so this is way it comes.

Similarly, the personal department's activities many of the things outsourced, then the hospitality services outsourced, so this is the types of thing. Now, what do the companies say? The company's say, this is our core competencies for example, Infosys or Wipro or TCS, they say our core competency is in providing software development services. We would like to concentrate on that **to** handle more number of projects. So, this is the way the companies are viewing.

Now, earlier contrast this with the scenario which I just presented ITI, had at one point of time something like 164 buses almost criss crossing the city of Bangalore. Everywhere you would see an ITI bus in every nook and corner of the city had a huge establishment, large outgo. Now, all this, suppose this is what is strategic planning. Suppose, the company had done some strategic planning exercise right from the 80s, then all these could have been outsourced, which the company is now trying to do in a different way having a small fleet of buses things like that but, this is what outsourcing specifically refers to. It is not the core competency of the firm, it is not where its distinctive competencies lies, so why not outsource that function or activity? The outsourcing refers to purchasing a product or service which the company was previously producing.

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Something which was being done also can be outsourced to many of these small scale industries that can also do some of the components and other things. Earlier the parent company was doing instead of that you have promoted an ancillary that ancillary will supply this mother industry whenever it is required. So, companies like this HAL or ITI have large number ancillary units also supplying products to the mother industry. Then, earlier the mother industry itself producing that now it is better for them to outsource this activity and it is also good from the point of view the ancillary because the ancillary can also grow.

What is this called in? If you really see, this in the supply chain activity these are called the spinoff's which have resulted. One industry - the mother industry - has created so many spinoff and so many indirect employment opportunities for so many people and probably in the process resulting in so many new entrepreneurs coming up. A person who has set up his own ancillary to supply this mother unit, kindly note that he is also an entrepreneur, he is doing an entrepreneurial activity and he is supplying this mother industry say, ITI HAL. So, this is the way it is going, now this outsourcing. The key to outsourcing lies in purchasing from outside, only those activities that are not key to company's distinctive competencies, this is what I explained to you.

Hello sir, yes, sir you can switch off your mobile we are getting the signal, we cannot able to listen getting disturbance, you can start sir ya.

If the company is not in its core competence area, then it can give to outside sources, so that is better for the company to do. Now, we looked at outsourcing, now let us look at marketing. What is this marketing strategy? This marketing strategy deals with the pricing, selling and distribution of a product - very vital to the company.

Company produces the product, how do you market this product, the most important thing is the pricing strategy, how do you price this product, around this so much of research goes on. At what level this product should be priced and if you price it a little higher, how is it going to affect the demand, a little lower by how much the demand will increase, all those types of things. A big market team will always be looking at all these options, of course, being helped by the strategic management team over seeing all these activity.

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Marketing Strategy

- Marketing strategy deals with the pricing, selling and distribution of a product.
- Using this strategy, a business unit can improve its market share for current products through market saturation and penetration, or develop new products for existing markets.



Now, how does this activity help this company? That is marketing strategy. Using this strategy the business unit can improve its market share for current products through market saturation and penetration or develop new products for existing markets. You decide using this strategy, whether you want to continue with the same products or whether you want to continue with some new products for the existing markets or new products for the new markets that is, whether you want go in for diversification. What is the type of diversification you want to do, all these types of things can be thought off.

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Financial Strategy

- Financial strategy examines the financial implications at corporate and business levels to identify the best financial course of action.
- This can provide competitive advantage through lower cost of funds and flexibility to raise capital.

This strategy normally helps in maximizing the financial value.



Then, the next one which the company should think is what is called the financial strategy. What is the financial strategy look at? The financial strategy examines the financial implications at corporate and business levels to identify the best financial course of action. These experts in finance that is, the finance team they do a pretty thorough analysis of any investment decision. A finance man looks at every strategic decision from the finance angle, he is not worried about the policy angle and he is looking at the financing angle. What is the companies outgo due to this decision, then how much is it coming inflow, the outgo and inflow, the two things with which he is heavily concerned with.

Suppose the inflow to the company, that is, the cash in flow to the company is more than the outgo, he normally expects that it will be like that by how much is it, that is, what is that times by which this inflow is more than the outgo? He is more concerned about that. Say, is it 10 percent more than the outgo or 20 percent more than the outgo, then he will have some yardstick. If it is 20 percent more than the outgo is inflow, then I will put a tick for this strategy, that is, this strategy can be looked at. If it is not more than 20 percent I would prefer to be cautious not go with this strategy, so he expects the returns to be at that level.

Why does he expect in that manner? He is not looking at the competitor per say, but he is looking at suppose, as a strategic planner you come back to the finance department and say, give me more money because this investment is required to keep this product in the market, otherwise we will lose our competitive advantage - the company loses is competitive advantage.

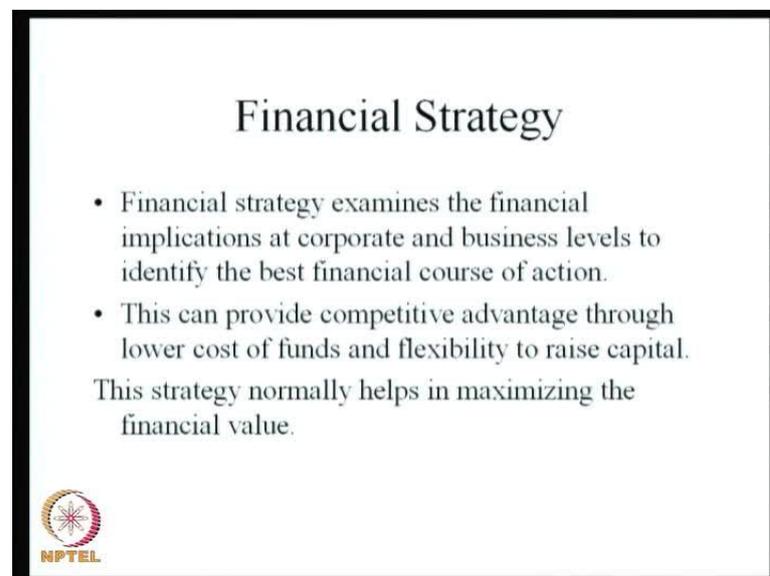
Then, he must be he having some inflow cushion that is the inflow into the company, it he must be having that to provide you that investment. So, that is the one which gives you this competitive advantage that is the one which helps you to lower your cost of the product if it is required at some point of time. So, the financial man is concerned at that. So, he is concerned with whether it can provide competitive advantage through lower cost of funds and flexibility to raise capital.

What do you mean by flexibility to raise capital? Suppose, he goes to the bank that is, the company goes to the bank and says, we are producing this product and we have this market share that is, we are able to market this many number of units with this product

and we get a sales revenue of like this. You would like to borrow some money from **with** the bank or the financial institution.

Normally, the financial institution will look at what are the operations this firm is doing and once he is convinced he is prepared to lend based on the performance of the product in the market. The market performance holds the key and once the market performance is good, it can bring you additional investment, not just from the company side, even if the company does not have. The company can mobilize that resource from financial institutions, be it banks or others resources. So, this strategy normally what does it do? It helps in maximizing the financial value.

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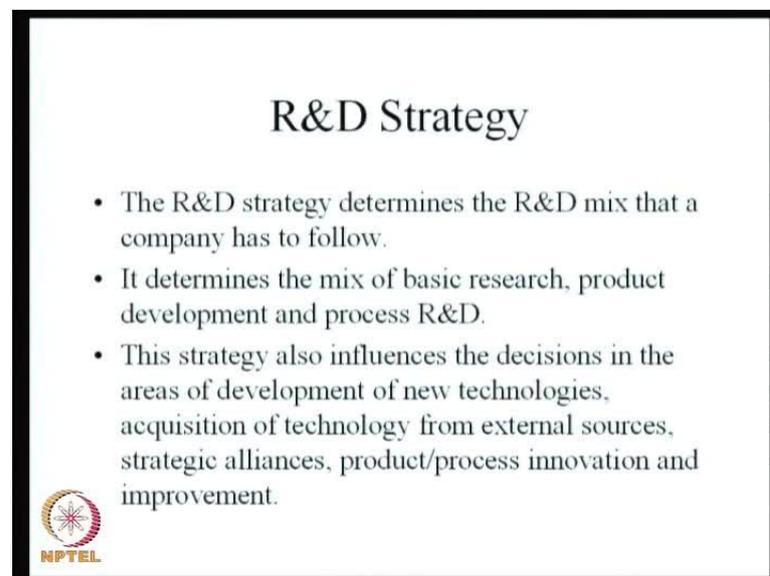
So, you put 1 rupee that 1 rupee get you 2 rupees that is 100 percent. So, many times it is being said that this maximizing the financial value in the Indian conditions where is it happening? What is the usual answer which is given; many say, it happens in the liquor industry.

What do you mean by saying it happens in the liquor industry? They say, you put your 1 rupee there it brings you 4 rupees, that is, for the company investor you put the 1 rupee it brings you 4 rupees, what does that mean? It means it is a 400 percent margin. When you are getting that type of margin 300 to 400 percent margin, what does that mean? You put 1 rupee, you got 4 rupees that is 3 rupees extra. That can be used to make investment, in other units which are not giving you that much of financial advantage. So, that will

bolster their financial confidence also and they can perform better in the market place, this is the financials strategy.

Now, the next one which we want look at is, what is called the R and D strategy, these are all something new, kindly note this, if you look at the 80s or even up to the mid 80s also, sometimes the late 80s also. These companies were not looking at strategies in this compartment wise. They were looking at corporate plans, they were looking at the company as a whole, but now the scenario this globalization or the liberalization, what has it done? It has made the company to look at each and every functional area with a microscope, so each and every functional area they are trying drop a strategy.

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R&D Strategy

- The R&D strategy determines the R&D mix that a company has to follow.
- It determines the mix of basic research, product development and process R&D.
- This strategy also influences the decisions in the areas of development of new technologies, acquisition of technology from external sources, strategic alliances, product/process innovation and improvement.

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R and D earlier the company never used to bother about R and D so much. Now R and D has become an important component, because the industry looks at R and D for improving the product. Earlier R and D was considered that it is also a department in the company, never there they use to check what the R and D doing, is it doing something useful to the company, how it is useful, all those checks were not being applied, but now it is being applied for regularly. Suppose you say, you want to do this development in R and D, they will ask that is the funding, that is the finance before doing that will ask, how is it use full to the company.

Some justification required for you to draw the money from the company's side. So, the R and D strategy determines the R and D mix that a company has to follow. This is

where the whole R and D in the present day circumstances are being influenced by this concept of QFD that is the called Quality Function Deployment.

You get the feedback from the customer, how do you get the feedback from customer? The feedback from the customer you get it through the marketing department. The marketing department may not be able to fully analyze that feedback, but R and D gives it to the production department, so what is the job of the R and D? The job of the R and D is to shift through that feedback about the product received from the market and take that feedback which can be used to put as a new attribute for the product.

Some of these example which I have given already and which companies have implemented, a very good example is **this** two wheeler industry, so TVS Company trying to get the feedback from the market. The initial feedbacks which they are getting when they were using the kicks start was by the time the vehicle could be started, the signal would have changed back to red.

Then came the pedal start, then the kick start then came this electronic start, now you have the electronic start and the kick start both together in the in most of the vehicles which are coming. So, you are having the flexibility between kick start and the electronic start. The company people advice you when you are starting the vehicle first time in the morning you do the kick start then you can regularly use the electronic start throughout the day nothing will happen. How has it come about? This is the QFD that is the feedback from the customer translated into an attribute of the product and that attribute successful in the market.

Whatever, successful in the market place, how does it get reflected? It will get reflected in your competitor also, copying the same or imitating the same, so many of the new vehicles that have come have got this characteristic. They have the kick start also they have this electronic start also. This is what as I told you the strategy lends itself. Suppose, to the extent that it is hard for the competitor to imitate your product, there is an extendibility concept which comes in and to the extent, your advantage will be a sustainable competitive advantage in the market place.

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The R and D strategy determines the R and D mix that a company has to follow, then it determines the mix of basic research, product development and process R and D. Normally, what is the thinking? The thinking is the basic research is to be done by the educational institutions. The applied R and D to be done by the industries concerned similarly, the process R and D. Now, how is the thinking changing? This is a very wonderful idea.

The companies also saying we also do some basic research that is let us set apart some funds for basic research, let us not depend only on the universities or the educational system to do the basic research, let us do some basic research ourselves.

If you are not able to do in the company concerned let us see, whether we can tie up with the universities system or some other educational institution and see whether they can have a dedicated lab for our basic research activity. This is type of thinking which has come about, radical changes in R and D thinking. This is the strategic changes which have come about after this globalization process was initiated or we came into this process after 91. This strategy also influences the decision in the areas of development of new technologies. Acquisition of technology from external sources, strategic alliances, then products to process innovations and improvement.

See earlier, if you really look at the 90s whatever product you got from abroad, it used to have a market value added in Indian market, what do you mean by that? That is an

imputed market value. You brought this product, let us say, from neighboring country like Singapore and you said this is the product which I brought from Singapore, suppose you brought it of x rupees, it will get many times the imputed market value, it will get jacked up it will be x plus 0.5 x 50 percent jack up will be it is a Singapore product.

Suppose, you brought it from country like the United States, again the imputed market value, now those things have changed. What you see in 2010? Suppose, you say that this product is from abroad the Indian customer is not greatly enthused or he would not give a great hype to that product. In other words, what does it mean? He is prepared do a rational analysis of this product which you say or which you claim you have brought from abroad. He will try to find out whether there is an existing Indian product and then make a comparison take a decision whether he should go in for this product or the existing product in the Indian market.

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He will do comparisons with respect to attributes, the characteristic of the product, the performance of the product, then also the price, and then, the type of warranties which go with the this thing. This is a classic example, because if you really see take the two wheeler industry, earlier TVS used to had a tie up with Suzuki, now TVS vehicles is coming under the brand name of TVS only not TVS Suzuki.

How has the market reacted? There is a vehicle of TVS also, there is the vehicle of Suzuki also, but the market share of TVS not dented, because the Indian consumer is able to make an assessment and say, I will stick with TVS only no need to go for Suzuki.

Even the original brand of Suzuki who was giving an added value to a local manufacturer or the Indian manufacturer finds it tough. When he himself makes an entry into the market place in India due to this liberalized scenario to dislodge this TVS from the market leaders place are with respect to some of the product segments, he finds it. So, the original brand of the TVS Suzuki itself not able to dislodge same things with respect to many of the other products also. I used to mention to you the way this Indica car as taken the four wheeler market, controlling nearly 17 percent market share which is very high, so almost every cab going as a Tata Indica one. So, this is the way the Indian market is now acting towards.

How has this been possible? All this is possible because of the different strategies which are being looked at through what do you call a lens, now in the present day scenario.

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Operations Strategy

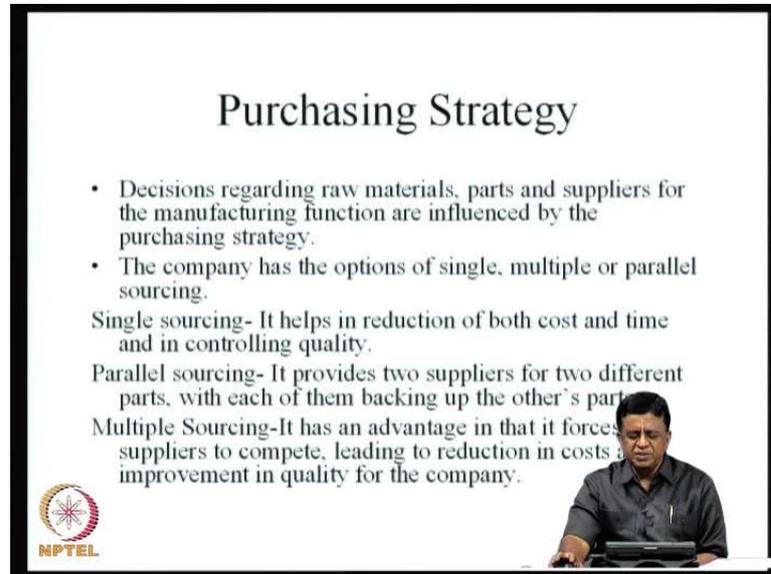
- Operations strategy answers vital questions of manufacturing, concerning where to produce, vertical integration, deployment of resources, relationship with suppliers, technology to be used and levels of quality to be achieved.



The next one which the company looks at with respect to the strategy is the operations strategy. That is where do you produce this, that is, where do you produce a product? What is the type of vertical integration that you would like to have, what is the type of deployment of resources, what is that supplier chain relationship management you would

like to have, what is the technology to be used, and what is the levels of quality to be achieved.

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Purchasing Strategy

- Decisions regarding raw materials, parts and suppliers for the manufacturing function are influenced by the purchasing strategy.
- The company has the options of single, multiple or parallel sourcing.

Single sourcing- It helps in reduction of both cost and time and in controlling quality.

Parallel sourcing- It provides two suppliers for two different parts, with each of them backing up the other's part.

Multiple Sourcing- It has an advantage in that it forces suppliers to compete, leading to reduction in costs and improvement in quality for the company.

Here you are seeing, what is that you are seeing? You are seeing there are so many strategies and all this strategies though they look like compartments are closely linked, they are intertwined they are not what you call mutually exclusive compartments. They would like to see that these strategies are implemented, so that the objectives of the company can be achieved better.

The other one which the company normally uses is what is called this purchasing strategy. In fact, before we go to this purchasing strategy, I would like to read out the type of operation strategy which is adopted by this Whirlpool Company. Just I am reading from my own book, this Whirlpool. **This Whirlpool is this is an** I am looking at the Whirlpool of the India; Whirlpool of India limited a part of the US home appliance major Whirlpool Corporation is a leading player in the white goods market, commanding a 27 percent market share in refrigerators and 20 percent in washing machines. Already a leading player in washing machines the company now plans to enter the lower segment of the market to cater to the middle income group.

Now, Whirlpool success formula is simple, it continuously innovates its products keeping in mind, customer preference and market demands. As a result Whirlpool products have

some of the most user friendly features, for instance, its microwaves unique [fl] can cook Indian dishes like parathas, crisp dosas and kababs.

The sixth sense feature knows whether the food is cooked or needs to be cooked further. The three dimensional wave distribution systems ensures that there are no hot and cold areas in the dishes and food is cooked thoroughly, even when the turn table is switched off. The white magic range of semi-automatic washing machines have hand wash agitators and its unique rotating brush with soft flexible bristles removes tuff strains, especially from collars and cuffs without damaging them.

The ice magic refrigerator makes ice about 20 minutes faster than any other refrigerator in the same category. Having enriched its product range with such uniquely featured high tech appliances, Whirlpool is confident that it can enhance customer loyalty for the brand and consolidate its leadership position in the industry. So, this is how the operation strategy of Whirlpool was really looking; it was look at the operation strategy in the early 2001 and 2002, how Whirlpool was really capturing the Indian market.

Now, look at this purchasing strategy, what do you do in purchasing strategy? Decisions regarding raw materials, parts and suppliers for the manufacturing function are influenced by the purchasing strategy. The company has the options of single multiple or parallel sourcing. So, what you mean by this? You are looking at one portion of the supply chain, very important portion of the supply chain, that is, the raw materials parts and suppliers for the manufacturing function. You start looking whether you should have a single source supply or a parallel source supply or a multiple source supply, what is this single source? How does it help? It helps in reduction of both cost and time and in controlling quality, because you are looking at the quality of one source only.

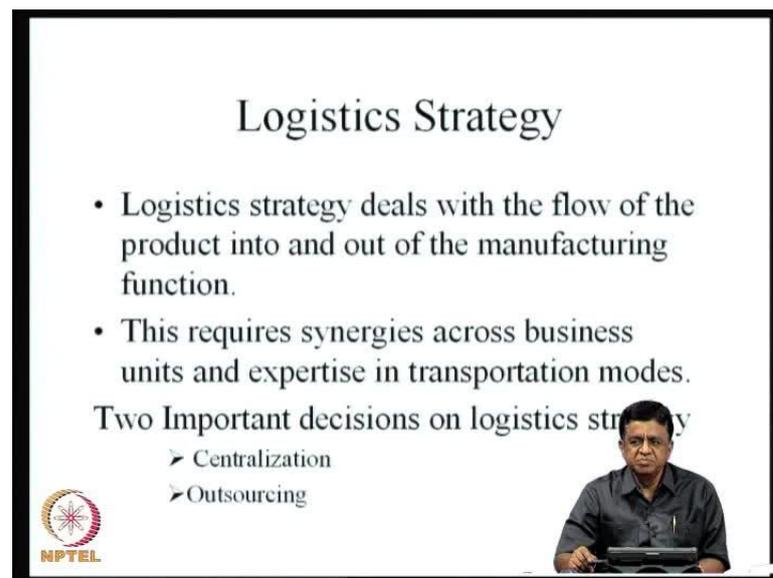
What about this parallel sourcing? It provides two suppliers for two different parts with each of them backing up the other parts. There is a time type of thing which gets involved, so one person may be producing one component, can be an outer component, the other person may be producing an inner component, the outer component and the inner component have to mesh together, so properly for the complete part to come out correctly.

What is this multiple sourcing? It has an advantage in that it forces suppliers to complete leading to reduction in costs and improvement in quality for the company. So, what are

you trying to do? You are giving a signal to the suppliers that unless and until he is competitive, he cannot be a regular supplier to the company, he must be prepared to supply at competitive rates. That will only enable the company to bring out its end products at and price it competitively in the competitive market scenario that you are facing. So, this is the type of thing which the company might be signal that your sending to this suppliers of products, your saying to the different suppliers, come on be competitive, you cannot be quoting more to the company, because the end products price will influenced by all this.

As a purchasing man you can do your own analysis and come to that alternative, which is best in the interest of the company that is single sourcing or parallel sourcing or multiple sourcing.

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The slide is titled "Logistics Strategy" and contains the following text:

- Logistics strategy deals with the flow of the product into and out of the manufacturing function.
- This requires synergies across business units and expertise in transportation modes.

Two Important decisions on logistics strategy

- Centralization
- Outsourcing

The slide also features the NPTEL logo in the bottom left corner and a small image of a man sitting at a desk in the bottom right corner.

Then, other thing which the company is concerned now, this area is becoming more predominant in the present day contest; this is what is called the logistics strategy. What is this logistics strategy? It deals with the flow of the product into and out of the manufacturing function.

You are concerned with the transportations here, so how the products are getting transported out of the company and the raw materials or whatever into the company. This requires synergies across business units and expertise in transportation modes, so you may like to optimize by the different modes, transportations modes. You may say, some

part I will get it by air, some part I will get it by road, some part I will get it by rail or ship. If it is advisable I may mix these modes this how the logistics man should be thinking.

Sometimes in some of the companies an effective logistics strategy can help boost your profits that is a companies profit nearly 5 to 10 percent and that is huge boosts kindly note that. By effectively doing this logistics strategy you can contribute to the company's profits that is the enhancements of profits. Two important decisions and logistics strategy: whether it should be centralized or whether it should be outsourced. Centralized means, where the company looks at it from the companies premises only, outsourced means, you give it to a service provider, he takes care of the logistics enter into an agreement, why do you outsource? You think that this is not my distinctive competency area, let me outsource it and be comfortable with my area of business.

So, this is also being done by many of the manufacturing units as well. So, many of this well know logistics companies. So, whether it is your FedEx or if it is a courier different companies operating, all these come when postal services with courier companies acting as a parallel to the postal services. You courier it through different couriers, whether it is a Professional courier or the Blue dart all these types of courier business companies.

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**Human Resource Management
Strategy**

- This strategy deals with the recruitment of skilled employees and their training to participate in self managed work teams.

Information Systems Strategy

- Information systems make use of information technology to provide companies with competitive advantage



Now, all this is something which you can take a decision, whether you should centralize or whether you should outsource. Similarly, the other strategy which the company is concerned with is the human resource management strategy.

That deals with the recruitment of skilled employees and their training to participate in self managed work teams. Even this function hiring at the lower levels, it is outsourced, many recruiting firms do this hiring, so data operators, key in board operators all these types of or your, what you call? Call center operators all these who are required to be hired in mass numbers sometime even personal managers, so this is outsourced and this recruitment firm does this job ultimately **zeros in** an person concerned and gives it to the company and takes a price for the services provide.

Many times they also provides them trainee, but in the case of software services, when you are being recruited as an engineer, the company would like get actively involved in the selection process. It would not like to give it to this outsourcing firm only, even when it is given to the outsourcing firm, the companies representatives will be there in good numbers to see that the company's objectives are achieved. When the company recruits these people, they are sent to training programs which are of particular interest to the individuals work area. So, the company ensures that he is molded well before taking up the job in this trainings programs or trainings processes which the company wants him to participate.

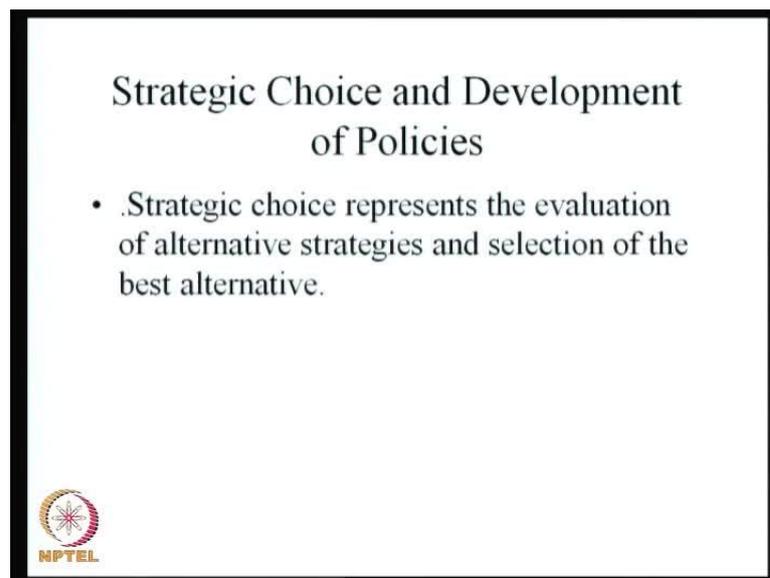
Many of them have built wonderful training centers and in fact, many of these training centers which are built by this software majors in the Indian context, their services are being used by other global companies as well. You find that many global companies use the facilities which are provided by these Indian companies.

Then, what is this information system strategy? Information systems makes use of information technology to provide companies with competitive advantage you can be a manufacturing firm but, you cannot stay away from IT now, you just do not say that IT is not the business I mean, you may not be in the business of IT, but you can use or you have to use IT as a facilitator for your business. This is the scenario which has presented itself now. A small travel agent to a big manufacturing industry, not the IT industry big manufacturing industry both this people make use of the IT, the information technology, to stay in business to further business this is the type of scenario which you are in,

because if you do not make use of it then your competitor will make use of that and you lose your competitive advantage in the market place.

These are the different types of strategies which you can see. Now, you have so many strategies, you have a functional strategy, you have this outsourcing, you have this marketing strategy and you have the financial strategy, you have the R and D strategy and you have this operations strategy, purchasing strategy, logistic strategy, HR strategy, information system strategy. So, what does this provide you? It provides you with a strategic choice; it provides you with a lot of choice, which strategy I will pick up? Whether I will go in for this x strategy or y strategy and how will I pick up this x or y? This is what is called the strategic choice and the development of policies, so you start evaluating the alternative strategies.

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The strategic choice represents the evaluation of alternative strategies and selection of the best alternative. It is a huge gamut large number of alternative are presented, which one you will pick up, you have to be extremely judicious in picking up the best alternative.

A lot off analysis goes through the whole process, before you say, you tick this particular course of action and say for this I am going in the operation strategy mode, for this I am going in the financial strategy mode, for this I am going in the marketing strategy mode. The company has to do its home work very thoroughly in the present day marketing

environment; it cannot afford to lag behind. So, this is the way the company looks at its whole strategic process in the present competitive market scenario.

Now, look at what all we have done, we started looking at the firm, its environment. That is the internal environment of the firm, the external environment of the firm, what is the relevant environment of the firm. Then, we started saying using these entire environment we do what is called a business cap analysis and this business cap analysis was used to come out with one matrix that is the EFAS matrix.

Now, what is this thing? The company we started saying, let us look at our strength and weakness all those types of internal analysis. We developed what is called an IFAS matrix. Using the EFAS and the IFAS matrix we developed, what is called the SFAS matrix that is the strategic factor analysis matrix.

We said this is the type of strategic alternatives which can be used by the company that is, the SFAS matrix helps you to decide on the best strategic factors. Then, what did we do? We said, we considered all that types of different strategies here using the portfolios, we looked at the portfolio analysis, and then, we looked at all the different types of strategies. So, we have looked at different types of portfolios, we looked at what should be your net cash flow, that is, the inflow versus the outflow all those types of things to look at the different types of strategies that is what.

Why did we look at all this? We wanted to have a better decision making ability with respect to the best alternative strategy. You have a large number of alternatives that will provide you with which is the best choice to go and how does that help in better policy decisions for the company. So, the company is in a better position to take informed policy decision.

Earlier, it was not having in the earlier scenario prior to the 90s; it was not having this type of information backup to take a strategic decision. Now, in this scenario of 2010 a company has got a lot of information back up, before it says, this is the strategic decision alternative which I am considering.

We stop here, before we go further, I will be giving you three assignments on the topics which we have done so far, which you can consider answering, gives you a better idea of what all we have covered, thank you.